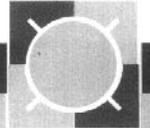


**Accounting & Consulting Group, LLP**

---

Certified Public Accountants

**STATE OF NEW MEXICO  
OTERO COUNTY  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**



**STATE OF NEW MEXICO**  
**OTERO COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

(This page intentionally left blank)

**INTRODUCTORY SECTION**

STATE OF NEW MEXICO

Otero County  
Table of Contents  
June 30, 2010

Page 1 of 2

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		4-5
Official Roster		7
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		13-19
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	22
Statement of Activities	A-2	23
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	24-25
Reconciliation of the Balance Sheet to the Statement of Net Assets		27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	28-29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	33
Road Special Revenue Fund	C-2	34
Fire Funds Special Revenue Fund	C-3	35
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	37
<b>NOTES TO THE FINANCIAL STATEMENTS</b>		
		39-60
<b>SUPPLEMENTARY INFORMATION</b>		
Nonmajor Fund Descriptions		64-65
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS:</b>		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	66-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	72-77
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
DWI Grant Special Revenue Fund	B-1	79
Property Valuation Special Revenue Fund	B-2	80
Clerk's Equipment Special Revenue Fund	B-3	81
Farm and Range Special Revenue Fund	B-4	82
COPS Grant Special Revenue Fund	B-5	83
Recreation Special Revenue Fund	B-6	84
HIDTA Grant Special Revenue Fund	B-7	85
Indigent Special Revenue Fund	B-8	86
EMS Special Revenue Fund	B-9	87
Hazard Mitigation 2002 Special Revenue Fund	B-10	88
Law Enforcement Protection Special Revenue Fund	B-11	89
Water Planning Special Revenue Fund	B-12	90

STATE OF NEW MEXICO

Otero County  
Table of Contents  
June 30, 2010

Page 2 of 2

	<u>Statement</u>	<u>Page</u>
<b>SUPPLEMENTARY INFORMATION (continued)</b>		
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
Environmental Gross Receipts Tax Special Revenue Fund	B-13	91
Southwest Border Prosecution Special Revenue Fund	B-14	92
Landfill Closure Special Revenue Fund	B-15	93
CDBG Comprehensive Plan Special Revenue Fund	B-16	94
Secure Rural Schools Grant Special Revenue Fund	B-17	95
Sheriff's Covert Activity Special Revenue Fund	B-18	96
Debt Service Fund	B-19	97
Legislative Grants Capital Projects Fund	B-20	98
Building Improvements Capital Projects Fund	B-21	99
	<u>Schedule</u>	
<b>SUPPORTING SCHEDULES</b>		
Schedule of Collateral Pledged by Depository for Public Funds	I	103
Schedule of Deposit and Investment Accounts	II	104-105
Tax Roll Reconciliation – Changes in Property Taxes Receivable	III	107
Schedule of Property Taxes Receivable by Agency	IV	108-116
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	V	117
Schedule of Legislative Grants	VI	118-119
<b>COMPLIANCE SECTION</b>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		122-123
<b>FEDERAL FINANCIAL ASSISTANCE</b>		
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		126-127
Schedule of Expenditures of Federal Awards	VII	128-129
Schedule of Findings and Questioned Costs	VIII	131-139
<b>OTHER DISCLOSURES</b>		
		141

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Official Roster  
June 30, 2010

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

(This page intentionally left blank)

**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**

Certified Public Accountants

**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  
Alamogordo, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the General Fund and each major special revenue fund and the aggregate remaining fund information of Otero County, New Mexico (the County) as of and for the year ended June 30, 2010, 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, 2010 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2010, 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, 2010, and the respective changes in financial position thereof, and the budgetary comparisons for the remaining nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 13 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 4, 2010

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Management's Discussion and Analysis  
June 30, 2010

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, 2010. 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 \$44,634,847 (*net assets*). Of this amount, \$8,092,526 (*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 \$3,082,796. The increase is primarily due to a decrease in expenses from the prior year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$10,368,501, or 70 percent of total general fund expenditures.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

STATE OF NEW MEXICO  
Otero County  
Management's Discussion and Analysis  
June 30, 2010

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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-60 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 64-99 of this report.

STATE OF NEW MEXICO  
 Otero County  
 Management's Discussion and Analysis  
 June 30, 2010

**Government-wide Financial Analysis**

A summary comparison to the prior year is presented below.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Otero County, assets exceeded liabilities by \$44,634,847 and \$39,023,597 at the close of the fiscal years ended June 30, 2010 and June 30, 2009, respectively.

The largest portion of the County's net assets (58 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 (\$10,887,773) 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* (\$8,092,526) 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, 2010.

**OTERO COUNTY'S NET ASSETS**  
**June 30, 2010**

	<u>2010</u>	<u>2009</u>
		<u>Governmental</u> <u>Activities</u>
Current and other assets	\$ 20,174,235	\$ 22,734,001
Capital assets	28,803,560	21,959,315
Total assets	<u>48,977,795</u>	<u>44,693,316</u>
Current liabilities	1,528,392	3,056,345
Non-current liabilities	2,814,556	2,613,374
Total liabilities	<u>4,342,948</u>	<u>5,669,719</u>
Net assets:		
Invested in capital assets, net of related debt	25,654,548	18,689,946
Restricted	10,887,773	7,051,697
Unrestricted	8,092,526	13,281,954
Total net assets	<u>\$ 44,634,847</u>	<u>\$ 39,023,597</u>

STATE OF NEW MEXICO  
Otero County  
Management's Discussion and Analysis  
June 30, 2010

**Changes in Net Assets**

The County's total revenues of \$27,371,127 and program expenses of \$24,288,331 resulted in a change in net assets of \$3,082,796. Reasons for the change include a decrease in expenses, primarily public works and health and welfare expenses.

The County also had a restatement in the amount of \$2,528,454 for prior year capital assets, cash balances, and capital leases not recorded in the prior year.

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended June 30, 2010 and June 30, 2009.

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Program revenues:		
Charges for services	\$ 2,867,778	\$ 1,835,862
Operating grants and contributions	6,204,011	5,839,972
Capital grants and contributions	1,541,407	2,693,530
General revenues:		
Property taxes	8,108,133	7,589,281
Gross receipts taxes	4,824,113	5,503,973
Gasoline, motor vehicle and other taxes	432,585	396,339
Payment in lieu of taxes	2,595,814	4,199,119
Investment income	320,019	653,948
Miscellaneous revenue	437,386	743,499
Licenses and fees	-	1,629,497
(Loss)/Gain on disposal of capital assets	(23,751)	770,933
<i>Special Item:</i>		
Debt relief	63,632	-
Donated capital assets	-	775,000
Total revenues	<u>27,371,127</u>	<u>32,630,953</u>
Program expenses:		
General government	5,773,006	5,727,084
Public safety	11,300,919	11,522,807
Public works	3,885,367	6,254,455
Culture and recreation	398,800	134,521
Health and welfare	2,809,361	4,507,563
Interest on long-term debt	120,878	117,395
Total expenses	<u>24,288,331</u>	<u>28,263,825</u>
Change in net assets	<u>3,082,796</u>	<u>4,367,128</u>
Net assets, beginning	<u>39,023,597</u>	<u>34,656,469</u>
Net assets, restatement	<u>2,528,454</u>	<u>-</u>
Net assets, ending	<u>\$ 44,634,847</u>	<u>\$ 39,023,597</u>

STATE OF NEW MEXICO  
Otero County  
Management's Discussion and Analysis  
June 30, 2010

**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 \$18,716,564, a decrease of \$1,454,329 in comparison with the prior year, due to the decrease in fund balance of \$1,617,295 from current year activity and an increase in fund balance due to \$162,966 of prior year balances that were not recorded. Approximately 97 percent of this total amount, \$18,217,003, constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion, and 3 percent of this total amount, \$499,561, is *reserved for prepaid expenses and inventory*.

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 \$10,368,501, while total fund balance was \$10,741,573. 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 70 percent of total general fund expenditures, while total fund balance represents 73 percent of that same amount. Fund balance of Otero County's general fund decreased by \$1,924,283 during the current fiscal year.

The Road Fund has a total fund balance of \$579,202, of which \$470,392 is *unrestricted and undesignated*. The increase in fund balance during the current year was \$61,745, of which \$22,975 is due to the increase in fund balance from current year activity, and an additional increase in fund balance due to \$38,770 of prior year balances that were not recorded. The increase from current year activity is due, primarily, to an increase of taxes revenue and intergovernmental income.

The Fire Funds have a total fund balance of \$4,099,498. At the end of the current fiscal year, *unreserved, undesignated* fund balance of the fire funds was \$4,099,498. The net decrease in fund balance during the current year in the fire fund was \$537,770. Of this amount, there was a decrease of \$661,966 due to the decrease in fund balance from current year activity and an additional increase in fund balance due to \$124,196 of prior year balances that were not recorded. The decrease from current year activity is due to an increase in capital outlay expenditures.

**Budgetary Highlights**

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

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

The total variation in expenditures from the original and final budgets in the general fund was \$180,307. The significant variations were in the general government and capital outlay functions, which were a decrease and increase of \$26,821 and \$206,764, 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, 2010. Detailed budget comparisons are reported in the budgetary comparison statements for each major fund and the statements of revenues, expenditures, and changes in fund balance-Budget (Non-GAAP Budgetary Basis) and actual for the non-major funds.

**STATE OF NEW MEXICO**  
 Otero County  
 Management's Discussion and Analysis  
 June 30, 2010

**Fund Expenditure Budget Performance**

	<u>Final Budget</u>	<u>Actual on Cash (Budgetary) Basis</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 16,603,731	\$ 14,829,496	\$ 1,774,235
Road Fund	4,642,218	3,423,622	1,218,596
Fire Funds	5,354,274	3,925,397	1,428,877
Other Governmental Funds	<u>13,999,533</u>	<u>8,365,112</u>	<u>5,634,421</u>
 Total for Governmental Funds	 <u>\$ 40,599,756</u>	 <u>\$ 30,543,627</u>	 <u>\$ 10,056,129</u>

The County amends its budget during the year in response to unexpected changes in its operating environment. The original and final budgets are reported and can be examined in the budgetary comparison statements for each major fund and the statements of revenues, expenditures, and changes in fund balance-Budget (Non-GAAP Budgetary Basis) 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, 2010, amounts to \$28,803,560 (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, 2010 and June 30, 2009.

**Otero County's Capital Assets, Net of Depreciation**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Property, plant and equipment:		
Land	\$ 1,966,064	\$ 1,516,617
Construction in progress	646,949	-
Infrastructure	1,785,649	935,648
Buildings and improvements	25,175,499	20,997,462
Furniture and equipment	22,158,910	20,278,676
Vehicles	<u>4,635,961</u>	<u>4,152,869</u>
Total property, plant and equipment	56,369,032	47,881,272
Less: accumulated depreciation	<u>(27,565,472)</u>	<u>(25,921,957)</u>
Total property, plant and equipment, Net of accumulated depreciation	 <u>\$ 28,803,560</u>	 <u>\$ 21,959,315</u>

The County recognized \$2,133,257 in depreciation expense during the year. Additional information on Otero County's capital assets can be found in Note 6 to the financial statements.

The County restated capital assets in the amount of \$2,598,664 to account for construction in progress that was not recorded in the prior year.

The County had a commitment to complete construction at June 30, 2010. Additional information on Otero County's commitments can be found in Note 17 of the financial statements.

**STATE OF NEW MEXICO**  
**Otero County**  
**Management's Discussion and Analysis**  
**June 30, 2010**

**Long-term debt**

At June 30, 2010, Otero County had total bonded debt outstanding of \$0 and loans and capital leases outstanding of \$3,149,012, all of which is secured by pledged gross receipts tax revenues.

**Otero County's Outstanding Debt**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Bonds	\$ -	\$ 325,000
Loans and capital leases payable	3,149,012	2,944,369
Total outstanding debt	\$ 3,149,012	\$ 3,269,369

The County reduced bonds payable by their principal payment of \$325,000. They also added three New Mexico Finance Authority loans and capital leases for new fire vehicles and equipment totaling \$401,489. The County made principal payments towards loans and capital leases payable in the amount of \$430,022. The County also restated notes and capital leases for four capital leases that should have been recorded in the prior year in the amount of \$233,176. Additional information on Otero County's long-term debt can be found in the notes to the financial statements.

**Economic Factor and Next Year's Budgets and Rates**

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

This factor was considered in preparing Otero County's budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$10,368,501. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2011 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of Otero County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Administrator, Otero County, 1101 New York Ave., Room 106, Alamogordo, NM 88310-6935.

(This page intentionally left blank)

**BASIC  
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
Otero County  
Statement of Net Assets  
June 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 5,518,122
Investments	11,066,179
Receivables:	
Property taxes	820,364
Other taxes	923,982
Other receivables	716,335
Inventory	40,265
Prepaid expenses	459,296
Total current assets	<u>19,544,543</u>
Noncurrent assets	
Restricted cash and cash equivalents	629,692
Capital assets	56,369,032
Less: accumulated depreciation	<u>(27,565,472)</u>
Total noncurrent assets	<u>29,433,252</u>
Total assets	<u><u>\$ 48,977,795</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 272,792
Accrued payroll expenses	472,830
Accrued interest	23,519
Current portion of accrued compensated absences	354,739
Current portion of loans and capital leases payables	404,512
Total current liabilities	<u>1,528,392</u>
Noncurrent liabilities	
Accrued compensated absences	70,056
Loans and capital leases payable	<u>2,744,500</u>
Total noncurrent liabilities	<u>2,814,556</u>
Total liabilities	<u><u>4,342,948</u></u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	25,654,548
Restricted for:	
Debt service	451,366
Capital projects	491,714
Other purposes - special revenue	9,944,693
Unrestricted	<u>8,092,526</u>
Total net assets	<u>44,634,847</u>
Total liabilities and net assets	<u><u>\$ 48,977,795</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
Otero County  
Statement of Activities  
For the Year Ended June 30, 2010

Exhibit A-2

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
General government	\$ 5,773,006	\$ 1,030,744	\$ 2,117,967	\$ 1,537,607	\$ (1,086,688)
Public safety	11,300,919	1,137,977	2,582,274	-	(7,580,668)
Public works	3,885,367	697,400	952,815	-	(2,235,152)
Culture and recreation	398,800	-	-	-	(398,800)
Health and welfare	2,809,361	1,657	550,955	3,800	(2,252,949)
Interest on long-term debt	120,878	-	-	-	(120,878)
<i>Total governmental activities</i>	<u>\$ 24,288,331</u>	<u>\$ 2,867,778</u>	<u>\$ 6,204,011</u>	<u>\$ 1,541,407</u>	(13,675,135)
<b>General revenues:</b>					
Taxes					
Property					
Gross receipts					
Gasoline and motor vehicle					
Other					
Payment in lieu of taxes					
Investment income					
Miscellaneous income					
Loss on sale of capital assets					
Special item - debt relief					
					<u>8,108,133</u>
					<u>4,824,113</u>
					<u>429,869</u>
					<u>2,716</u>
					<u>2,595,814</u>
					<u>320,019</u>
					<u>437,386</u>
					<u>(23,751)</u>
					<u>63,632</u>
Total general revenues and special item					<u>16,757,931</u>
Change in net assets					<u>3,082,796</u>
Net assets - beginning, as originally reported					39,023,597
Net assets - restatement (Note 20)					<u>2,528,454</u>
Net assets - beginning, as restated					<u>41,552,051</u>
Net assets, ending					<u>\$ 44,634,847</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
 Otero County  
 Balance Sheet  
 Governmental Funds  
 June 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Funds</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 2,624,581	\$ 330,399	\$ 1,055,161
Investments	7,373,382	-	2,964,324
Receivables:			
Property taxes	806,539	-	-
Other taxes	422,407	71,538	144,499
Other receivables	361,271	134,383	9,618
Inventory	-	40,265	-
Prepaid Expenses	373,072	68,545	-
<i>Total assets</i>	<u>\$ 11,961,252</u>	<u>\$ 645,130</u>	<u>\$ 4,173,602</u>
<i>Liabilities</i>			
Accounts payable	\$ 159,814	\$ 7,221	\$ 74,104
Accrued payroll expenses	360,710	58,707	-
Deferred revenue:			
Deferred property taxes	699,155	-	-
<i>Total liabilities</i>	<u>1,219,679</u>	<u>65,928</u>	<u>74,104</u>
<i>Fund balances</i>			
Reserved for:			
Inventory	-	40,265	-
Prepaid expenses	373,072	68,545	-
Unreserved, reported in:			
General fund	10,368,501	-	-
Special revenue funds	-	470,392	4,099,498
Debt service fund	-	-	-
Capital projects funds	-	-	-
<i>Total fund balances</i>	<u>10,741,573</u>	<u>579,202</u>	<u>4,099,498</u>
<i>Total liabilities and fund balances</i>	<u>\$ 11,961,252</u>	<u>\$ 645,130</u>	<u>\$ 4,173,602</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 2,137,673	\$ 6,147,814
728,473	11,066,179
13,825	820,364
285,538	923,982
211,063	716,335
-	40,265
17,679	459,296
<u>\$ 3,394,251</u>	<u>\$ 20,174,235</u>
\$ 31,653	\$ 272,792
53,413	472,830
12,894	712,049
<u>97,960</u>	<u>1,457,671</u>
-	40,265
17,679	459,296
-	10,368,501
2,651,226	7,221,116
135,672	135,672
491,714	491,714
<u>3,296,291</u>	<u>18,716,564</u>
<u>\$ 3,394,251</u>	<u>\$ 20,174,235</u>

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
June 30, 2010

Exhibit B-1  
Page 2 of 2

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

Fund balances - total governmental funds	\$ 18,716,564
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	28,803,560
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	712,049
Certain liabilities, including bonds payable, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(23,519)
Compensated absences	(424,795)
Loans and capital leases payable	(3,149,012)
	<hr/>
Net assets of governmental activities	<u>\$ 44,634,847</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Otero County  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Funds</u>
<i>Revenues:</i>			
<i>Taxes:</i>			
Property	\$ 7,785,616	\$ -	\$ -
Gross receipts	2,390,648	-	825,395
Gasoline and motor vehicle	-	429,869	-
Other	1,729	-	-
Payment in lieu of taxes	2,595,814	-	-
<i>Intergovernmental:</i>			
Federal operating grants	114,034	496,236	121,650
State operating grants	2,016,307	456,579	1,806,268
State capital grants	-	-	-
Charges for services	1,830,283	697,400	-
Investment income	232,628	50	67,098
Miscellaneous	309,273	873	34,983
<i>Total revenues</i>	<u>17,276,332</u>	<u>2,081,007</u>	<u>2,855,394</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General government	4,992,978	-	-
Public safety	7,679,129	-	1,543,645
Public works	1,011,605	2,625,912	-
Culture and recreation	88,386	-	-
Health and welfare	447,409	-	-
Capital outlay	469,793	705,656	1,972,174
<i>Debt service:</i>			
Principal	63,632	52,435	278,910
Interest	-	3,316	113,220
<i>Total expenditures</i>	<u>14,752,932</u>	<u>3,387,319</u>	<u>3,907,949</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,523,400</u>	<u>(1,306,312)</u>	<u>(1,052,555)</u>
<i>Other financing sources (uses)</i>			
Proceeds from notes	-	-	401,489
Proceeds from sale of equipment	-	287	19,100
Transfers in	339,912	1,329,000	-
Transfers (out)	(4,851,227)	-	(30,000)
<i>Total other financing sources (uses)</i>	<u>(4,511,315)</u>	<u>1,329,287</u>	<u>390,589</u>
<i>Special item</i>			
Debt relief	63,632	-	-
<i>Net change in fund balance</i>	<u>(1,924,283)</u>	<u>22,975</u>	<u>(661,966)</u>
<i>Fund balance - beginning, as originally reported</i>	12,665,856	517,457	4,637,268
<i>Fund balance - restatement (note 20)</i>	-	38,770	124,196
<i>Fund balance - beginning, as restated</i>	<u>12,665,856</u>	<u>556,227</u>	<u>4,761,464</u>
<i>Fund balance - end of year</i>	<u>\$ 10,741,573</u>	<u>\$ 579,202</u>	<u>\$ 4,099,498</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 220,296	\$ 8,005,912
1,608,070	4,824,113
-	429,869
987	2,716
-	2,595,814
806,073	1,537,993
386,864	4,666,018
1,541,407	1,541,407
340,095	2,867,778
20,243	320,019
92,257	437,386
<u>5,016,292</u>	<u>27,229,025</u>
313,229	5,306,207
832,266	10,055,040
-	3,637,517
269,130	357,516
2,218,729	2,666,138
3,274,353	6,421,976
360,045	755,022
14,876	131,412
<u>7,282,628</u>	<u>29,330,828</u>
<u>(2,266,336)</u>	<u>(2,101,803)</u>
-	401,489
-	19,387
3,522,227	5,191,139
<u>(309,912)</u>	<u>(5,191,139)</u>
<u>3,212,315</u>	<u>420,876</u>
-	63,632
<u>945,979</u>	<u>(1,617,295)</u>
2,350,312	20,170,893
-	162,966
<u>2,350,312</u>	<u>20,333,859</u>
<u>\$ 3,296,291</u>	<u>\$ 18,716,564</u>

(This page intentionally left blank)

STATE OF NEW MEXICO  
 Otero County  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$ (1,617,295)
--	----------------

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	6,421,976
Depreciation expense	(2,133,257)
Loss on disposition of assets	(23,751)
Proceeds from sale of assets	(19,387)

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	102,220
---	---------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Decrease in accrued interest	10,534
Increase in accrued compensated absences	(11,777)
Proceeds from issuance of notes	(401,489)
Principal payments on bonds payable	325,000
Principal payments on capital leases and loans payable	430,022

Change in net assets of governmental activities	\$ <u>3,082,796</u>
---	---------------------

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

## 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, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 7,386,091	\$ 7,386,091	\$ 7,816,587	\$ 430,496
Gross receipts	2,100,000	2,100,000	2,322,162	222,162
Gasoline and motor vehicle	-	-	-	-
Other	750	750	1,232	482
<i>Intergovernmental income:</i>				
Federal operating grants	116,781	135,617	89,305	(46,312)
Federal capital grants	-	-	-	-
State operating grants	2,246,133	2,248,107	1,955,950	(292,157)
State capital grants	-	-	-	-
Payment in lieu of taxes	2,558,048	2,558,048	2,595,814	37,766
Charges for services	1,907,752	1,907,752	1,784,177	(123,575)
Investment income	212,000	212,000	232,628	20,628
Miscellaneous	261,514	320,013	299,481	(20,532)
<i>Total revenues</i>	<u>16,789,069</u>	<u>16,868,378</u>	<u>17,097,336</u>	<u>228,958</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	5,266,464	5,239,643	4,621,545	618,098
Public safety	7,408,764	7,426,973	7,293,261	133,712
Public works	1,535,151	1,517,904	1,317,890	200,014
Culture and recreation	89,715	89,117	87,443	1,674
Health and welfare	519,547	519,547	447,409	72,138
Capital outlay	1,603,783	1,810,547	998,316	812,231
<i>Debt service:</i>				
Principal	-	-	63,632	(63,632)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,423,424</u>	<u>16,603,731</u>	<u>14,829,496</u>	<u>1,774,235</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>365,645</u>	<u>264,647</u>	<u>2,267,840</u>	<u>2,003,193</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,382,470	5,525,620	-	(5,525,620)
Transfers in	3,280,112	3,280,112	3,021,912	(258,200)
Transfers (out)	(8,028,227)	(9,070,379)	(7,533,227)	1,537,152
<i>Total other financing sources (uses)</i>	<u>(365,645)</u>	<u>(264,647)</u>	<u>(4,511,315)</u>	<u>(4,246,668)</u>
<i>Special item</i>				
Debt relief	-	-	63,632	63,632
<i>Net change in fund balance</i>	-	-	(2,179,843)	(2,179,843)
<i>Fund balance - beginning of year</i>	-	-	12,177,806	12,177,806
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,997,963</u>	<u>\$ 9,997,963</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,179,843)
Adjustments to revenue for property and other taxes receivable and other receivables				178,996
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				76,564
Net change in fund balance (GAAP)				<u>\$ (1,924,283)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Otero County

Exhibit C-2

## 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, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	377,000	377,000	399,298	22,298
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	471,255	471,255	496,236	24,981
Federal capital grants	-	-	-	-
State operating grants	934,165	852,013	433,782	(418,231)
State capital grants	-	-	-	-
Charges for services	650,000	650,000	707,438	57,438
Investment income	-	-	50	50
Miscellaneous	-	-	873	873
<i>Total revenues</i>	<u>2,432,420</u>	<u>2,350,268</u>	<u>2,037,677</u>	<u>(312,591)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,137,364	2,115,436	2,048,964	66,472
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,448,848	2,470,764	1,318,640	1,152,124
Debt service:				
Principal	56,006	56,018	56,018	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,642,218</u>	<u>4,642,218</u>	<u>3,423,622</u>	<u>1,218,596</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,209,798)</u>	<u>(2,291,950)</u>	<u>(1,385,945)</u>	<u>906,005</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(40,202)	(37,502)	-	37,502
Proceeds from sale of equipment	-	-	287	287
Transfers in	2,250,000	2,329,452	1,329,000	(1,000,452)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,209,798</u>	<u>2,291,950</u>	<u>1,329,287</u>	<u>(962,663)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(56,658)</u>	<u>(56,658)</u>
<i>Fund balance - beginning, as originally reported</i>	<u>-</u>	<u>-</u>	<u>348,287</u>	<u>348,287</u>
<i>Fund balance - restatement (note 20)</i>	<u>-</u>	<u>-</u>	<u>38,770</u>	<u>38,770</u>
<i>Fund balance - beginning, as restated</i>	<u>-</u>	<u>-</u>	<u>387,057</u>	<u>387,057</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,399</u>	<u>\$ 330,399</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (56,658)
Adjustments to revenue for other taxes receivable and other receivables				43,330
Adjustments to expenditures for accounts payable, accrued payroll expenses, prepaids, and inventory				36,303
Net change in fund balance (GAAP)				<u>\$ 22,975</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-3

Otero County

Fire Funds Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	600,000	600,000	779,769	179,769
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	116,735	180,071	115,757	(64,314)
Federal capital grants	-	-	-	-
State operating grants	1,559,228	1,559,228	1,806,268	247,040
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	38,000	38,000	67,098	29,098
Miscellaneous	62,242	62,242	34,983	(27,259)
<i>Total revenues</i>	<u>2,376,205</u>	<u>2,439,541</u>	<u>2,803,875</u>	<u>364,334</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	1,657,048	1,998,671	1,239,177	759,494
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,499,117	3,235,541	2,324,550	910,991
Debt service:				
Principal	116,316	120,062	273,175	(153,113)
Interest	-	-	88,495	(88,495)
<i>Total expenditures</i>	<u>5,272,481</u>	<u>5,354,274</u>	<u>3,925,397</u>	<u>1,428,877</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,896,276)</u>	<u>(2,914,733)</u>	<u>(1,121,522)</u>	<u>1,793,211</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,926,276	2,925,633	-	(2,925,633)
Proceeds from notes	-	-	401,489	401,489
Proceeds from sale of equipment	-	19,100	19,100	-
Transfers in	135,000	135,000	91,000	(44,000)
Transfers (out)	(165,000)	(165,000)	(121,000)	44,000
<i>Total other financing sources (uses)</i>	<u>2,896,276</u>	<u>2,914,733</u>	<u>390,589</u>	<u>(2,524,144)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(730,933)</u>	<u>(730,933)</u>
<i>Fund balance - beginning, as originally reported</i>	-	-	4,626,222	4,626,222
<i>Fund balance - restatement (note 20)</i>	-	-	124,196	124,196
<i>Fund balance - beginning, as restated</i>	-	-	4,750,418	4,750,418
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,019,485</u>	<u>\$ 4,019,485</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (730,933)
Adjustments to revenue for other taxes receivable and other receivables				51,519
Adjustments to expenditures for accounts payable, accrued payroll expenses and inventory				17,448
Net change in fund balance (GAAP)				<u>\$ (661,966)</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Agency Funds  
Statement of Fiduciary Assets and Liabilities  
June 30, 2010

Exhibit D-1

<i>Assets</i>	
Cash	\$ 293,458
Property taxes receivable	1,413,861
	<hr/>
<i>Total assets</i>	<u>\$ 1,707,319</u>
 <i>Liabilities</i>	
Deposits held in trust	\$ 293,458
Due to other taxing units	1,413,861
	<hr/>
<i>Total liabilities</i>	<u>\$ 1,707,319</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies**

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

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

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

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

*A. Financial Reporting Entity*

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*B. Government-wide and fund financial statements*

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which include revenues received from state and federal sources such as 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.

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

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

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

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

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

NOTE 1. **Summary of Significant Accounting Policies** (continued)

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

Additionally, the government reports the following 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 servicing 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 the collection and disbursement of inmate funds for the Otero County Detention Center.

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

D. *Assets, Liabilities and Net Assets or Equity*

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

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

Investments for the County are reported at fair value.

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

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

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

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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

**Prepaid Expenses:** Prepaid expenses include insurance and contract payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements and fund financial statements.

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

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

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

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

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

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

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2010, along with applicable FICA and Medicare liabilities.

**Deferred Revenues:** There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. The County has recognized deferred revenues of \$712,049 at June 30, 2010.

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

NOTE 1. **Summary of Significant Accounting Policies** (continued)

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

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

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. For bonds issued after the County implemented GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds Payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as an other 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."

**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.

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Assets or 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.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

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

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

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	\$ 365,645	\$ 264,647
Road Special Revenue Fund	\$ (2,209,798)	\$ (2,291,950)
Fire Funds Special Revenue Fund	\$ (2,896,276)	\$ (2,914,733)
Other Governmental Funds	\$ (3,327,922)	\$ (4,230,934)

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2010 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.

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2010.

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

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

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. However, on October 14, 2008, the FDIC announced a new Transaction Account Guarantee (TAG) Program that provides depositors' with unlimited coverage through December 31, 2010, for insured depository institutions (IDIs) currently participating in the TAG program, with the possibility of an additional extension of up to 12 months without additional rulemaking, upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension. With regards to this Transaction Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDA's) and any other transaction accounts that have unlimited withdrawals and that cannot earn interest. Also included in this program, are low-interest NOW accounts that cannot earn more than 0.5% interest.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2010, \$10,439,688 of the County's bank balances of \$11,812,198 was exposed to custodial credit risk. \$10,252,399 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the County's name and \$187,289 was uninsured and uncollateralized.

**STATE OF NEW MEXICO**  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 3. Deposits and Investments (continued)**

	First American Bank	First National Bank of Alamogordo	Bank 34
Amount of deposits	\$ 500,000	\$ 8,489,688	\$ 1,500,000
FDIC coverage	(250,000)	(500,000)	(250,000)
Total uninsured public funds	<u>250,000</u>	<u>7,989,688</u>	<u>1,250,000</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	250,000	7,989,688	1,250,000
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 125,000	\$ 3,994,844	\$ 625,000
Pledged securities	250,000	8,951,476	1,275,000
Over (under) collateralized	<u>\$ 125,000</u>	<u>\$ 4,956,632</u>	<u>\$ 650,000</u>
	Pioneer Savings Bank	Western Bank	Total
Amount of deposits	\$ 100,000	\$ 1,222,510	\$ 11,812,198
FDIC coverage	(100,000)	(272,510)	(1,372,510)
Total uninsured public funds	<u>-</u>	<u>950,000</u>	<u>10,439,688</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	-	762,711	10,252,399
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 187,289</u>	<u>\$ 187,289</u>
Collateral requirement (50%)	\$ -	\$ 475,000	\$ 5,219,844
Pledged securities	-	762,711	11,239,187
Over (under) collateralized	<u>\$ -</u>	<u>\$ 287,711</u>	<u>\$ 6,019,343</u>

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

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 3. Deposits and Investments (continued)**

**Investments**

As of June 30, 2010, the County's investments and related maturities were as follows:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Federal Home Loan Bank Bond	1 to 10 years	\$ 650,000	AAA
Freddie Mac Notes	1 to 10 years	3,476,193	AAA
Fannie Mae Notes	1 to 10 years	501,500	AAA
Wells Fargo Money Market Mutual Fund*	<1 year	888,484	AAA
US Treasury MM Mutual Fund	<1 year	629,692	AAA
		<u>\$ 6,145,869</u>	

\* Wells Fargo Money Market Mutual Fund Account is guaranteed by US Securities

The investments are listed on Schedule II of this report.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The securities are not subject to custodial credit risk as they are registered and held in the name of Otero County. The carrying value of the County's investments in notes at June 30, 2010 was \$4,594,395.

*Interest Rate Risk - Investments.* The County has three investments in which the maturity date is greater than one year. Schedule II in this report specifically identifies the investment type and amount of investment for these securities. The fair value of the securities exposed to interest rate risk is \$4,594,395. These securities do not have call options. The County's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

*Concentration Credit Risk - Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the Federal Home Loan Bank Bonds, Freddie Mac Notes, Fannie Mae Notes, Wells Fargo Money Market Mutual Fund, and US Treasury MM Mutual Fund represent 11%, 56%, 8%, 15%, and 10%, respectively, of the investment portfolio. Since the County only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the County. The County's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency funds are all in multiple accounts. Separate accounts exist for sheriff and confiscation related funds.

**STATE OF NEW MEXICO**  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 3. Deposits and Investments (continued)**

**Reconciliation of Cash and Cash Equivalents**

Primary Government

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$	5,518,122
Restricted cash and cash equivalents per Exhibit A-1		629,692
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1		293,458
Investments per Exhibit A-1		11,066,179
		17,507,451
 Total cash and cash equivalents per Exhibit A-1		 17,507,451
 Add: outstanding checks and other reconciling items		 5,100
Add: outstanding warrants per Treasurer's Report		484,551
Less: investments in US Treasury MM mutual fund		(1,518,176)
Less: investments in Home Loan Fannie and Freddie Notes		(4,627,693)
Less: deposits in transit and other reconciling items		(38,035)
Less: petty cash		(1,000)
		11,812,198
 Bank balance of deposits	 \$	 11,812,198

**NOTE 4. Receivables**

Receivables as of June 30, 2010, are as follows:

	General Fund	Road Fund	Fire Fund	Other Governmental Funds	Total
Property taxes	\$ 806,539	\$ -	\$ -	\$ 13,825	\$ 820,364
Other taxes:					
Gross receipts taxes	421,905	-	144,499	285,286	851,690
Gasoline and oil taxes	-	71,538	-	-	71,538
Other taxes	502	-	-	252	754
Other receivables:					
Charges for services	166,019	54,733	-	-	220,752
Intergovernmental-grants:					
State	89,844	79,650	9,618	79,683	258,795
Federal	84,345	-	-	113,846	198,191
Miscellaneous	21,063	-	-	17,534	38,597
	\$ 1,590,217	\$ 205,921	\$ 154,117	\$ 510,426	\$ 2,460,681
Totals by category	\$ 1,590,217	\$ 205,921	\$ 154,117	\$ 510,426	\$ 2,460,681

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$712,049 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO  
 Otero County  
 Notes to the Financial Statements  
 June 30, 2010

**NOTE 5. Interfund Receivables, Payables, and Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
<b>Primary Government</b>		
General Fund	Property Valuation Special Revenue Fund	\$ 106,227
General Fund	Road Special Revenue Fund	1,329,000
General Fund	HIDTA Grant Special Revenue Fund	51,000
General Fund	Building Improvements Capital Projects Fund	2,835,000
General Fund	Environmental Gross Receipts Tax Special Revenue Fund	530,000
Fire Funds Special Revenue Fund	General Fund	30,000
DWI Grant Special Revenue Fund	General Fund	37,912
Indigent Special Revenue Fund	General Fund	190,000
Legislative Grants Capital Projects Fund	General Fund	<u>82,000</u>
	Total	<u>\$ 5,191,139</u>

There were not any interfund balances at June 30, 2010.

**STATE OF NEW MEXICO**  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 6. Capital Assets**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2010. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2009	Adjustments	Additions	Deletions	Balance June 30, 2010
<b>Governmental activities:</b>					
Capital Assets, not depreciated:					
Land	\$ 1,516,617	\$ -	\$ 449,447	\$ -	\$ 1,966,064
Construction in progress	-	2,598,664	646,949	(2,598,664)	646,949
<b>Total Capital Assets, not depreciated</b>	<b>1,516,617</b>	<b>2,598,664</b>	<b>1,096,396</b>	<b>(2,598,664)</b>	<b>2,613,013</b>
Capital Assets, depreciated:					
Infrastructure	935,648	-	850,001	-	1,785,649
Buildings and building improvements	20,997,462	-	4,178,037	-	25,175,499
Furniture and equipment	20,278,676	-	2,343,484	(463,250)	22,158,910
Vehicles	4,152,869	-	552,722	(69,630)	4,635,961
<b>Total Capital Assets, depreciated</b>	<b>46,364,655</b>	<b>-</b>	<b>7,924,244</b>	<b>(532,880)</b>	<b>53,756,019</b>
Accumulated Depreciation:					
Infrastructure	187,168	-	86,175	-	273,343
Buildings and building improvements	10,725,594	-	495,457	-	11,221,051
Furniture and equipment	12,460,095	-	1,153,075	(423,225)	13,189,945
Vehicles	2,549,100	-	398,550	(66,517)	2,881,133
<b>Total Accumulated Depreciation</b>	<b>25,921,957</b>	<b>-</b>	<b>2,133,257</b>	<b>(489,742)</b>	<b>27,565,472</b>
<b>Net Book Value</b>	<b>\$21,959,315</b>	<b>\$ 2,598,664</b>	<b>\$ 6,887,383</b>	<b>\$ (2,641,802)</b>	<b>\$28,803,560</b>

The County has restated prior year government-wide assets in order to restate construction in progress in the amount of \$2,598,664. See Note 20 for further information.

Depreciation expense for the year ended June 30, 2010 was charged to governmental activities as follows:

General Government	\$ 167,823
Public Safety	1,445,242
Public Works	324,468
Health and Welfare	149,508
Culture and Recreation	46,216
<b>Total</b>	<b>\$ 2,133,257</b>

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt**

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2009	Adjustments	Additions	Retirements	Balance June 30, 2010	Due Within One Year
2001 G.O. Refunding Bonds	\$ 325,000	\$ -	\$ -	\$ (325,000)	\$ -	\$ -
Loans and Capital Leases	2,944,369	233,176	401,489	(430,022)	3,149,012	404,512
Compensated Absences	416,549	-	362,985	(354,739)	424,795	354,739
<b>Total Long-term Debt</b>	<b>\$ 3,685,918</b>	<b>\$ 233,176</b>	<b>\$ 764,474</b>	<b>\$(1,109,761)</b>	<b>\$ 3,573,807</b>	<b>\$ 759,251</b>

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.

Loans and Capital Leases

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

**STATE OF NEW MEXICO**  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt (continued)**

**NMFA Loans:**

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2010
NMFA Loan	Apr-06	May-16	3.67%	\$ 129,983	\$ 82,986
NMFA Loan	Apr-06	May-16	3.14%	187,778	125,390
NMFA Loan	May-03	May-11	2.81%	387,487	54,138
NMFA Loan	Jan-07	May-17	3.00%	160,000	117,487
NMFA Loan	Aug-06	May-14	3.00%	80,000	30,056
NMFA Loan	Aug-06	May-17	3.43%	91,109	68,033
NMFA Loan	May-07	May-13	3.00%	40,000	25,376
NMFA Loan	Oct-04	May-15	2.75%	52,000	28,368
NMFA Loan	Dec-07	May-28	3.41-4.56%	540,496	516,359
NMFA Loan	Dec-07	May-18	3.41-4.01%	268,889	225,093
NMFA Loan	Nov-07	May-18	3.41-4.01%	155,000	130,166
NMFA Loan	May-08	May-13	1.58-2.97%	60,900	37,811
NMFA Loan	Sep-08	May-29	5.05%	162,400	161,570
NMFA Loan	Nov-08	May-29	3.00%	163,557	159,548
NMFA Loan	Jan-09	May-19	3.68%	293,712	271,436
NMFA Loan	Mar-09	May-19	3.21%	233,450	212,758
NMFA Loan	Mar-09	May-19	3.19%	189,783	172,991
NMFA Loan	Mar-09	May-19	3.23%	182,700	169,576
NMFA Loan	Sep-09	May-19	0.65-3.58%	135,559	127,993
NMFA Loan	Sep-09	May-20	1.03-3.78%	121,800	121,800
NMFA Loan	Nov-09	May-20	0.98-3.22%	144,130	144,130
Total NMFA Loans					<u>\$ 2,983,065</u>

**Capital Leases:**

Description	Date of Issue	Interest Rate	Original Amount of Issue	Balance June 30, 2010
Caterpillar Financial Services	Nov-06	5.85%	\$ 112,580	\$ 37,285
Caterpillar Financial Services	Nov-06	4.57%	70,440	14,927
Kansas State Bank on Manhattan	Jul-05	4.62%	139,500	91,117
Leasing 2, Inc.	Jan-02	4.77%	185,863	22,618
Total Capital Leases				<u>\$ 165,947</u>

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2010, including interest payments are as follows:

**Capital Leases and Notes Payable**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 404,512	\$ 113,441	\$ 517,953
2012	315,451	93,539	408,990
2013	308,585	83,326	391,911
2014	293,268	74,075	367,343
2015	296,388	64,924	361,312
2016-2020	1,077,862	183,814	1,261,676
2021-2025	252,098	71,723	323,821
2026-2030	200,848	18,751	219,599
	<u>\$ 3,149,012</u>	<u>\$ 703,593</u>	<u>\$ 3,852,605</u>

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

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year 2010, compensated absences increased \$8,246 over the prior year accrual.

**NOTE 8. Risk Management**

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

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

**NOTE 9. Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2010:

**Non Major Funds**

CDBG Comprehensive Plan Special Revenue Fund	\$ (846)
--	----------

**Total Governmental Funds**

	\$ (846)
--	----------

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 9. Other Required Individual Fund Disclosures (continued)**

- B. Excess of expenditures over appropriations. There were not any funds with expenditures in excess of appropriations.
- C. Designated cash appropriations in excess of available balances. The following fund's budget exceeded approved budgetary authority for the year ended June 30, 2010:

	<b>Designated Cash</b>		<b>Beginning Year Cash &amp; AR Available</b>	<b>Cash Appropriation in excess of available</b>
EMS Special Revenue Fund	\$ 35,908	\$	35,265	\$ (643)

**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 benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees; and 9.15% for county employees. The County was required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 9.15% for municipal plan members. The contribution requirements of plan members and Otero County are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2010, 2009 and 2008 were \$959,576, \$909,918, and \$834,205, 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.

STATE OF NEW MEXICO  
Otero County  
Notes to the Financial Statements  
June 30, 2010

NOTE 12. **Joint Powers Agreements**

**Closure of the Dog Canyon Landfill**

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

**Regional Emergency Communications Center and Dispatch Services**

Participants	Otero County Village of Cloudcroft
Responsible party	Otero County
Description	Establishing a regional emergency communications center and providing for dispatch services
Term of agreement	Indefinite
Amount of project	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 09-10, the total cost for the City of Alamogordo, Village of Tularosa and Otero County was \$163,169, \$13,133 and \$78,430, respectively.

**STATE OF NEW MEXICO**  
Otero County  
Notes to the Financial Statements  
June 30, 2010

**NOTE 12. Joint Powers Agreements (continued)**

**Ambulance Services (continued)**

County contribution	Varies from year to year depending on the population, but for FY 09-10, 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.

STATE OF NEW MEXICO  
Otero County  
Nonmajor Governmental Funds  
June 30, 2010

**NOTE 14. Otero/Lincoln County Regional Landfill**

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

Otero County:

City of Alamogordo  
Otero County  
Village of Cloudcroft  
Village of Tularosa

Lincoln County:

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

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

It was mutually agreed and covenanted between the entities that:

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

The City of Alamogordo reports the joint venture above as a discretely presented component unit on its annual financial report. The landfill's fees, however, were enough to meet the expenses of the landfill and the City of Alamogordo refunded all of these gross receipts taxes to the County.

STATE OF NEW MEXICO  
Otero County  
Nonmajor Governmental Funds  
June 30, 2010

**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, 2010, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of Otero County.

**NOTE 16. Contingent Liabilities**

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

**NOTE 17. Commitments**

The County's commitments as of June 30, 2010 are as follows:

<u>Project</u>	<u>Contract Price</u>	<u>Paid to Date</u>	<u>Expected to Complete</u>	<u>Fiscal Year Completed</u>
Chaparral Health Clinic Project	\$ 717,310	\$ 646,949	\$ 70,361	2011
Total commitments			<u>\$ 70,361</u>	

**NOTE 18. Restricted Net Assets**

The government-wide statement of net assets reports \$10,887,773 of restricted assets, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, debt service and capital project funds, see pages 41 and 64-65.

**NOTE 19. Subsequent Events**

On July 30, 2010, the County closed on the following NMFA Loans:

- The County has entered into an NMFA Loan closing on July 30, 2010, for \$233,450. The blended interest rate on this loan is 2.78%, maturing May 2021. The purpose of the loan shall be used for the purchase of a fire pumper for use by the James Canyon Volunteer Fire Department. The debt payments will be made by intercepting the state fire allotments provided on an annual basis by the State of New Mexico.
- The County has entered into an NMFA Loan closing on July 30, 2010, for \$279,125. The blended interest rate on this loan is 2.937%, maturing May 2021. The purpose of the loan shall be used for the purchase of a fire pumper for use by the Alamo West Volunteer Fire Department. The debt payments will be made by intercepting the state fire allotments provided on an annual basis by the State of New Mexico.

The date to which events occurring after June 30, 2010, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is November 4, 2010 which is the date on which the financial statements were issued.

**STATE OF NEW MEXICO**  
Otero County  
Nonmajor Governmental Funds  
June 30, 2010

**NOTE 20. Fund Balance and Net Asset Restatement**

The County has restated prior year fund balances in the fund financial statements as a result of the following:

- Road Special Revenue Fund: \$38,770 for restatement of prior year cash that was not recorded by the County
- Fire Funds Special Revenue Fund: \$124,196 for restatement of prior year cash that was not recorded by the County

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

- Corrections in cash balances not recorded by the County of \$162,966, inclusion of prior year construction in progress not recorded by the County of \$2,598,664, and inclusion of long term debt not recorded by the County of (\$233,176) for a total restatement in net assets in the amount of \$2,528,454.

**SUPPLEMENTARY INFORMATION**

(This page intentionally left blank)

**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
Otero County  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO  
Otero County  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds (continued):**

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

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

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

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

**Debt Service Fund:**

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

**Capital Projects Funds:**

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

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

STATE OF NEW MEXICO  
Otero County  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2010

	Special Revenue			
	DWI Grant	Property Valuation	Clerk's Equipment	Farm and Range
<i>Assets</i>				
Cash and cash equivalents	\$ 36,139	\$ 435,301	\$ 40,506	\$ 52,044
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Other receivables	43,428	3,707	-	-
Prepaid Expenses	315	2,558	3,980	-
<i>Total assets</i>	<u>\$ 79,882</u>	<u>\$ 441,566</u>	<u>\$ 44,486</u>	<u>\$ 52,044</u>
<i>Liabilities</i>				
Accounts payable	\$ 500	\$ 295	\$ 3,263	\$ -
Accrued payroll expenses	10,481	8,732	-	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
<i>Total liabilities</i>	<u>10,981</u>	<u>9,027</u>	<u>3,263</u>	<u>-</u>
<i>Fund balances</i>				
Reserved for:				
Prepaid expenses	315	2,558	3,980	-
Unreserved, reported in:				
Special revenue funds	68,586	429,981	37,243	52,044
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
<i>Total fund balances</i>	<u>68,901</u>	<u>432,539</u>	<u>41,223</u>	<u>52,044</u>
<i>Total liabilities and fund balances</i>	<u>\$ 79,882</u>	<u>\$ 441,566</u>	<u>\$ 44,486</u>	<u>\$ 52,044</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

COPS Grant	Recreation	HIDTA Grant	Indigent	EMS
\$ -	\$ 7,925	\$ 617	\$ 259,302	\$ 33,951
-	-	-	728,473	-
-	-	-	-	-
-	252	-	212,109	-
-	-	113,846	-	-
-	-	1,919	145	-
<u>\$ -</u>	<u>\$ 8,177</u>	<u>\$ 116,382</u>	<u>\$ 1,200,029</u>	<u>\$ 33,951</u>
\$ -	\$ -	\$ 87	\$ 368	\$ 1,671
-	-	10,212	4,509	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>10,299</u>	<u>4,877</u>	<u>1,671</u>
-	-	1,919	145	-
-	8,177	104,164	1,195,007	32,280
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>8,177</u>	<u>106,083</u>	<u>1,195,152</u>	<u>32,280</u>
<u>\$ -</u>	<u>\$ 8,177</u>	<u>\$ 116,382</u>	<u>\$ 1,200,029</u>	<u>\$ 33,951</u>

STATE OF NEW MEXICO  
Otero County  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2010

	Special Revenue			
	Hazard Mitigation 2002	Law Enforcement Protection	Water Planning	Environmental Gross Receipts Tax
<i>Assets</i>				
Cash and cash equivalents	\$ 216,550	\$ -	\$ 5,272	\$ 76,935
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	-	73,177
Other receivables	-	-	-	17,534
Prepaid Expenses	-	-	-	8,762
<i>Total assets</i>	<u>\$ 216,550</u>	<u>\$ -</u>	<u>\$ 5,272</u>	<u>\$ 176,408</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 14,604
Accrued payroll expenses	-	-	-	19,479
Deferred revenue:				
Deferred property taxes	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,083</u>
<i>Fund balances</i>				
Reserved for:				
Prepaid expenses	-	-	-	8,762
Unreserved, reported in:				
Special revenue funds	216,550	-	5,272	133,563
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
<i>Total fund balances</i>	<u>216,550</u>	<u>-</u>	<u>5,272</u>	<u>142,325</u>
<i>Total liabilities and fund balances</i>	<u>\$ 216,550</u>	<u>\$ -</u>	<u>\$ 5,272</u>	<u>\$ 176,408</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				
Southwest Border Prosecution	Landfill Closure	CDBG Comprehensive Plan	Secure Rural Schools Grant	Sheriff's Covert Activity
\$ 108,371	\$ 70,348	\$ 927	\$ 167,976	\$ 22,510
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 108,371</u>	<u>\$ 70,348</u>	<u>\$ 927</u>	<u>\$ 167,976</u>	<u>\$ 22,510</u>
\$ -	\$ -	\$ 1,773	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,773</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
108,371	70,348	(846)	167,976	22,510
-	-	-	-	-
-	-	-	-	-
<u>108,371</u>	<u>70,348</u>	<u>(846)</u>	<u>167,976</u>	<u>22,510</u>
<u>\$ 108,371</u>	<u>\$ 70,348</u>	<u>\$ 927</u>	<u>\$ 167,976</u>	<u>\$ 22,510</u>

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2010

Statement A-1  
Page 3 of 3

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Debt Service	Legislative Grants	Building Improvements	
<i>Assets</i>				
Cash and cash equivalents	\$ 134,741	\$ 466,593	\$ 1,665	\$ 2,137,673
Investments	-	-	-	728,473
Receivables:				
Property taxes	13,825	-	-	13,825
Other taxes	-	-	-	285,538
Other receivables	-	32,548	-	211,063
Prepaid Expenses	-	-	-	17,679
<i>Total assets</i>	\$ 148,566	\$ 499,141	\$ 1,665	\$ 3,394,251
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 9,092	\$ -	\$ 31,653
Accrued payroll expenses	-	-	-	53,413
Deferred revenue:				
Deferred property taxes	12,894	-	-	12,894
<i>Total liabilities</i>	12,894	9,092	-	97,960
<i>Fund balances</i>				
Reserved for:				
Prepaid expenses	-	-	-	17,679
Unreserved, reported in:				
Special revenue funds	-	-	-	2,651,226
Debt service funds	135,672	-	-	135,672
Capital projects funds	-	490,049	1,665	491,714
<i>Total fund balances</i>	135,672	490,049	1,665	3,296,291
<i>Total liabilities and fund balances</i>	\$ 148,566	\$ 499,141	\$ 1,665	\$ 3,394,251

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, 2010

	Special Revenue			
	DWI Grant	Property Valuation	Clerk's Equipment	Farm and Range
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ 201,203	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	20,341
State operating grants	118,613	-	-	-
State capital grants	-	-	-	-
Charges for services	294,509	-	43,929	-
Investment income	-	-	-	439
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>413,122</u>	<u>201,203</u>	<u>43,929</u>	<u>20,780</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	218,658	68,920	-
Public safety	408,596	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	18,738
Capital outlay	5,045	-	5,347	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>413,641</u>	<u>218,658</u>	<u>74,267</u>	<u>18,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(519)</u>	<u>(17,455)</u>	<u>(30,338)</u>	<u>2,042</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	106,227	-	-
Transfers (out)	(37,912)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(37,912)</u>	<u>106,227</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(38,431)</u>	<u>88,772</u>	<u>(30,338)</u>	<u>2,042</u>
<i>Fund balances - beginning of year</i>	<u>107,332</u>	<u>343,767</u>	<u>71,561</u>	<u>50,002</u>
<i>Fund balances - end of year</i>	<u>\$ 68,901</u>	<u>\$ 432,539</u>	<u>\$ 41,223</u>	<u>\$ 52,044</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>COPS Grant</u>	<u>Recreation</u>	<u>HIDTA Grant</u>	<u>Indigent</u>	<u>EMS</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,198,625	-
-	987	-	-	-
-	-	216,710	-	4,500
-	-	5,000	-	130,666
-	-	-	-	3,800
-	-	-	-	-
-	-	-	15,387	-
-	-	98	10,365	35
-	<u>987</u>	<u>221,808</u>	<u>1,224,377</u>	<u>139,001</u>
-	-	-	-	-
-	-	284,131	-	-
-	2,397	-	-	-
-	-	-	1,004,419	141,277
-	-	17,253	-	-
-	-	-	-	-
-	<u>2,397</u>	<u>301,384</u>	<u>1,004,419</u>	<u>141,277</u>
-	(1,410)	(79,576)	219,958	(2,276)
-	-	51,000	-	-
-	-	-	(190,000)	-
-	-	51,000	(190,000)	-
-	(1,410)	(28,576)	29,958	(2,276)
-	9,587	134,659	1,165,194	34,556
<u>\$ -</u>	<u>\$ 8,177</u>	<u>\$ 106,083</u>	<u>\$ 1,195,152</u>	<u>\$ 32,280</u>

**STATE OF NEW MEXICO**  
 Otero County  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2010

	Special Revenue			
	Hazard Mitigation 2002	Law Enforcement Protection	Water Planning	Environmental Gross Receipts Tax
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	409,445
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	373,880	-	-	-
State operating grants	11,372	48,000	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	1,657
Investment income	-	-	56	710
Miscellaneous	-	-	-	64,538
<i>Total revenues</i>	<u>385,252</u>	<u>48,000</u>	<u>56</u>	<u>476,350</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	24,793	-	-
Culture and recreation	-	-	-	-
Health and welfare	185,650	-	-	860,919
Capital outlay	-	23,207	-	-
Debt service:				
Principal	-	-	-	35,045
Interest	-	-	-	8,173
<i>Total expenditures</i>	<u>185,650</u>	<u>48,000</u>	<u>-</u>	<u>904,137</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>199,602</u>	<u>-</u>	<u>56</u>	<u>(427,787)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	530,000
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530,000</u>
<i>Net change in fund balances</i>	199,602	-	56	102,213
<i>Fund balances - beginning of year</i>	<u>16,948</u>	<u>-</u>	<u>5,216</u>	<u>40,112</u>
<i>Fund balances - end of year</i>	<u>\$ 216,550</u>	<u>\$ -</u>	<u>\$ 5,272</u>	<u>\$ 142,325</u>

The accompanying notes are an integral part of these financial statements

Southwest Border Prosecution	Landfill Closure	Special Revenue		
		CDBG Comprehensive Plan	Secure Rural Schools Grant	Sheriff's Covert Activity
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	18,941	167,976	-
73,213	-	-	-	-
-	-	-	-	-
-	1,211	-	-	12
-	-	-	-	17,221
<u>73,213</u>	<u>1,211</u>	<u>18,941</u>	<u>167,976</u>	<u>17,233</u>
-	-	25,651	-	-
82,095	-	-	-	14,778
-	7,726	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>82,095</u>	<u>7,726</u>	<u>25,651</u>	<u>-</u>	<u>14,778</u>
<u>(8,882)</u>	<u>(6,515)</u>	<u>(6,710)</u>	<u>167,976</u>	<u>2,455</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(8,882)</u>	<u>(6,515)</u>	<u>(6,710)</u>	<u>167,976</u>	<u>2,455</u>
<u>117,253</u>	<u>76,863</u>	<u>5,864</u>	<u>-</u>	<u>20,055</u>
<u>\$ 108,371</u>	<u>\$ 70,348</u>	<u>\$ (846)</u>	<u>\$ 167,976</u>	<u>\$ 22,510</u>

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
**Otero County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2010**

Statement A-2  
Page 3 of 3

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Debt Service	Legislative Grants	Building Improvements	
<i>Revenues:</i>				
Taxes:				
Property	\$ 19,093	\$ -	\$ -	\$ 220,296
Gross receipts	-	-	-	1,608,070
Other	-	-	-	987
Intergovernmental:				
Federal operating grants	-	3,725	-	806,073
State operating grants	-	-	-	386,864
State capital grants	-	1,537,607	-	1,541,407
Charges for services	-	-	-	340,095
Investment income	2,428	-	-	20,243
Miscellaneous	-	-	-	92,257
<i>Total revenues</i>	21,521	1,541,332	-	5,016,292
<i>Expenditures:</i>				
Current:				
General government	-	-	-	313,229
Public safety	-	-	17,873	832,266
Culture and recreation	-	266,733	-	269,130
Health and welfare	-	-	-	2,218,729
Capital outlay	-	904,741	2,318,760	3,274,353
Debt service:				
Principal	325,000	-	-	360,045
Interest	6,703	-	-	14,876
<i>Total expenditures</i>	331,703	1,171,474	2,336,633	7,282,628
<i>Excess (deficiency) of revenues over expenditures</i>	(310,182)	369,858	(2,336,633)	(2,266,336)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	2,835,000	3,522,227
Transfers (out)	-	(82,000)	-	(309,912)
<i>Total other financing sources (uses)</i>	-	(82,000)	2,835,000	3,212,315
<i>Net change in fund balances</i>	(310,182)	287,858	498,367	945,979
<i>Fund balances - beginning of year</i>	445,854	202,191	(496,702)	2,350,312
<i>Fund balances - end of year</i>	\$ 135,672	\$ 490,049	\$ 1,665	\$ 3,296,291

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

## STATE OF NEW MEXICO

Schedule B-1

Otero County

DWI Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	118,305	134,986	98,490	(36,496)
State capital grants	-	-	-	-
Charges for services	291,188	291,188	294,509	3,321
Investment income	-	-	-	-
Miscellaneous	9,090	9,090	-	(9,090)
<i>Total revenues</i>	<u>418,583</u>	<u>435,264</u>	<u>392,999</u>	<u>(42,265)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	405,627	427,809	412,565	15,244
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,500	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>411,127</u>	<u>427,809</u>	<u>412,565</u>	<u>15,244</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,456</u>	<u>7,455</u>	<u>(19,566)</u>	<u>(27,021)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	30,456	30,457	-	(30,457)
Transfers in	-	-	-	-
Transfers (out)	(37,912)	(37,912)	(37,912)	-
<i>Total other financing sources (uses)</i>	<u>(7,456)</u>	<u>(7,455)</u>	<u>(37,912)</u>	<u>(30,457)</u>
<i>Net change in fund balance</i>	-	-	(57,478)	(57,478)
<i>Fund balance - beginning of year</i>	-	-	93,617	93,617
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,139</u>	<u>\$ 36,139</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (57,478)
Adjustments to revenue for other receivables				20,123
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(1,076)
Net change in fund balance (GAAP)				<u>\$ (38,431)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
 Otero County  
 Property Valuation Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

Schedule B-2

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 200,000	\$ 200,000	\$ 197,496	\$ (2,504)
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>197,496</u>	<u>(2,504)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	444,409	444,409	220,436	223,973
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	15,000	15,000	-	15,000
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>459,409</u>	<u>459,409</u>	<u>220,436</u>	<u>238,973</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(259,409)</u>	<u>(259,409)</u>	<u>(22,940)</u>	<u>236,469</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	153,182	153,182	-	(153,182)
Transfers in	106,227	106,227	106,227	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>259,409</u>	<u>259,409</u>	<u>106,227</u>	<u>(153,182)</u>
<i>Net change in fund balance</i>	-	-	83,287	83,287
<i>Fund balance - beginning of year</i>	-	-	352,014	352,014
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,301</u>	<u>\$ 435,301</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 83,287
Adjustments to revenue for other receivables				3,707
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				1,778
Net change in fund balance (GAAP)				<u>\$ 88,772</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-3

Otero County

Clerk's Equipment Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	43,000	43,000	43,929	929
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>43,000</u>	<u>43,000</u>	<u>43,929</u>	<u>929</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	87,260	83,760	65,585	18,175
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,300	10,800	9,757	1,043
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>94,560</u>	<u>94,560</u>	<u>75,342</u>	<u>19,218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(51,560)</u>	<u>(51,560)</u>	<u>(31,413)</u>	<u>20,147</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	51,560	51,560	-	(51,560)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>51,560</u>	<u>51,560</u>	<u>-</u>	<u>(51,560)</u>
<i>Net change in fund balance</i>	-	-	(31,413)	(31,413)
<i>Fund balance - beginning of year</i>	-	-	71,919	71,919
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,506</u>	<u>\$ 40,506</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (31,413)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				1,075
Net change in fund balance (GAAP)				<u>\$ (30,338)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
 Otero County  
 Farm and Range Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

Schedule B-4

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	18,000	18,000	20,341	2,341
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	439	439
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>18,000</u>	<u>18,000</u>	<u>20,780</u>	<u>2,780</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	27,000	27,000	20,454	6,546
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>27,000</u>	<u>27,000</u>	<u>20,454</u>	<u>6,546</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,000)</u>	<u>(9,000)</u>	<u>326</u>	<u>9,326</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	9,000	9,000	-	(9,000)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>(9,000)</u>
<i>Net change in fund balance</i>	-	-	326	326
<i>Fund balance - beginning of year</i>	-	-	51,718	51,718
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,044</u>	<u>\$ 52,044</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 326
No adjustments to revenues				-
Adjustments to expenditures for accounts payable recognized in prior year				1,716
Net change in fund balance (GAAP)				<u>\$ 2,042</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-5

Otero County

COPS Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	156,904	156,904	-	(156,904)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>156,904</u>	<u>156,904</u>	<u>-</u>	<u>(156,904)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	164,292	164,292	-	164,292
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>164,292</u>	<u>164,292</u>	<u>-</u>	<u>164,292</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,388)</u>	<u>(7,388)</u>	<u>-</u>	<u>7,388</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(32,612)	(32,612)	-	32,612
Transfers in	40,000	40,000	-	(40,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,388</u>	<u>7,388</u>	<u>-</u>	<u>(7,388)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-6

Otero County

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	400	400	735	335
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>400</u>	<u>400</u>	<u>735</u>	<u>335</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	6,000	6,000	2,397	3,603
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,000</u>	<u>6,000</u>	<u>2,397</u>	<u>3,603</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,600)</u>	<u>(5,600)</u>	<u>(1,662)</u>	<u>3,938</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,600	5,600	-	(5,600)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,600</u>	<u>5,600</u>	<u>-</u>	<u>(5,600)</u>
<i>Net change in fund balance</i>	-	-	(1,662)	(1,662)
<i>Fund balance - beginning of year</i>	-	-	9,587	9,587
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,925</u>	<u>\$ 7,925</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,662)
Adjustments to revenue for taxes receivable				252
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (1,410)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-7

Otero County

HIDTA Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	281,036	301,036	243,712	(57,324)
Federal capital grants	-	-	-	-
State operating grants	5,000	5,000	5,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	98	98
<i>Total revenues</i>	<u>286,036</u>	<u>306,036</u>	<u>248,810</u>	<u>(57,226)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	311,400	331,025	300,966	30,059
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,705	8,080	6,484	1,596
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>319,105</u>	<u>339,105</u>	<u>307,450</u>	<u>31,655</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,069)</u>	<u>(33,069)</u>	<u>(58,640)</u>	<u>(25,571)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(6,931)	(36,931)	-	36,931
Transfers in	40,000	70,000	51,000	(19,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,069</u>	<u>33,069</u>	<u>51,000</u>	<u>17,931</u>
<i>Net change in fund balance</i>	-	-	(7,640)	(7,640)
<i>Fund balance - beginning of year</i>	-	-	8,257	8,257
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 617</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (7,640)
Adjustments to revenue for other receivables				(27,002)
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				6,066
Net change in fund balance (GAAP)				<u>\$ (28,576)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-8

Otero County

Indigent Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	1,575,000	1,575,000	1,165,345	(409,655)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	4,000	4,000	15,387	11,387
Miscellaneous	-	-	10,365	10,365
<i>Total revenues</i>	<u>1,579,000</u>	<u>1,579,000</u>	<u>1,191,097</u>	<u>(387,903)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,686,951	1,686,951	1,004,274	682,677
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,686,951</u>	<u>1,686,951</u>	<u>1,004,274</u>	<u>682,677</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(107,951)</u>	<u>(107,951)</u>	<u>186,823</u>	<u>294,774</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	297,951	297,951	-	(297,951)
Transfers in	-	-	-	-
Transfers (out)	(190,000)	(190,000)	(190,000)	-
<i>Total other financing sources (uses)</i>	<u>107,951</u>	<u>107,951</u>	<u>(190,000)</u>	<u>(297,951)</u>
<i>Net change in fund balance</i>	-	-	(3,177)	(3,177)
<i>Fund balance - beginning of year</i>	-	-	990,952	990,952
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,775</u>	<u>\$ 987,775</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,177)
Adjustments to revenue for other receivables				33,280
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(145)
Net change in fund balance (GAAP)				<u>\$ 29,958</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-9

Otero County

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	4,500	4,500	-
Federal capital grants	-	-	-	-
State operating grants	132,968	130,666	130,666	-
State capital grants	-	3,800	3,800	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	35	35
<i>Total revenues</i>	<u>132,968</u>	<u>138,966</u>	<u>139,001</u>	<u>35</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	163,632	162,551	135,661	26,890
Capital outlay	4,600	12,323	4,654	7,669
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>168,232</u>	<u>174,874</u>	<u>140,315</u>	<u>34,559</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(35,264)</u>	<u>(35,908)</u>	<u>(1,314)</u>	<u>34,594</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	35,264	35,908	-	(35,908)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>35,264</u>	<u>35,908</u>	<u>-</u>	<u>(35,908)</u>
<i>Net change in fund balance</i>	-	-	(1,314)	(1,314)
<i>Fund balance - beginning of year</i>	-	-	35,265	35,265
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,951</u>	<u>\$ 33,951</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,314)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(962)
Net change in fund balance (GAAP)				<u>\$ (2,276)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
Otero County  
Hazard Mitigation 2002 Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

Schedule B-10

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	328,904	1,181,560	373,880	(807,680)
Federal capital grants	-	-	-	-
State operating grants	11,430	11,430	11,372	(58)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>340,334</u>	<u>1,192,990</u>	<u>385,252</u>	<u>(807,738)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	351,764	1,176,787	415,850	760,937
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>351,764</u>	<u>1,176,787</u>	<u>415,850</u>	<u>760,937</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,430)</u>	<u>16,203</u>	<u>(30,598)</u>	<u>(46,801)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	11,430	(16,203)	-	16,203
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>11,430</u>	<u>(16,203)</u>	<u>-</u>	<u>16,203</u>
<i>Net change in fund balance</i>	-	-	(30,598)	(30,598)
<i>Fund balance - beginning of year</i>	-	-	247,148	247,148
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,550</u>	<u>\$ 216,550</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (30,598)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable recognized in the prior year				230,200
Net change in fund balance (GAAP)				<u>\$ 199,602</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-11

Otero County

Law Enforcement Protection Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	48,000	48,000	48,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	48,000	48,000	48,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-12

Otero County

Water Planning Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	56	56
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	56	56
<i>Fund balance - beginning of year</i>	-	-	5,216	5,216
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,272</u>	<u>\$ 5,272</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 56
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 56</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule B-13

Otero County  
 Environmental Gross Receipts Tax Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	325,000	325,000	387,096	62,096
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	699	699
Miscellaneous	-	-	710	710
<i>Total revenues</i>	<u>24,000</u>	<u>24,000</u>	<u>47,962</u>	<u>23,962</u>
	<u>349,000</u>	<u>349,000</u>	<u>436,467</u>	<u>87,467</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	978,109	978,109	794,673	183,436
Capital outlay	60,000	60,000	59,830	170
Debt service:				
Principal	45,000	45,000	36,015	8,985
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,083,109</u>	<u>1,083,109</u>	<u>890,518</u>	<u>192,591</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(734,109)</u>	<u>(734,109)</u>	<u>(454,051)</u>	<u>280,058</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(15,891)	(15,891)	-	15,891
Transfers in	750,000	750,000	530,000	(220,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>734,109</u>	<u>734,109</u>	<u>530,000</u>	<u>(204,109)</u>
<i>Net change in fund balance</i>	-	-	75,949	75,949
<i>Fund balance - beginning of year</i>	-	-	986	986
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,935</u>	<u>\$ 76,935</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 75,949
Adjustments to revenue for taxes and other receivables				39,883
Adjustments to expenditures for accounts payable, accrued payroll expenses, and prepaid expenses				(13,619)
Net change in fund balance (GAAP)				<u>\$ 102,213</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Otero County

Schedule B-14

Southwest Border Prosecution Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	73,213	73,213
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>73,213</u>	<u>73,213</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	4,600	4,370	230
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	117,253	112,653	77,725	34,928
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>117,253</u>	<u>117,253</u>	<u>82,095</u>	<u>35,158</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(117,253)</u>	<u>(117,253)</u>	<u>(8,882)</u>	<u>108,371</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	117,253	117,253	-	(117,253)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>117,253</u>	<u>117,253</u>	<u>-</u>	<u>(117,253)</u>
<i>Net change in fund balance</i>	-	-	(8,882)	(8,882)
<i>Fund balance - beginning of year</i>	-	-	117,253	117,253
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,371</u>	<u>\$ 108,371</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (8,882)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (8,882)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-15

Otero County

Landfill Closure Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	300	300	1,211	911
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>300</u>	<u>300</u>	<u>1,211</u>	<u>911</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,000	30,000	7,726	22,274
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>7,726</u>	<u>22,274</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(29,700)</u>	<u>(29,700)</u>	<u>(6,515)</u>	<u>23,185</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	29,700	29,700	-	(29,700)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>29,700</u>	<u>29,700</u>	<u>-</u>	<u>(29,700)</u>
<i>Net change in fund balance</i>	-	-	(6,515)	(6,515)
<i>Fund balance - beginning of year</i>	-	-	76,863	76,863
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,348</u>	<u>\$ 70,348</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (6,515)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (6,515)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
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, 2010

Schedule B-16

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	345,287	345,287	27,873	(317,414)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>345,287</u>	<u>345,287</u>	<u>27,873</u>	<u>(317,414)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	25,349	46,427	26,950	19,477
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	316,742	295,664	-	295,664
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>342,091</u>	<u>342,091</u>	<u>26,950</u>	<u>315,141</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,196</u>	<u>3,196</u>	<u>923</u>	<u>(2,273)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4	4	-	(4)
Transfers in	-	-	-	-
Transfers (out)	(3,200)	(3,200)	-	3,200
<i>Total other financing sources (uses)</i>	<u>(3,196)</u>	<u>(3,196)</u>	<u>-</u>	<u>3,196</u>
<i>Net change in fund balance</i>	-	-	923	923
<i>Fund balance - beginning of year</i>	-	-	4	4
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 927</u>	<u>\$ 927</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 923
Adjustments to revenue for other receivables recognized in the prior year				(8,932)
Adjustments to expenditures for accounts payable				1,299
Net change in fund balance (GAAP)				<u>\$ (6,710)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-17

Otero County

Secure Rural Schools Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	77,618	77,618	81,733	4,115
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>77,618</u>	<u>77,618</u>	<u>81,733</u>	<u>4,115</u>
<i>Expenditures:</i>				
Current:				
General government	163,861	163,861	-	163,861
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>163,861</u>	<u>163,861</u>	<u>-</u>	<u>163,861</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(86,243)</u>	<u>(86,243)</u>	<u>81,733</u>	<u>167,976</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	86,243	86,243	-	(86,243)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>86,243</u>	<u>86,243</u>	<u>-</u>	<u>(86,243)</u>
<i>Net change in fund balance</i>	-	-	81,733	81,733
<i>Fund balance - beginning of year</i>	-	-	86,243	86,243
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,976</u>	<u>\$ 167,976</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 81,733
Adjustments to revenue for deferred revenue in the prior year				86,243
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 167,976</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
 Otero County  
 Sheriff's Covert Activity Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

Schedule B-18

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	12	12
<b>Total revenues</b>	<b>344,894</b>	<b>344,894</b>	<b>17,221</b>	<b>(327,673)</b>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	344,894	344,894	14,778	330,116
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>344,894</b>	<b>344,894</b>	<b>14,778</b>	<b>330,116</b>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	2,455	2,455
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<i>Net change in fund balance</i>	-	-	2,455	2,455
<i>Fund balance - beginning of year</i>	-	-	20,055	20,055
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,510</b>	<b>\$ 22,510</b>
Net change in fund balance (non-GAAP budgetary basis)				\$ 2,455
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				\$ 2,455

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-19

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, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 45,000	\$ 45,000	\$ 24,296	\$ (20,704)
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	7,500	7,500	2,428	(5,072)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,500</u>	<u>52,500</u>	<u>26,724</u>	<u>(25,776)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	325,000	325,000	325,000	-
Interest	6,703	6,703	6,703	-
<i>Total expenditures</i>	<u>331,703</u>	<u>331,703</u>	<u>331,703</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(279,203)</u>	<u>(279,203)</u>	<u>(304,979)</u>	<u>(25,776)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	279,203	279,203	-	(279,203)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>279,203</u>	<u>279,203</u>	<u>-</u>	<u>(279,203)</u>
<i>Net change in fund balance</i>	-	-	(304,979)	(304,979)
<i>Fund balance - beginning of year</i>	-	-	439,720	439,720
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,741</u>	<u>\$ 134,741</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (304,979)
Adjustments to revenue for property taxes receivable				(5,203)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (310,182)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
Otero County  
Legislative Grants Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

Schedule B-20

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income:</i>				
Federal operating grants	300,000	300,000	3,725	(296,275)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	4,180,440	4,180,440	1,993,365	(2,187,075)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,480,440</u>	<u>4,480,440</u>	<u>1,997,090</u>	<u>(2,483,350)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,148,214	4,148,214	1,530,741	2,617,473
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,148,214</u>	<u>4,148,214</u>	<u>1,530,741</u>	<u>2,617,473</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>332,226</u>	<u>332,226</u>	<u>466,349</u>	<u>134,123</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(250,226)	(250,226)	-	250,226
Transfers in	-	-	-	-
Transfers (out)	(82,000)	(82,000)	(82,000)	-
<i>Total other financing sources (uses)</i>	<u>(332,226)</u>	<u>(332,226)</u>	<u>(82,000)</u>	<u>250,226</u>
<i>Net change in fund balance</i>	-	-	384,349	384,349
<i>Fund balance - beginning of year</i>	-	-	82,244	82,244
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,593</u>	<u>\$ 466,593</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 384,349
Adjustments to revenue for other receivables				(455,758)
Adjustments to expenditures for accounts payable				359,267
Net change in fund balance (GAAP)				<u>\$ 287,858</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Schedule B-21

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, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,903,621	2,833,621	2,833,518	103
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,903,621</u>	<u>2,833,621</u>	<u>2,833,518</u>	<u>103</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,903,621)</u>	<u>(2,833,621)</u>	<u>(2,833,518)</u>	<u>103</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(1,379)	(1,379)	-	1,379
Transfers in	1,905,000	2,835,000	2,835,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,903,621</u>	<u>2,833,621</u>	<u>2,835,000</u>	<u>1,379</u>
<i>Net change in fund balance</i>	-	-	1,482	1,482
<i>Fund balance - beginning of year</i>	-	-	183	183
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,665</u>	<u>\$ 1,665</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,482
No adjustments to revenues				-
Adjustments to expenditures for accounts payable recognized in the prior year				496,885
Net change in fund balance (GAAP)				<u>\$ 498,367</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

**SUPPORTING SCHEDULES**

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Schedule of Collateral Pledged by Depository  
For Public Funds  
June 30, 2010

Schedule I

Name of Depository	Type of Collateral	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2010	Name and Location of Safekeeper
<b>First American</b>						
	Letter of Credit	FHLB Letter of Credit	8/31/11	N/A	\$ 250,000	FHLB Dallas
<b>Total First American</b>					<u>250,000</u>	
<b>First National Bank of Alamogordo</b>						
	FHLMC	#M30281	11/1/17	31282CJ24	86,637	FHLB
	FNMA	#709835	6/1/18	31401JSY5	362,339	FHLB
	FHLMC	#B10680	11/1/18	312962XH1	594,871	FHLB
	FHLMC	#G12358	5/1/21	3128M1QK8	685,573	FHLB
	FNMA	#252149	6/1/26	31371HBS6	92,066	FHLB
	FNMA	#893271	8/1/26	31410PMU4	363,854	FHLB
	FNMA	#945117	8/1/37	31413GPA2	1,578,373	FHLB
	FNMA	Callable	5/16/23	3136F9PC1	5,187,763	FHLB
<b>Total First National Bank of Alamogordo</b>					<u>8,951,476</u>	
<b>Bank 34</b>						
	FNMA	#892868	6/6/11	31410N6D5	1,275,000	FHLB Dallas
<b>Total Bank 34</b>					<u>1,275,000</u>	
<b>Western Bank</b>						
	FNMA	#70864-A	09/15/27	31362TWZ2	29,368	FHLB Dallas
	FNMA	#70864-B	09/15/27	31362TWZ2	29,368	FHLB Dallas
	FHLMC	#E01448	09/01/18	31294KTD7	138,642	FHLB Dallas
	GNMA	#80180	03/20/28	36225CFW1	17,397	FHLB Dallas
	GNMA	#8247	07/23/23	36202KEU5	52,796	FHLB Dallas
	GNMA	#80681	03/20/33	36225CXK7	42,080	FHLB Dallas
	FNMA	#725462	01/01/34	31402C5X6	53,803	FHLB Dallas
	GNMA	#8744	11/20/25	36202KWD3	24,163	FHLB Dallas
	GNMA	#80244	12/20/28	36225CHW9	27,339	FHLB Dallas
	GNMA II	#080902	05/20/34	36225DAC8	88,959	FHLB Dallas
	GNMA II	#80702	06/20/33	36225CX84	52,988	FHLB Dallas
	FNMA	#254989	11/01/13	31371LF61	84,376	FHLB Dallas
	GNMA II	#80204	06/20/28	36225CGN0	89,827	FHLB Dallas
	GNMA II	#80378	02/20/30	36225CM45	31,605	FHLB Dallas
<b>Total Western Bank</b>					<u>762,711</u>	
<b>Total Pledged Collateral</b>					<u>\$ 11,239,187</u>	

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
Otero County  
Schedule of Deposit and Investment Accounts  
For the Year Ended June 30, 2010

Bank Account Type/Name	First American Bank	First National Bank of Alamogordo	Bank 34	Pioneer Bank
Certificate of Deposit	\$ 400,000	\$ -	\$ -	\$ -
Certificate of Deposit	100,000	-	-	-
Checking - Operational	-	3,967,341	-	-
Checking - Inmate Trust Fund	-	18,142	-	-
Money Market	-	2,254,205	-	-
Certificate of Deposit	-	750,000	-	-
Certificate of Deposit	-	500,000	-	-
Certificate of Deposit	-	1,000,000	-	-
Federal Home Loan Bank Bond	-	400,000	-	-
Freddie Mac Notes	-	576,193	-	-
Certificate of Deposit	-	-	500,000	-
Certificate of Deposit	-	-	1,000,000	-
Certificate of Deposit	-	-	-	100,000
Money Market Mutual Fund	-	-	-	-
Fannie Mae Notes	-	-	-	-
Federal Home Loan Bank Bond	-	-	-	-
Freddie Mac Notes	-	-	-	-
Checking - Sheriff's Covert Activities	-	-	-	-
Certificate of Deposit	-	-	-	-
Certificate of Deposit	-	-	-	-
Certificate of Deposit	-	-	-	-
Certificate of Deposit	-	-	-	-
NMFA Reserve Account**	-	-	-	-
<b>Total</b>	<u>500,000</u>	<u>9,465,881</u>	<u>1,500,000</u>	<u>100,000</u>
Reconciling items	-	(451,616)	-	-
Reconciled balance	<u>\$ 500,000</u>	<u>\$ 9,014,265</u>	<u>\$ 1,500,000</u>	<u>\$ 100,000</u>

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

Cash and cash equivalents per Exhibit A-1

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

See accompanying independent auditors' report.

Wells Fargo Bank	Western Bank	Bank of NY Mellon	Totals
\$ -	\$ -	\$ -	\$ 400,000
-	-	-	100,000
-	-	-	3,967,341
-	-	-	18,142
-	-	-	2,254,205
-	-	-	750,000
-	-	-	500,000
-	-	-	1,000,000
-	-	-	400,000
-	-	-	576,193
-	-	-	500,000
-	-	-	1,000,000
-	-	-	100,000
888,484	-	-	888,484
501,500	-	-	501,500
250,000	-	-	250,000
2,900,000	-	-	2,900,000
-	22,510	-	22,510
-	150,000	-	150,000
-	300,000	-	300,000
-	250,000	-	250,000
-	500,000	-	500,000
-	-	629,692	629,692
<u>4,539,984</u>	<u>1,222,510</u>	<u>629,692</u>	<u>17,958,067</u>
-	-	-	(451,616)
<u>\$ 4,539,984</u>	<u>\$ 1,222,510</u>	<u>\$ 629,692</u>	<u>\$ 17,506,451</u>
			1,000
			(629,692)
			(293,458)
			<u>(11,066,179)</u>
			<u>\$ 5,518,122</u>

(This page intentionally left blank)

STATE OF NEW MEXICO  
 Otero County  
 Tax Roll Reconciliation - Changes in Property Taxes Receivable  
 For the Year Ended June 30, 2010

Schedule III

Property taxes receivable, beginning of year	\$ 2,048,018
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	21,065,099
Adjustments:	
Increases (decreases) in taxes receivable	<u>(21,239)</u>
Total receivables prior to collections	23,091,878
Collections for fiscal year ended June 30, 2010	<u>(20,857,653)</u>
Property taxes receivable, end of year	<u><u>\$ 2,234,225</u></u>
Property taxes receivable are reported as follows:	
Governmental Funds:	
General Fund	\$ 806,539
Debt Service Fund	13,825
Agency Funds	<u>1,413,861</u>
Total property taxes receivable	<u><u>\$ 2,234,225</u></u>

Property taxes receivable by year:

2000	\$ 23,471
2001	6,012
2002	7,566
2003	14,368
2004	20,368
2005	18,729
2006	36,963
2007	101,842
2008	574,271
2009	<u>1,430,635</u>
Total property taxes receivable	<u><u>\$ 2,234,225</u></u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
1 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>State of New Mexico</b>						
P&I on Bonds 2000	\$ 833,267	\$ 56	\$ 832,070	\$ 53	\$ 3	\$ 1,197
P&I on Bonds 2001	1,010,225	70	1,009,874	70	-	351
P&I on Bonds 2002	658,395	99	658,102	108	-	293
P&I on Bonds 2003	929,707	266	928,907	290	2	800
P&I on Bonds 2004	652,620	276	651,894	306	6	727
P&I on Bonds 2005	844,579	565	843,700	634	10	879
P&I on Bonds 2006	916,763	2,029	914,988	4,824	65	1,776
P&I on Bonds 2007	952,298	18,340	947,668	16,653	2,953	4,631
P&I on Bonds 2008	1,033,045	37,038	1,005,203	47,432	1,454	27,842
P&I on Bonds 2009	988,889	924,586	924,586	911,567	13,019	64,303
<b>Total P&amp;I on Bonds</b>	<b>8,819,788</b>	<b>983,325</b>	<b>8,716,990</b>	<b>981,938</b>	<b>17,513</b>	<b>102,798</b>
State Special Levies 2000	26,151	-	26,145	-	-	5
State Special Levies 2001	24,803	-	24,732	-	-	71
State Special Levies 2002	20,428	-	20,428	-	-	-
State Special Levies 2003	17,255	-	17,229	-	-	27
State Special Levies 2004	15,333	-	15,293	-	-	40
State Special Levies 2005	20,787	-	20,588	-	-	200
State Special Levies 2006	21,918	-	21,748	-	-	170
State Special Levies 2007	26,227	39	25,849	39	-	378
State Special Levies 2008	21,823	149	21,582	836	-	242
State Special Levies 2009	23,641	22,603	22,603	22,465	138	1,038
<b>Total State Special Levies</b>	<b>218,366</b>	<b>22,791</b>	<b>216,197</b>	<b>23,340</b>	<b>138</b>	<b>2,169</b>
<b>Total State of New Mexico</b>	<b>9,038,154</b>	<b>1,006,116</b>	<b>8,933,187</b>	<b>1,005,278</b>	<b>17,651</b>	<b>104,968</b>
<b>Otero County</b>						
General Advalorem 2000	4,839,904	266	4,830,819	266	-	9,084
General Advalorem 2001	4,999,114	288	4,997,181	288	-	1,933
General Advalorem 2002	5,156,791	641	5,154,509	641	-	2,282
General Advalorem 2003	5,261,747	1,425	5,256,629	1,425	-	5,118
General Advalorem 2004	5,535,728	1,936	5,529,197	1,936	-	6,531
General Advalorem 2005	5,864,640	3,314	5,858,887	3,314	-	5,753
General Advalorem 2006	6,207,586	14,268	6,195,510	14,268	-	12,075
General Advalorem 2007	6,675,052	131,352	6,640,648	131,352	-	34,403
General Advalorem 2008	7,219,748	273,503	7,015,523	273,503	-	204,225
General Advalorem 2009	7,643,146	7,118,010	7,118,010	7,118,010	-	525,135
<b>Total General Advalorem</b>	<b>59,403,454</b>	<b>7,545,003</b>	<b>58,596,915</b>	<b>7,545,003</b>	<b>-</b>	<b>806,539</b>
Debt Service P&I 2000	750,979	50	749,901	50	-	1,079
Debt Service P&I 2001	599,266	42	599,058	42	-	208
Debt Service P&I 2002	844,829	127	844,453	127	-	376
Debt Service P&I 2003	743,154	213	742,514	213	-	640
Debt Service P&I 2004	792,921	336	792,038	336	-	883
Debt Service P&I 2005	757,598	507	756,810	507	-	789
Debt Service P&I 2006	723,068	1,600	721,667	1,600	-	1,400
Debt Service P&I 2007	794,294	15,297	790,432	15,297	-	3,862
Debt Service P&I 2008	170,241	6,104	165,653	6,104	-	4,588
Debt Service P&I 2009	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>6,176,350</b>	<b>24,275</b>	<b>6,162,524</b>	<b>24,275</b>	<b>-</b>	<b>13,825</b>
<b>Total Otero County</b>	<b>65,579,804</b>	<b>7,569,279</b>	<b>64,759,439</b>	<b>7,569,279</b>	<b>-</b>	<b>820,365</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
2 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>City of Alamogordo</b>						
General Advalorem 2000	1,620,238	-	1,618,027	-	-	2,211
General Advalorem 2001	1,646,101	-	1,645,977	-	-	125
General Advalorem 2002	1,691,916	28	1,691,828	28	-	88
General Advalorem 2003	1,703,258	91	1,703,113	91	-	146
General Advalorem 2004	1,800,736	76	1,799,293	76	-	1,442
General Advalorem 2005	1,912,823	206	1,912,579	240	16	243
General Advalorem 2006	2,068,268	3,837	2,065,884	12,834	22	2,384
General Advalorem 2007	2,225,902	43,210	2,216,937	36,417	8,722	8,965
General Advalorem 2008	2,406,527	77,155	2,345,706	95,891	2,686	60,822
General Advalorem 2009	2,528,026	2,377,684	2,377,684	2,341,858	35,825	150,342
<b>Total General Advalorem</b>	<b>19,603,796</b>	<b>2,502,288</b>	<b>19,377,028</b>	<b>2,487,436</b>	<b>47,271</b>	<b>226,768</b>
Debt Service P&I 2000	677,721	-	676,963	-	-	758
Debt Service P&I 2001	771,645	-	771,587	-	-	58
Debt Service P&I 2002	796,304	14	796,259	14	-	45
Debt Service P&I 2003	804,779	41	804,705	41	-	75
Debt Service P&I 2004	815,967	38	815,419	38	-	548
Debt Service P&I 2005	794,075	95	793,967	111	7	108
Debt Service P&I 2006	792,777	1,373	791,951	4,791	7	826
Debt Service P&I 2007	895,939	16,979	892,721	14,609	3,129	3,218
Debt Service P&I 2008	723,455	21,866	706,034	27,646	787	17,422
Debt Service P&I 2009	646,169	610,051	610,051	601,618	8,433	36,118
<b>Total Debt Service</b>	<b>7,718,832</b>	<b>650,457</b>	<b>7,659,655</b>	<b>648,869</b>	<b>12,363</b>	<b>59,177</b>
<b>Total City of Alamogordo</b>	<b>27,322,628</b>	<b>3,152,745</b>	<b>27,036,683</b>	<b>3,136,304</b>	<b>59,634</b>	<b>285,944</b>
<b>Alamogordo Public Schools</b>						
General Advalorem 2000	154,519	5	154,200	5	-	319
General Advalorem 2001	160,239	5	160,229	5	-	10
General Advalorem 2002	164,475	10	164,466	12	-	9
General Advalorem 2003	166,365	20	166,264	24	-	101
General Advalorem 2004	175,988	23	175,869	34	-	119
General Advalorem 2005	186,479	40	186,407	58	1	71
General Advalorem 2006	197,873	342	197,622	1,060	3	250
General Advalorem 2007	212,202	3,945	211,329	3,504	718	873
General Advalorem 2008	228,647	7,588	222,914	9,490	293	5,733
General Advalorem 2009	239,838	225,621	225,621	222,244	3,377	14,218
<b>Total General Advalorem</b>	<b>1,886,625</b>	<b>237,597</b>	<b>1,864,922</b>	<b>236,437</b>	<b>4,392</b>	<b>21,704</b>
Debt Service P&I 2000	1,975,833	72	1,972,654	72	-	3,179
Debt Service P&I 2001	2,157,167	75	2,157,028	75	-	139
Debt Service P&I 2002	2,828,099	208	2,827,923	242	-	176
Debt Service P&I 2003	2,523,309	329	2,522,013	412	-	1,296
Debt Service P&I 2004	2,204,229	332	2,202,963	487	-	1,266
Debt Service P&I 2005	2,198,256	551	2,197,429	803	16	828
Debt Service P&I 2006	2,280,885	3,656	2,278,217	12,001	34	2,668
Debt Service P&I 2007	3,426,885	61,879	3,414,344	55,976	10,238	12,541
Debt Service P&I 2008	2,437,767	75,976	2,379,691	96,620	3,087	58,076
Debt Service P&I 2009	2,618,556	2,472,863	2,472,863	2,438,692	34,171	145,693
<b>Total Debt Service</b>	<b>24,650,986</b>	<b>2,615,941</b>	<b>24,425,124</b>	<b>2,605,380</b>	<b>47,546</b>	<b>225,862</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
3 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
Capital Improvements 2000	800,742	29	799,454	29	-	1,288
Capital Improvements 2001	834,845	29	834,791	29	-	54
Capital Improvements 2002	851,721	63	851,668	73	-	53
Capital Improvements 2003	877,979	114	877,528	143	-	451
Capital Improvements 2004	908,960	137	908,438	201	-	522
Capital Improvements 2005	965,167	240	964,803	349	7	364
Capital Improvements 2006	1,023,278	1,640	1,022,081	5,384	15	1,197
Capital Improvements 2007	1,120,262	20,228	1,116,163	18,299	3,347	4,100
Capital Improvements 2008	1,184,237	36,908	1,156,025	46,937	1,499	28,213
Capital Improvements 2009	1,219,633	1,151,775	1,151,775	1,135,859	15,916	67,859
<b>Total Capital Improvements</b>	<b>9,786,826</b>	<b>1,211,164</b>	<b>9,682,726</b>	<b>1,207,303</b>	<b>20,784</b>	<b>104,100</b>
Tech Debt 2000	352,724	13	352,157	13	-	567
Tech Debt 2001	719,617	25	719,571	25	-	46
Tech Debt 2002	108,143	8	108,136	9	-	7
Tech Debt 2003	277,879	36	277,737	45	-	143
Tech Debt 2004	725,350	109	724,933	160	-	417
Tech Debt 2005	853,349	214	853,028	312	6	321
Tech Debt 2006	869,785	1,394	868,768	4,576	13	1,017
Tech Debt 2007	-	-	-	-	-	-
Tech Debt 2008	1,152,258	35,912	1,124,808	45,670	1,459	27,451
Tech Debt 2009	1,137,312	1,074,033	1,074,033	1,059,192	14,841	63,278
<b>Total Tech debt</b>	<b>6,196,417</b>	<b>1,111,744</b>	<b>6,103,169</b>	<b>1,110,002</b>	<b>16,320</b>	<b>93,248</b>
<b>Total Alamogordo Public Schools</b>	<b>42,520,854</b>	<b>5,176,447</b>	<b>42,075,941</b>	<b>5,159,123</b>	<b>89,041</b>	<b>444,913</b>
<b>Village of Cloudcroft</b>						
General Advalorem 2000	28,337	-	28,337	-	-	-
General Advalorem 2001	29,573	-	29,573	-	-	-
General Advalorem 2002	30,785	-	30,785	-	-	-
General Advalorem 2003	31,681	-	31,681	-	-	-
General Advalorem 2004	33,616	-	33,592	-	-	24
General Advalorem 2005	35,829	-	35,807	-	-	23
General Advalorem 2006	38,694	163	38,629	309	-	65
General Advalorem 2007	42,700	741	42,643	595	159	58
General Advalorem 2008	47,305	2,182	46,010	2,531	48	1,294
General Advalorem 2009	50,156	46,299	46,299	45,356	943	3,858
<b>Total General Advalorem</b>	<b>368,677</b>	<b>49,385</b>	<b>363,356</b>	<b>48,791</b>	<b>1,150</b>	<b>5,321</b>
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	-	-	-	-	-	-
Debt Service P&I 2008	-	-	-	-	-	-
Debt Service P&I 2009	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Village of Cloudcroft</b>	<b>368,677</b>	<b>49,385</b>	<b>363,356</b>	<b>48,791</b>	<b>1,150</b>	<b>5,321</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
4 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>Cloudcroft Public Schools</b>						
General Advalorem 2000	23,644	-	23,643	-	-	1
General Advalorem 2001	25,089	-	25,084	-	-	5
General Advalorem 2002	26,529	0	26,525	0	-	4
General Advalorem 2003	27,311	1	27,300	1	-	11
General Advalorem 2004	28,851	4	28,831	4	-	20
General Advalorem 2005	30,713	11	30,691	11	-	22
General Advalorem 2006	32,971	56	32,923	113	0	48
General Advalorem 2007	35,855	550	35,672	512	62	183
General Advalorem 2008	38,756	1,434	37,743	2,002	43	1,013
General Advalorem 2009	41,449	38,439	38,439	37,809	630	3,010
<b>Total General Advalorem</b>	<b>311,167</b>	<b>40,494</b>	<b>306,851</b>	<b>40,452</b>	<b>735</b>	<b>4,316</b>
<b>Debt Service P&amp;I</b>						
Debt Service P&I 2000	218,404	-	218,394	-	-	11
Debt Service P&I 2001	640,454	-	640,345	-	-	109
Debt Service P&I 2002	676,249	5	676,142	5	-	107
Debt Service P&I 2003	643,756	40	643,539	40	-	217
Debt Service P&I 2004	541,070	78	540,728	78	-	343
Debt Service P&I 2005	537,073	178	536,728	178	-	345
Debt Service P&I 2006	514,709	709	514,057	1,446	3	651
Debt Service P&I 2007	913,774	12,766	909,784	12,218	1,205	3,990
Debt Service P&I 2008	943,817	32,778	922,033	46,700	1,129	21,784
Debt Service P&I 2009	957,142	894,790	894,790	881,048	13,742	62,351
<b>Total Debt Service</b>	<b>6,586,448</b>	<b>941,344</b>	<b>6,496,540</b>	<b>941,712</b>	<b>16,079</b>	<b>89,908</b>
<b>Capital Improvements</b>						
Capital Improvements 2000	177,061	-	177,052	-	-	9
Capital Improvements 2001	186,092	-	186,060	-	-	32
Capital Improvements 2002	194,491	1	194,461	1	-	31
Capital Improvements 2003	209,658	13	209,588	13	-	71
Capital Improvements 2004	215,180	31	215,044	31	-	136
Capital Improvements 2005	227,528	75	227,382	75	-	146
Capital Improvements 2006	237,248	327	236,948	666	1	300
Capital Improvements 2007	264,670	3,698	263,514	3,539	349	1,156
Capital Improvements 2008	274,804	9,544	268,462	13,597	329	6,343
Capital Improvements 2009	286,741	268,061	268,061	263,944	4,117	18,679
<b>Total Capital Improvements</b>	<b>2,273,474</b>	<b>281,750</b>	<b>2,246,571</b>	<b>281,868</b>	<b>4,796</b>	<b>26,903</b>
<b>Total Cloudcroft Public Schools</b>	<b>9,171,089</b>	<b>1,263,589</b>	<b>9,049,963</b>	<b>1,264,031</b>	<b>21,610</b>	<b>121,127</b>
<b>Village of Tularosa</b>						
General Advalorem 2000	98,123	47	98,116	47	-	7
General Advalorem 2001	102,023	134	102,007	134	-	17
General Advalorem 2002	105,751	152	105,636	152	-	115
General Advalorem 2003	108,203	146	108,061	146	-	143
General Advalorem 2004	113,562	151	113,517	121	30	45
General Advalorem 2005	119,141	238	119,013	248	-	128
General Advalorem 2006	128,094	424	127,903	645	31	191
General Advalorem 2007	141,134	3,323	140,853	2,740	940	281
General Advalorem 2008	152,123	8,876	147,845	11,095	222	4,279
General Advalorem 2009	166,397	153,355	153,355	151,770	1,585	13,042
<b>Total General Advalorem</b>	<b>1,234,552</b>	<b>166,846</b>	<b>1,216,305</b>	<b>167,096</b>	<b>2,808</b>	<b>18,247</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
5 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
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	-	-	-	-	-	-
Debt Service P&I 2008	-	-	-	-	-	-
Debt Service P&I 2009	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Village of Tularosa</b>	<b>1,234,552</b>	<b>166,846</b>	<b>1,216,305</b>	<b>167,096</b>	<b>2,808</b>	<b>18,247</b>
<b>Tularosa Public Schools</b>						
General Advalorem 2000	15,735	3	15,734	3	-	1
General Advalorem 2001	16,945	8	16,940	8	-	5
General Advalorem 2002	17,553	10	17,539	10	-	14
General Advalorem 2003	18,012	24	17,996	24	-	15
General Advalorem 2004	18,957	17	18,941	17	2	15
General Advalorem 2005	20,271	30	20,247	30	1	24
General Advalorem 2006	21,639	64	21,591	77	3	47
General Advalorem 2007	23,521	452	23,410	391	107	111
General Advalorem 2008	26,762	1,109	26,103	1,428	16	658
General Advalorem 2009	30,949	28,937	28,937	28,725	212	2,012
<b>Total General Advalorem</b>	<b>210,342</b>	<b>30,654</b>	<b>207,439</b>	<b>30,712</b>	<b>341</b>	<b>2,904</b>
Debt Service P&I 2000	333,991	70	333,963	70	-	28
Debt Service P&I 2001	363,168	208	363,031	208	-	137
Debt Service P&I 2002	428,084	303	427,719	303	-	365
Debt Service P&I 2003	446,015	558	445,624	558	-	391
Debt Service P&I 2004	459,427	530	458,966	506	51	460
Debt Service P&I 2005	476,465	897	475,786	896	42	679
Debt Service P&I 2006	524,164	1,738	522,845	2,119	98	1,319
Debt Service P&I 2007	520,484	10,271	517,834	8,945	2,376	2,651
Debt Service P&I 2008	570,078	23,525	555,651	30,631	385	14,427
Debt Service P&I 2009	638,320	594,874	594,874	589,900	4,974	43,447
<b>Total Debt Service</b>	<b>4,760,197</b>	<b>632,973</b>	<b>4,696,292</b>	<b>634,136</b>	<b>7,925</b>	<b>63,905</b>
Capital Improvements 2000	81,056	17	81,049	17	-	7
Capital Improvements 2001	86,880	49	86,847	49	-	33
Capital Improvements 2002	90,102	63	90,025	63	-	77
Capital Improvements 2003	92,530	117	92,449	117	-	81
Capital Improvements 2004	100,017	115	99,917	110	11	100
Capital Improvements 2005	107,069	201	106,917	200	9	152
Capital Improvements 2006	111,953	371	111,671	453	21	282
Capital Improvements 2007	122,118	2,409	121,497	2,098	558	621
Capital Improvements 2008	136,366	5,627	132,915	7,327	92	3,451
Capital Improvements 2009	152,380	142,008	142,008	140,821	1,187	10,372
<b>Total Capital Improvements</b>	<b>1,080,470</b>	<b>150,978</b>	<b>1,065,295</b>	<b>151,255</b>	<b>1,878</b>	<b>15,175</b>
<b>Total Tularosa Public Schools</b>	<b>6,051,009</b>	<b>814,605</b>	<b>5,969,026</b>	<b>816,104</b>	<b>10,144</b>	<b>81,983</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
6 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>Gadsden School Dist</b>						
General Advalorem 2000	5,391	4	5,330	3	1	61
General Advalorem 2001	5,697	-	5,638	-	-	59
General Advalorem 2002	6,283	6	6,218	7	-	65
General Advalorem 2003	6,473	13	6,395	14	0	77
General Advalorem 2004	7,323	34	7,218	34	-	105
General Advalorem 2005	7,524	50	7,416	50	-	108
General Advalorem 2006	7,912	121	7,773	150	10	139
General Advalorem 2007	8,799	604	8,547	538	104	252
General Advalorem 2008	9,771	1,188	8,692	1,321	73	1,079
General Advalorem 2009	10,388	7,879	7,879	7,630	248	2,510
<b>Total General Advalorem</b>	<b>75,561</b>	<b>9,899</b>	<b>71,106</b>	<b>9,747</b>	<b>436</b>	<b>4,455</b>
Debt Service P&I 2000	223,577	193	221,695	163	30	1,882
Debt Service P&I 2001	231,998	-	229,994	-	-	2,004
Debt Service P&I 2002	251,569	340	248,980	391	-	2,589
Debt Service P&I 2003	277,413	726	274,211	748	18	3,203
Debt Service P&I 2004	325,990	1,821	321,298	1,821	-	4,693
Debt Service P&I 2005	309,839	2,561	304,890	2,561	-	4,949
Debt Service P&I 2006	324,997	5,450	318,426	6,564	429	6,571
Debt Service P&I 2007	379,879	26,595	367,627	23,980	4,187	12,252
Debt Service P&I 2008	337,539	42,190	299,113	47,182	2,391	38,427
Debt Service P&I 2009	325,872	246,218	246,218	238,632	7,586	79,654
<b>Total Debt Service</b>	<b>2,988,674</b>	<b>326,095</b>	<b>2,832,451</b>	<b>322,042</b>	<b>14,641</b>	<b>156,223</b>
Capital Improvements 2000	31,093	27	30,832	23	4	262
Capital Improvements 2001	32,276	-	31,997	-	-	279
Capital Improvements 2002	35,026	47	34,666	54	-	360
Capital Improvements 2003	38,661	101	38,215	104	3	446
Capital Improvements 2004	45,530	254	44,874	254	-	655
Capital Improvements 2005	46,007	377	45,275	377	-	732
Capital Improvements 2006	48,094	807	47,122	971	64	972
Capital Improvements 2007	52,963	3,708	51,255	3,343	584	1,708
Capital Improvements 2008	57,443	7,180	50,904	8,030	407	6,540
Capital Improvements 2009	61,048	46,126	46,126	44,705	1,421	14,922
<b>Total Capital Improvements</b>	<b>448,142</b>	<b>58,627</b>	<b>421,265</b>	<b>57,862</b>	<b>2,482</b>	<b>26,877</b>
Tech Debt 2000	-	-	-	-	-	-
Tech Debt 2001	-	-	-	-	-	-
Tech Debt 2002	-	-	-	-	-	-
Tech Debt 2003	-	-	-	-	-	-
Tech Debt 2004	-	-	-	-	-	-
Tech Debt 2005	28,227	233	27,776	233	-	451
Tech Debt 2006	19,887	334	19,485	402	26	402
Tech Debt 2007	-	-	-	-	-	-
Tech Debt 2008	74,303	9,287	65,844	10,386	526	8,459
Tech Debt 2009	112,205	84,779	84,779	82,167	2,612	27,427
<b>Total Tech Debt</b>	<b>234,622</b>	<b>94,633</b>	<b>197,884</b>	<b>93,188</b>	<b>3,165</b>	<b>36,738</b>
<b>Total Gadsden School District</b>	<b>3,746,999</b>	<b>489,254</b>	<b>3,522,707</b>	<b>482,838</b>	<b>20,724</b>	<b>224,292</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
7 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>NMSU - Alamogordo</b>						
General Advalorem 2000	345,463	12	344,822	12	-	641
General Advalorem 2001	359,077	12	359,055	12	-	23
General Advalorem 2002	369,377	25	369,355	29	-	22
General Advalorem 2003	373,781	46	373,570	58	-	211
General Advalorem 2004	390,586	54	390,340	80	-	246
General Advalorem 2005	412,490	95	412,333	139	3	157
General Advalorem 2006	440,893	737	440,355	2,343	7	539
General Advalorem 2007	472,932	8,685	471,077	7,774	1,520	1,855
General Advalorem 2008	509,408	16,443	496,921	20,715	649	12,487
General Advalorem 2009	534,418	503,673	503,673	496,414	7,259	30,744
<b>Total General Advalorem</b>	<b>4,208,425</b>	<b>529,782</b>	<b>4,161,501</b>	<b>527,575</b>	<b>9,439</b>	<b>46,924</b>
<b>Debt Service P&amp;I</b>						
Debt Service P&I 2000	381,397	26	380,686	24	2	711
Debt Service P&I 2001	386,937	13	386,789	13	-	148
Debt Service P&I 2002	357,212	47	357,020	54	1	191
Debt Service P&I 2003	346,029	81	345,691	13	-	339
Debt Service P&I 2004	369,386	151	368,930	25	3	456
Debt Service P&I 2005	379,647	234	379,234	44	30	414
Debt Service P&I 2006	407,118	930	406,294	1,515	-	824
Debt Service P&I 2007	187,499	4,396	186,258	3,973	717	1,241
Debt Service P&I 2008	473,692	14,763	462,407	18,775	600	11,285
Debt Service P&I 2009	487,856	460,712	460,712	454,346	6,366	27,144
<b>Total Debt Service</b>	<b>3,776,773</b>	<b>481,354</b>	<b>3,734,021</b>	<b>478,781</b>	<b>7,718</b>	<b>42,752</b>
<b>Total NMSU - Alamogordo</b>	<b>7,985,199</b>	<b>1,011,136</b>	<b>7,895,522</b>	<b>1,006,356</b>	<b>17,157</b>	<b>89,676</b>
<b>NMSU - Dona Ana</b>						
General Advalorem 2000	14,366	12	14,237	10	2	129
General Advalorem 2001	15,087	-	14,952	-	-	135
General Advalorem 2002	14,013	19	13,869	22	-	144
General Advalorem 2003	17,847	45	17,640	47	1	207
General Advalorem 2004	21,068	114	20,765	114	-	303
General Advalorem 2005	21,799	175	21,456	175	-	343
General Advalorem 2006	22,805	379	22,351	458	30	455
General Advalorem 2007	25,090	1,753	24,290	1,578	279	799
General Advalorem 2008	27,455	3,422	24,339	3,825	195	3,116
General Advalorem 2009	29,675	22,427	22,427	21,735	692	7,248
<b>Total General Advalorem</b>	<b>209,206</b>	<b>28,347</b>	<b>196,326</b>	<b>27,964</b>	<b>1,199</b>	<b>12,879</b>
<b>Total NMSU - Dona Ana</b>	<b>209,206</b>	<b>28,347</b>	<b>196,326</b>	<b>27,964</b>	<b>1,199</b>	<b>12,879</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Property Taxes Receivable by Agency  
June 30, 2010

Schedule IV  
8 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>Local Special Levies</b>						
<b>Timberon Water &amp; Sanitation District</b>						
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	-	-	155
Timberon Special Levy 2003	303,043	-	302,882	-	-	161
Timberon Special Levy 2004	304,662	-	304,389	-	-	273
Timberon Special Levy 2005	311,237	428	310,735	428	-	503
Timberon Special Levy 2006	120,142	260	119,750	331	6	392
Timberon Special Levy 2007	128,367	2,411	126,655	2,644	210	1,712
Timberon Special Levy 2008	130,899	8,146	125,884	9,910	178	5,016
Timberon Special Levy 2009	134,802	118,572	118,572	115,362	3,210	16,230
<b>Total Timberon Water &amp; Sanitation</b>	<b>2,257,285</b>	<b>129,817</b>	<b>2,232,776</b>	<b>128,675</b>	<b>3,603</b>	<b>24,509</b>
<b>Penasco S&amp;W Conservation District</b>						
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	-	-	-
Penasco Special Levy 2008	2	-	2	-	-	-
Penasco Special Levy 2009	62	62	62	62	-	-
<b>Total Penasco S&amp;W Conservation Dist</b>	<b>520</b>	<b>62</b>	<b>520</b>	<b>62</b>	<b>-</b>	<b>-</b>
<b>Carlsbad Soil &amp; Water Conservation District</b>						
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	5	-	-
Carlsbad Special Levy 2009	29	28	28	28	-	1
<b>Total Carlsbad S&amp;W Conservation District</b>	<b>268</b>	<b>28</b>	<b>267</b>	<b>33</b>	<b>-</b>	<b>1</b>
<b>Total Local Special Levies</b>	<b>2,258,072</b>	<b>129,907</b>	<b>2,233,563</b>	<b>128,770</b>	<b>3,603</b>	<b>24,510</b>
<b>Grand Totals</b>	<b>\$ 175,486,243</b>	<b>\$ 20,857,653</b>	<b>\$ 173,252,018</b>	<b>\$ 20,811,934</b>	<b>\$ 244,722</b>	<b>\$ 2,234,225</b>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
 Otero County  
 Schedule of Property Taxes Receivable by Agency  
 June 30, 2010

Schedule IV  
 9 of 9

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Undistributed at Year End	Treasurer's Receivable at Year End
<b>Recap By Tax Year</b>						
2000	14,283,169	900	14,259,699	858	41	23,470
2001	15,676,068	958	15,670,056	958	-	6,013
2002	16,003,281	2,217	15,995,715	2,346	1	7,566
2003	16,245,927	4,447	16,231,559	4,567	24	14,368
2004	16,603,137	6,619	16,582,768	6,768	102	20,369
2005	17,468,692	11,515	17,449,963	11,972	151	18,729
2006	18,103,600	43,006	18,066,638	79,902	888	36,962
2007	19,648,967	393,632	19,547,125	367,013	42,461	101,842
2008	20,388,302	759,894	19,814,031	885,591	18,548	574,271
2009	21,065,099	19,634,464	19,634,464	19,451,959	182,505	1,430,634
<b>Grand Totals</b>	<b>175,486,243</b>	<b>20,857,653</b>	<b>173,252,018</b>	<b>20,811,934</b>	<b>244,722</b>	<b>2,234,225</b>

See accompanying independent auditors' report.

## STATE OF NEW MEXICO

Schedule V

Otero County

Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities  
For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>ASSETS</b>				
Cash	\$ 234,913	\$ 13,888,614	\$ 13,830,069	\$ 293,458
Property taxes receivable	1,293,701	13,421,953	13,301,793	1,413,861
<i>Total assets</i>	<u>\$ 1,528,614</u>	<u>\$ 27,310,567</u>	<u>\$ 27,131,862</u>	<u>\$ 1,707,319</u>
<b>LIABILITIES</b>				
Deposits held in trust	\$ -	\$ 14,123,527	\$ 13,830,069	\$ 293,458
Due to other taxing units	1,528,614	13,187,040	13,301,793	1,413,861
<i>Total liabilities</i>	<u>\$ 1,528,614</u>	<u>\$ 27,310,567</u>	<u>\$ 27,131,862</u>	<u>\$ 1,707,319</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO  
Otero County  
Schedule of Legislative Grants  
For the year ended June 30, 2010

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
Administrative Complex	DFA	07-5367	05/15/07	06/30/11	\$ 200,000
Alamo Canyon Flood Plain	DFA	07-3447	05/15/07	06/30/11	48,800
Alamo Canyon Flood Plain	DFA	07-5363	05/15/07	06/30/11	690,000
Alamogordo Relief Route	DOT	03-0465	01/06/05	06/30/08	125,000
Armed Forces Museum	DFA	07-5369	05/15/07	06/30/11	80,000
Chaparral Clinic	DFA	05-0342	08/10/05	06/30/10	505,000
Chaparral Clinic	DFA	08-4387	07/03/08	06/30/12	50,000
Chaparral Clinic	DFA	08-3246	07/03/08	06/30/12	250,000
Courthouse Security	DFA	07-5368	05/15/07	06/30/11	250,000
Department of Health	DOH	mou 10265	07/28/09	06/30/12	300,000
Emergency Response Center	DFA	07-5362	05/15/07	06/30/11	250,000
Emergency Operations PSAP	DFA	08-4383	07/03/08	06/30/12	80,000
Flickinger Center	DFA	06-1748	04/25/06	06/30/10	75,000
Flickinger Center (seats)	DFA	08-4384	07/03/08	06/30/12	34,000
Flood Control/ Storm Drainage	DOT	08-3298	07/03/08	06/30/12	200,000
GRIP2/Fresnal Canyon Road	DOT	08-3298	07/03/08	06/30/12	423,000
La Luz FD	DFA	08-4390	07/03/08	06/30/12	67,000
Nogal Canyon	State Engineer	06-0138	02/08/07	06/30/10	100,000
Nogal Canyon	State Engineer	07-3218	05/15/07	06/30/11	48,000
Nogal Canyon	State Engineer	08	05/15/08	06/30/12	67,000
Red Brick School House	DFA	07-5373	05/15/07	06/30/11	100,000
Red Brick School House	DFA	08-4391	07/03/08	06/30/12	60,000
Riata Road Culverts	DOT	05-2203	10/12/05	06/30/10	100,000
Rio Penasco Flood Plain	State Engineer	07-4400	05/15/07	06/30/11	50,000
Sheriff's office electronic	DFA	06-0468	08/16/06	06/10/10	73,000
Sheriff's office electronic	DFA	07-3446	05/15/07	06/30/11	2,000
Sheriff's New Building	DFA	08-4386	07/03/08	06/30/12	50,000
Timberon Airport	DOT	05-2204	10/12/05	06/30/10	125,000
Timberon Airport	DOT	06-0625	12/29/06	06/30/10	100,000
Timberon FD	DFA	06-1750	04/25/06	06/30/10	50,000
Timberon Swimming Pool	DFA	07-5371	05/15/07	06/30/11	75,000
Twin Forks MDWCA	Environment Dept	06-1169	12/13/06	06/30/10	103,000
Twin Forks MDWCA	Environment Dept	07-4512	05/15/07	06/30/11	190,000
Twin Forks MDWCA	Environment Dept	08-3124		06/30/12	150,000
<b>Grand Totals</b>					<u>\$ 5,070,800</u>

See accompanying independent auditors' report.

Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
\$ 2,000	\$ 198,000	\$ 184,625	\$ 13,375	\$ -
-	48,800	-	48,800	-
-	690,000	7,428	615,959	66,613
-	125,000	125,000	-	-
-	80,000	79,961	-	39
5,050	499,950	457,299	-	42,651
-	50,000	656	-	49,344
2,500	247,500	-	-	247,500
-	250,000	250,000	-	-
3,000	297,000	36,300	-	260,700
2,500	247,500	-	247,500	-
-	80,000	-	-	80,000
-	75,000	35,986	39,014	-
-	34,000	-	34,000	-
-	200,000	200,000	-	-
-	423,000	266,409	156,591	-
-	67,000	67,000	-	-
-	100,000	59,499	29,071	11,431
-	48,000	-	48,000	-
-	67,000	-	67,000	-
-	100,000	89,750	10,250	-
-	60,000	-	60,000	-
-	100,000	100,000	-	-
-	50,000	50,000	-	-
-	73,000	71,300	1,700	-
-	2,000	-	2,000	-
-	50,000	50,000	-	-
-	125,000	115,365	9,635	-
-	100,000	-	100,000	-
-	50,000	28,692	21,308	-
-	75,000	61,830	1,323	11,847
-	103,000	90,822	12,178	-
-	190,000	-	-	190,000
-	150,000	-	-	150,000
<u>\$ 15,050</u>	<u>\$ 5,055,750</u>	<u>\$ 2,427,920</u>	<u>\$ 1,517,705</u>	<u>\$1,110,125</u>

(This page intentionally left blank)

**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Otero County, New Mexico (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 4, 2010. 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, 2010 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These are items FS 2009-1, FS 2010-2, and FS 2010-3.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. These are items FS 2007-6, FS 2009-3, FS 2010-5, and FS 2010-6.

Compliance and Other Matters

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

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraph 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items FS 2010-1 and FS 2010-4.

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

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

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 4, 2010

(This page intentionally left blank)

**FEDERAL FINANCIAL ASSISTANCE**



**Accounting & Consulting Group, LLP**

Certified Public Accountants

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

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

Compliance

We have audited Otero County, New Mexico's (the County) compliance of with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Otero County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 4, 2010

**STATE OF NEW MEXICO**  
Otero County  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Federal Grantor/ Passthrough Grantor/ Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Secure Payments for Counties Containing Federal Land (1)	Forest Reserve	10.665	\$ 496,236
<b>Total U.S. Department of Agriculture</b>			<u>496,236</u>
<b>Office of National Drug Control</b>			
High Intensity Drug Trafficking Area	I6PSNP564Z	16.579	39,132
High Intensity Drug Trafficking Area	G09SN0007A	16.579	112,482
High Intensity Drug Trafficking Area	G09SN0017A	16.579	113,702
<b>Total Office of National Drug Control</b>			<u>265,316</u>
<b>U.S. Department of Justice</b>			
GJA FY 09 Recovery Act - Edward Byrne	2009-SB-B9-0208	16.804	79,281
FY 2009 Justice Assistance Grant	2009-DJ-BX-0202	16.738	9,798
<b>Total U.S. Department of Justice</b>			<u>89,079</u>
<b>U.S. Department of Homeland Security</b>			
(Passed through the New Mexico Department of Public Safety)			
Operation Stonegarden (1)	08-SG-T8-0003	97.067	330,881
<b>Total U.S. Department of Homeland Security</b>			<u>330,881</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Management Performance Grant	2009-EMPG-OTERO	97.042	24,442
FEMA I.a I.uz FD (1)	EMW-2008-FO-04446	94.044	88,007
FEMA Mayhill FD (1)	EMW-2008-FO-01500	94.044	8,955
SAFER Grant (1)	EMW-2007-FF-00041	94.044	18,011
<b>Total U.S. Department of Homeland Security</b>			<u>139,415</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,320,927</u>

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditors' report.

**Notes to Schedule of Expenditures of Federal Awards****1. Basis of Presentation**

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

**2. Subrecipients**

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,320,927
Total expenditures funded by other sources	<u>28,009,901</u>
Total expenditures	<u><u>\$ 29,330,828</u></u>

(This page intentionally left blank)

STATE OF NEW MEXICO  
 Otero County  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2010

**Section I – Summary of Audit Results**

*Financial Statements:*

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued   | Unqualified |
| 2. Internal control over financial reporting:                                    |             |
| a. Material weaknesses identified?   | Yes         |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes         |
| c. Noncompliance material to the financial statements noted?                     | 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
10.665	Secure Payments for Counties Containing Federal Land
94.044	FEMA
97.067	Operation Stonegarden

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

**Section II – Financial Statement Findings**

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

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

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

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

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

*Auditors' 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
  - Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

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

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

**Section II – Financial Statement Findings (continued)**

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

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

- The County performs risk assessment as part of their daily duties, however, there is a not a formal fraud risk assessment done at the County.
- There is not a whistleblower policy at the County.
- The County does not have a formal policy in place to verify that they are properly recording any donated assets.
- The County's capital asset system does not automatically properly calculate depreciation expense for capital assets and depreciation is calculated manually by the County management.
- The County does not have a process in place to fully review debt agreements to verify their compliance or the correct posting of debt and related debt items.
- The County had to restate the Capital Asset balances for the prior year due to inaccurate record keeping over Construction in Progress.
- During testwork of Accrued Compensated Absences, 2 of the 20 employees tested did not have their updated pay rates and personnel action forms in their personnel files.

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

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

*Cause:* For the fiscal year 2010 management did not have proper internal controls designed and implemented to ensure financial information was accurate and assets were appropriately safeguarded. Also, the governing body did not fulfill the requirements under SAS 112 to provide effective oversight of internal control and the financial reporting process.

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

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

**Section II – Financial Statement Findings (continued)**

**FS 2009-3 — Sales Tax Payments (Repeated/Modified)**

*Condition:* During our State Auditor Compliance testwork, we noted two credit card payments out of the five tested, in which the County paid a total of \$2.24 in sales tax on purchases.

*Criteria:* The County is tax exempt and should not be paying sales taxes on purchases of tangible personal property and also has a policy prohibiting this action.

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

*Cause:* The vendor where the items had been purchased has had a difficult time making sure that the County has not paid sales tax due to their tax exempt status and the County missed these items in verifying that the County is not paying sales tax.

*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.

*Agency's Response:* In response to last year's audit finding, Otero County has implemented a procedure for identifying sales receipts to which sales tax has been added. Unfortunately, these controls were not put in place until later in the fiscal year which allowed some transactions to have been paid with sales tax. We will endeavor to remain persistent in this area.

**FS 2010-1 - Fixed Asset Disposals**

*Condition:* During our testwork of fixed assets, we noted that the County disposed of property and equipment during the year ended June 30, 2010. The County obtained approval from the Board, but failed to notify the State Auditor of the planned disposition for disposals of assets with historical costs of less than \$5,000.

*Criteria:* According to the 2010 State Audit Rule 2.2.2.10 V, at least 30 days prior to disposition of property, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the State Auditor.

*Effect:* The County is not in compliance with State Statutes.

*Cause:* The County was unaware that the requirement to notify the State Auditor of asset dispositions applies to assets with historical costs of less than \$5,000 if such assets are included on the County's fixed asset inventory.

*Auditors' Recommendations:* The County should update its procedures for fixed asset disposals to include the notification of the State Auditor at least thirty days prior to planned disposition of all property and equipment included on fixed asset inventories.

*Agency's Response:* This situation was the result of turnover in staff and lack of training. The County will develop and document formal procedures for notifying the State Auditor when fixed assets are disposed of.

**Section II – Financial Statement Findings (continued)**

**FS 2010-2 – Recording of Debt and Related Cash**

*Condition:* During our audit, we noted that the County has not properly recorded the debt activity (principal and interest payment and related revenues) or the related Cash accounts. The County had not recorded \$629,692 in cash, nor was the cash listed on their Treasurer's Report.

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

*Effect:* The County had understated their cash balances, revenues and expenditures for the year.

*Cause:* The County was not aware of the cash and has not been receiving debt statement in order to properly verify the activity, nor does the County have the adequate knowledge or ability to properly record the debt and the activity when the activity has occurred.

*Auditors' Recommendation:* The County should start receiving statements for their debt and receive proper training to be able to record the activity for the year.

*Agency's Response:* Otero County will begin booking all debt activity.

**FS 2010-3 – Indigent Health Care Claims**

*Condition:* In our review of the indigent fund expenditures, we noted that the County monitors the Healthcare Providers who are responsible for verifying that the patient is qualified to receive health care from the County's Indigent Fund. The County conducted reviews of the healthcare providers and noted that there were multiple payments made on behalf of the patient who did not have a proof of residency, income, or governmental assistance.

*Criteria:* Per NMSA 27-5, a patient may not be eligible for another source of support such as Medicare, Medicaid, and WIC and must show a letter of denial in order to receive health care benefits from the Indigent Health Care Fund. The patient must also show proof of residency and income in order to qualify for payment from the Indigent Health Care Fund.

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

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

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

*Agency's Response:* The County will perform more in depth reviews of the eligibility of claimants processed by Gerald Champion Regional Medical Center and resolve any non-compliance issues identified.

STATE OF NEW MEXICO  
 Otero County  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2010

**Section II – Financial Statement Findings (continued)**

**FS 2010-4 – Cash Appropriations in Excess of Available Cash Balances**

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

	<u>Designated Cash</u>		<u>Beginning Year Cash &amp; AR Available</u>	<u>Cash Appropriation in excess of available</u>
EMS Special Revenue Fund	\$ 35,908	\$	35,265	\$ (643)

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

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

*Cause:* An error made in the budget adjustment amount caused the County to designate cash expenditures in excess of the cash balance at the beginning of the year.

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

*Agency's Response:* This situation was the result of a typographical error that occurred when attempting to perform a budget adjustment moving \$642.82 from G/L Account # 6547325 to 6547326 (\$532.37) and 6547328 (\$80.45) to clear up over-expended line items. Account # 6547325 was incorrectly entered as 6747325 resulting in a budget decrease in fund 65. Staff will perform more detailed verification of journal entries prior to posting.

**Section II – Financial Statement Findings (continued)**

**FS 2010-5 – Information Technology**

*Condition:* During our audit, we noted that:

- Adequate controls have not been established for the protection of IT resources including data and information in the following areas:
  1. Information Security Policy/User Awareness
  2. IT Staff can make changes to the financial database and/or General Ledger Codes.

*Criteria:* State of New Mexico Statewide Guideline S-GUIDE-002.003 (per NMSA 1978 Section 15-1C-1 et. Seq. and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.

*Effect:* Lack of IT policies, lack of monitoring over computer system and vendor activities, lack of physical security, and lack of contingency planning leave Otero County at risk for loss or misuse of data and information.

*Cause:* Otero County is not properly safeguarding IT assets and resources. The following deficiencies were noted:

- Lack of IT policies
- The County can make changes to the financial database

*Auditors' Recommendation:* The County should consider implementing the following recommendations:

- Establish policies to govern IT use and security
- Neither IT staff nor management should have the ability to make changes to the financial database.

*Agency's Response:* The County will develop and document written procedures for situations requiring data and source code manipulation.

**Section II – Financial Statement Findings (continued)**

**FS 2010-6 – Stale Dated Checks**

*Condition:* The County has 140 stale dated checks on its bank reconciliations in the Inmate Trust Fund Account totaling \$740.42 that have been outstanding for more than a year. The County has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

*Criteria:* Section 7-8A, NMSA 1978, and related regulations require that the County provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

*Effect:* Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

*Cause:* The County has not reviewed the outstanding check listing in a timely manner.

*Auditors' Recommendations:* The County should implement policies and procedures to ensure that the Unclaimed Property Division of the New Mexico Taxation and Revenue Department is properly notified regarding stale dated checks.

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

STATE OF NEW MEXICO  
Otero County  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

Schedule VIII  
Page 9 of 9

**Section III – Federal Awards Findings**

None

**Section IV – Prior Year Audit Findings**

FS 2007-6 – Preparation of Financial Statements – Repeated

FS 2008-1 – Capital Asset Disposals and Acquisitions – Resolved

FS 2008-2 – Capital Asset Donated Assets – Resolved

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

FS 2009-2 – Noncompliance with Used Equipment Requirements – Resolved

FS 2009-3 – Sales Tax Payments – Repeated/Modified

(This page intentionally left blank)

STATE OF NEW MEXICO  
Otero County  
Other Disclosures  
For the Year Ended June 30, 2010

**Other Disclosures**

**Exit Conference**

An exit conference was held on November 10, 2010. In attendance were the following:

**Representing Otero County:**

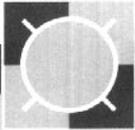
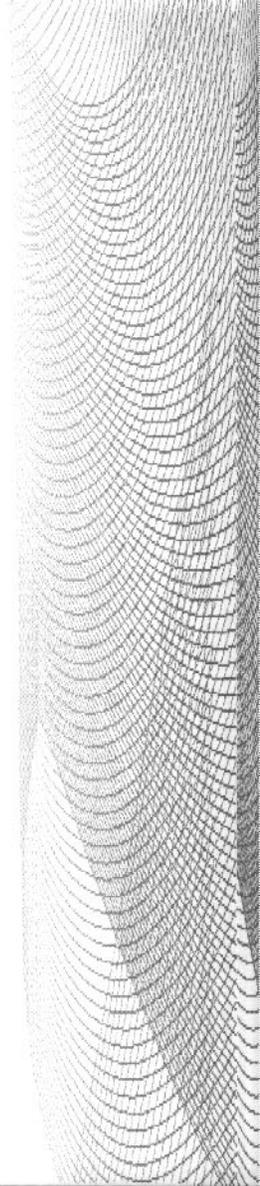
Doug Moore, County Commissioner, Chairman  
Ray Backstrom, County Manager  
Donna Brandon, County Finance Director  
Catherine Prather, Chief Deputy Treasurer  
Ginger Herndon, Purchasing Agent

**Representing Accounting & Consulting Grouping, LLP:**

Ray Roberts, Managing Partner

**Auditor Prepared Financial Statements**

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



[www.acgnm.com](http://www.acgnm.com)