Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO
OTERO COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

STATE OF NEW MEXICO

OTERO COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
Otero County
Table of Contents
June 30, 2012

	Exhibit	Page
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	14-15
Statement of Activities	A-2	16-17
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	18
Reconciliation of the Balance Sheet to the Statement of Net Assets		19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: General Fund	C-1	22
Statement of Net Assets - Proprietary Funds	D-1	23
Statement Revenues, Expenses and Changes in Net Assets - Proprietary Funds	D-2	24
Statement of Cash Flows – Proprietary Funds	D-3	25
Statement of Fiduciary Assets and Liabilities – Agency Funds	E-1	26
NOTES TO THE FINANCIAL STATEMENTS		27-53
SUPPLEMENTARY INFORMATION	Statement	
Nonmajor Fund Descriptions		58-59
COMBINING AND INDIVIDUAL FUND STATEMENTS:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	60-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	66-71
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
DWI Grant Special Revenue Fund	B-1	73
Property Valuation Special Revenue Fund	B-2	74
Road Special Revenue Fund	B-3	75
Clerk's Equipment Special Revenue Fund	B-4	76
Farm and Range Special Revenue Fund	B-5	77
COPS Grant Special Revenue Fund	B-6	78
A.R.R.A. Recycling Grant Special Revenue Fund	B-7	79
Recreation Special Revenue Fund	B-8	80
HIDTA Grant Special Revenue Fund	B-9	81
Fire Special Revenue Fund	B-10	82
Indigent Special Revenue Fund	B-11	83
EMS Special Revenue Fund	B-12	84
Hazard Mitigation 2002 Special Revenue Fund	B-13	85
Law Enforcement Protection Special Revenue Fund	B-14	86

STATE OF NEW MEXICO
Otero County
Table of Contents
June 30, 2012

	Statement	Page
SUPPLEMENTARY INFORMATION (continued)		
COMBINING AND INDIVIDUAL FUND STATEMENTS (continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Environmental Gross Receipts Tax Special Revenue Fund	B-15	87
Southwest Border Prosecution Special Revenue Fund	B-16	88
Landfill Closure Special Revenue Fund	B-17	89
Secure Rural Schools Grant Special Revenue Fund	B-18	90
Environmental Inspections Special Revenue Fund	B-19	91
Sheriff's Covert Activity Special Revenue Fund	B-20	92
Debt Service Fund	B-21	93
Other Debt Service Fund	B-22	94
Legislative Grants Capital Projects Fund	B-23	95
Building Improvements Capital Projects Fund	B-24	96
Statement of Revenues, Expenses, and Changes in Net Assets – Budget (Non-GAAP Budgetary Basis) and Actual:		
Otero County Detention Center Proprietary Fund	B-25	97
Otero County Processing Center Proprietary Fund	B-26	98
	Schedule	
SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	I	101
Schedule of Deposit and Investment Accounts	II	102-103
Tax Roll Reconciliation – Changes in Property Taxes Receivable	III	105
County Treasurer's Property Tax Schedule	IV	106-114
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	V	115
Schedule of Legislative Grants	VI	116-117
COMPLIANCE SECTION		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*		120-121
FEDERAL FINANCIAL ASSISTANCE		
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		124-125
Schedule of Expenditures of Federal Awards	VII	126-127
Schedule of Findings and Questioned Costs	VIII	129-138
OTHER DISCLOSURES		139

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STATE OF NEW MEXICO
Otero County
Official Roster
June 30, 2012

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

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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 Manager and County Commissioners
Otero County
Alamogordo, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund of Otero County, New Mexico (the County), as of and for the year ended June 30, 2012, 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 proprietary funds and 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, 2012 as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, 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, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget statements referred to above present fairly, in all material respects, the respective comparisons for the year then ended in conformity with the cash basis of accounting and more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2013 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.

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by that missing information.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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
April 25, 2013

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BASIC

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Otero County
Statement of Net Assets
June 30, 2012

	Primary-Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ 5,092,886	$ -	$ 5,092,886
Investments	8,004,372	-	8,004,372
Receivables:			
Property taxes	842,788	-	842,788
Other taxes	798,982	-	798,982
Other receivables	483,408	10,237,273	10,720,681
Accrued Interest	38,680	-	38,680
Inventory	7,930	-	7,930
Prepaid expenses	377,870	-	377,870
Total current assets	15,646,916	10,237,273	25,884,189
Noncurrent assets			
Restricted cash and cash equivalents	89,654	-	89,654
Restricted investments	247,466	17,008,558	17,256,024
Bond issuance costs, net of accumulated amortization of $0 and $2,506,171, respectively	-	5,204,710	5,204,710
Bond discounts, net of accumulated amortization of $0 and $540,133, respectively	-	879,380	879,380
Capital assets	63,695,211	77,114,450	140,809,661
Less: accumulated depreciation	(31,601,570)	(10,649,297)	(42,250,867)
Total noncurrent assets	32,430,761	89,557,801	121,988,562
Total assets	$ 48,077,677	$ 99,795,074	$ 147,872,751

The accompanying notes are an integral part of these financial statements

	Primary-Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	$ 436,008	$ 19,018,420	$ 19,454,428
Accrued payroll expenses	206,925	-	206,925
Accrued interest	17,740	1,069,915	1,087,655
Current portion of accrued compensated absences	424,204	-	424,204
Current portion of loans and capital leases payables	376,665	-	376,665
Current portion of bonds payable	-	3,675,000	3,675,000
Total current liabilities	1,461,542	23,763,335	25,224,877
Noncurrent liabilities			
Loans and capital leases payable	3,025,132	-	3,025,132
Bonds payable	-	89,845,000	89,845,000
Total noncurrent liabilities	3,025,132	89,845,000	92,870,132
Total liabilities	4,486,674	113,608,335	118,095,009
Net Assets			
Invested in capital assets, net of related debt	28,691,844	(25,926,069)	2,765,775
Restricted for:			
Debt service	470,255	-	470,255
Capital projects	194,023	-	194,023
Other purposes - special revenue	6,215,995	-	6,215,995
Otero County detention center	-	6,348,957	6,348,957
Otero County processing center	-	5,763,851	5,763,851
Unrestricted	8,018,886	-	8,018,886
Total net assets	43,591,003	(13,813,261)	29,777,742
Total liabilities and net assets	$ 48,077,677	$ 99,795,074	$ 147,872,751

STATE OF NEW MEXICO
Otero County
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General government	$ 5,060,467	$ 477,958	$ 1,154,007	$ 46,868
Public safety	13,740,695	901,431	3,021,308	133,377
Public works	5,162,747	-	733,901	-
Culture and recreation	190,755	-	-	-
Health and welfare	4,211,548	10,139	513,535	355,669
Interest on long-term debt	116,204	-	-	-
Total governmental activities	28,482,416	1,389,528	5,422,751	535,914
Business-Type Activities:				
Otero County Detention Center	21,164,892	19,949,347	-	-
Otero County Processing Center	33,415,625	35,843,320	-	-
Total business-type activities	54,580,517	55,792,667	-	-
Total primary government	$ 83,062,933	$ 57,182,195	$ 5,422,751	$ 535,914

General revenues:
Taxes
Property
Gross receipts
Gasoline and motor vehicle
Payment in lieu of taxes
Investment income
Miscellaneous income
Gain on sale of capital assets
Donated asset
Transfers in (out)

Total general revenues

Change in net assets

Net assets - beginning, as originally stated

Net assets - restatement (note 20)

Net assets - beginning, as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	**Business-Type Activities**	**Total**
$ (3,381,634)	$ -	$ (3,381,634)
(9,684,579)	-	(9,684,579)
(4,428,846)	-	(4,428,846)
(190,755)	-	(190,755)
(3,332,205)	-	(3,332,205)
(116,204)	-	(116,204)
(21,134,223)	-	(21,134,223)
-	(1,215,545)	(1,215,545)
-	2,427,695	2,427,695
-	1,212,150	1,212,150
(21,134,223)	1,212,150	(19,922,073)
8,572,171	-	8,572,171
4,440,531	-	4,440,531
1,175,891	-	1,175,891
2,786,851	-	2,786,851
177,116	-	177,116
280,997	-	280,997
12,752	-	12,752
470,729	-	470,729
979,415	(979,415)	-
18,896,453	(979,415)	17,917,038
(2,237,770)	232,735	(2,005,035)
45,873,719	-	45,873,719
(44,946)	(14,045,996)	(14,090,942)
45,828,773	(14,045,996)	31,782,777
$ 43,591,003	$ (13,813,261)	$ 29,777,742

STATE OF NEW MEXICO
Otero County
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	$ 2,030,242	$ 3,152,298	$ 5,182,540
Investments	5,125,798	3,126,040	8,251,838
Receivables:			
Property taxes	838,891	3,897	842,788
Other taxes	247,243	551,739	798,982
Other receivables	140,788	342,620	483,408
Accrued interest	38,680	-	38,680
Inventory	-	7,930	7,930
Prepaid expenses	366,162	11,708	377,870
Total assets	$ 8,787,804	$ 7,196,232	$ 15,984,036
Liabilities			
Accounts payable	$ 185,550	$ 250,458	$ 436,008
Accrued payroll expenses	159,164	47,761	206,925
Accrued compensated absences	201	-	201
Deferred revenue:			
Deferred property taxes	723,785	3,760	727,545
Total liabilities	1,068,700	301,979	1,370,679
Fund balances			
Nonspendable			
Inventory	-	7,930	7,930
Prepaid expenses	366,162	11,708	377,870
Spendable			
Restricted for:			
General county operations	-	554,429	554,429
Maintenance of roads	-	380,279	380,279
Environment	-	368,707	368,707
Recreation	-	6,421	6,421
Public safety	-	3,973,873	3,973,873
Healthcare	-	444,158	444,158
Debt service expenditures	-	484,235	484,235
Capital projects	-	247,500	247,500
Committed to:			
Recycling center	-	184,820	184,820
Minimum fund balance	3,977,235	283,670	4,260,905
Unassigned	3,375,707	(53,477)	3,322,230
Total fund balances	7,719,104	6,894,253	14,613,357
Total liabilities and fund balances	$ 8,787,804	$ 7,196,232	$ 15,984,036

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit B-1

Otero County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:		
Fund balances - total governmental funds	$	14,613,357
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		32,093,641
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		727,545
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		(17,740)
Accrued compensated absences		(424,003)
Loans and capital leases payable		(3,401,797)
Net assets of governmental activities	$	43,591,003

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, 2012

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes:			
Property	$ 8,344,142	212,214	$ 8,556,356
Gross receipts	1,433,323	3,007,208	4,440,531
Gasoline and motor vehicle	128,742	1,047,149	1,175,891
Payment in lieu of taxes	2,786,851	-	2,786,851
Intergovernmental:			
Federal operating grants	155,262	1,151,191	1,306,453
Federal capital grants	12,269	355,669	367,938
State operating grants	1,076,741	3,039,557	4,116,298
State capital grants	-	167,976	167,976
Charges for services	983,145	406,383	1,389,528
Investment income	132,375	44,741	177,116
Miscellaneous	82,248	198,749	280,997
Total revenues	15,135,098	9,630,837	24,765,935
Expenditures:			
Current:			
General government	4,442,461	321,591	4,764,052
Public safety	8,926,618	2,996,445	11,923,063
Public works	1,707,825	3,139,421	4,847,246
Culture and recreation	90,383	42,281	132,664
Health and welfare	422,832	3,663,559	4,086,391
Capital outlay	319,022	2,056,924	2,375,946
Debt service:			
Principal	-	379,480	379,480
Interest	-	122,810	122,810
Total expenditures	15,909,141	12,722,511	28,631,652
Excess (deficiency) of revenues over expenditures	(774,043)	(3,091,674)	(3,865,717)
Other financing sources (uses)			
Proceeds from loans	-	408,944	408,944
Proceeds from sale of equipment	48,438	9,050	57,488
Transfers in	1,013,415	2,812,459	3,825,874
Transfers (out)	(2,343,684)	(502,775)	(2,846,459)
Total other financing sources (uses)	(1,281,831)	2,727,678	1,445,847
Net change in fund balance	(2,055,874)	(363,996)	(2,419,870)
Fund balance - beginning, as originally stated	9,903,555	7,258,249	17,161,804
Fund balance - restatement (note 20)	(128,577)	-	(128,577)
Fund balance - beginning of year, as restated	9,774,978	7,258,249	17,033,227
Fund balance - end of year	$ 7,719,104	$ 6,894,253	$ 14,613,357

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit B-2

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, 2012

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	$ (2,419,870)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital expenditures	2,375,946
Depreciation expense	(2,613,297)
Donated asset	470,729
In the Statement of Activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment sold.	
Gain on disposition of assets	12,752
Cash proceeds from sale of assets	(57,488)
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	15,815
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	6,606
Decrease in accrued compensated absences not paid 60 days after year-end	501
Proceeds from issuance of loans	(408,944)
Principal payments on capital leases and loans payable	379,480
Change in net assets of governmental activities	$ (2,237,770)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit C-1

Otero County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 8,167,763	$ 8,167,763	$ 8,365,040	$ 197,277
Gross receipts	1,680,000	1,260,000	1,440,026	180,026
Gasoline and motor vehicle	133,000	133,000	140,811	7,811
Intergovernmental:				
Federal operating grants	156,451	156,451	155,262	(1,189)
Federal capital grants	-	-	12,269	12,269
State operating grants	1,300,732	1,397,663	1,000,294	(397,369)
State capital grants	-	-	-	-
Local sources	550,000	550,000	-	(550,000)
Payment in lieu of taxes	2,595,814	2,595,814	2,786,851	191,037
Charges for services	1,608,402	1,626,528	1,030,271	(596,257)
Investment income	148,000	148,000	93,695	(54,305)
Miscellaneous	196,000	196,000	263,306	67,306
Total revenues	16,536,162	16,231,219	15,287,825	(943,394)
Expenditures:				
Current:				
General government	4,734,366	4,849,654	4,568,660	280,994
Public safety	9,116,899	9,203,677	9,026,516	177,161
Public works	1,274,131	1,601,963	1,536,279	65,684
Culture and recreation	92,739	93,397	93,000	397
Health and welfare	511,830	511,830	422,832	88,998
Capital outlay	597,179	643,633	315,358	328,275
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	16,327,144	16,904,154	15,962,645	941,509
Excess (deficiency) of revenues over expenditures	209,018	(672,935)	(674,820)	(1,885)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	3,184,659	3,461,812	-	(3,461,812)
Proceeds from sale of equipment	-	-	48,438	48,438
Transfers in	364,000	364,000	1,013,415	649,415
Transfers (out)	(3,757,677)	(3,152,877)	(2,343,684)	809,193
Total other financing sources (uses)	(209,018)	672,935	(1,281,831)	(1,954,766)
Net change in fund balance	-	-	(1,956,651)	(1,956,651)
Fund balance - beginning of year	-	-	9,112,691	9,112,691
Fund balance - end of year	$ -	$ -	$ 7,156,040	$ 7,156,040

Net change in fund balance (non-GAAP budgetary basis)	$ (1,956,651)
Adjustments to revenue for property and other taxes, state and federal grants and investment income	(152,727)
Adjustments to expenditures for payroll, insurance, supplies, and maintenance and repair expenditures	53,504
Net change in fund balance (GAAP)	$ (2,055,874)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

Otero County
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Enterprise Funds		
	Otero County Detention Center	Otero County Processing Center	Total
Assets			
Current assets			
Customer receivables	$ 3,903,212	$ 6,334,061	$ 10,237,273
Total current assets	3,903,212	6,334,061	10,237,273
Noncurrent assets			
Restricted investments	7,664,211	9,344,347	17,008,558
Bond issuance costs, net of accumulated amortization of $1,445,520 and $1,060,651, respectively	1,918,431	3,286,279	5,204,710
Bond discounts, net of accumulated amortization of $446,454 and 93,679, respectively	589,128	290,252	879,380
Capital assets	31,983,032	45,131,418	77,114,450
Less: accumulated depreciation	(6,195,021)	(4,454,276)	(10,649,297)
Total noncurrent assets	35,959,781	53,598,020	89,557,801
Total assets	39,862,993	59,932,081	$ 99,795,074
Liabilities and net assets			
Liabilities			
Current liabilities			
Accounts payable	$ 7,225,129	$ 11,793,291	$ 19,018,420
Accrued interest payable	249,237	820,678	1,069,915
Current portion of bonds payable	1,695,000	1,980,000	3,675,000
Total current liabilities	9,169,366	14,593,969	23,763,335
Noncurrent liabilities			
Bonds payable	36,460,000	53,385,000	89,845,000
Total noncurrent liabilities	36,460,000	53,385,000	89,845,000
Total liabilities	45,629,366	67,978,969	113,608,335
Net assets			
Invested in capital assets, net of related debt	(12,115,330)	(13,810,739)	(25,926,069)
Restricted for:			
Otero County detention center	6,348,957	-	6,348,957
Otero County processing center	-	5,763,851	5,763,851
Total net assets	(5,766,373)	(8,046,888)	(13,813,261)
Total liabilities and net assets	$ 39,862,993	$ 59,932,081	$ 99,795,074

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit D-2

Otero County

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

	Enterprise Funds		
	Otero County Detention Center	Otero County Processing Center	Total
Operating revenues			
Charges for services	$ 19,949,347	$ 35,843,320	$ 55,792,667
Total operating revenues	19,949,347	35,843,320	55,792,667
Operating expenses			
Contractual services	17,124,049	28,714,918	45,838,967
Depreciation	791,109	1,113,569	1,904,678
Total operating expenses	17,915,158	29,828,487	47,743,645
Operating income (loss)	2,034,189	6,014,833	8,049,022
Non-operating revenues (expenses)			
Interest expense	(3,038,859)	(3,360,056)	(6,398,915)
Amortization expense	(210,875)	(227,082)	(437,957)
Total non-operating revenues (expenses)	(3,249,734)	(3,587,138)	(6,836,872)
Income (loss) before contributions and transfers	(1,215,545)	2,427,695	1,212,150
Transfers (out)	(532,270)	(447,145)	(979,415)
Change in net assets	(1,747,815)	1,980,550	232,735
Net assets - as originally stated	-	-	-
Net assets - restatement (note 20)	(4,018,558)	(10,027,438)	(14,045,996)
Net assets - as restated	(4,018,558)	(10,027,438)	(14,045,996)
Net assets - end of year	$ (5,766,373)	$ (8,046,888)	$ (13,813,261)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-3

Otero County
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds		
	Otero County Detention Center	Otero County Processing Center	Total
Cash flows from operating activities			
Cash received from user charges	$ 19,911,347	$ 34,641,341	$ 54,552,688
Cash payments to suppliers for goods and services	(13,545,215)	(26,168,891)	(39,714,106)
Net cash provided by operating activities	6,366,132	8,472,450	14,838,582
Cash flows from noncapital financing activities			
Interfund advances (payments)	(532,270)	(447,145)	(979,415)
Net cash (used) by noncapital financing activities	(532,270)	(447,145)	(979,415)
Cash flows from capital and related financing activities			
Interest paid	(3,048,463)	(3,385,838)	(6,434,301)
Principal payments on long-term debt	(1,580,000)	(1,875,000)	(3,455,000)
Net cash (used) by capital and related financing activities	(4,628,463)	(5,260,838)	(9,889,301)
Cash flows from investing activities			
Purchases of investments	(1,205,399)	(2,764,467)	(3,969,866)
Net cash (used) by investing activities	(1,205,399)	(2,764,467)	(3,969,866)
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents - beginning of year	-	-	-
Cash and cash equivalents - end of year	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 2,034,189	$ 6,014,833	$ 8,049,022
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	791,109	1,113,569	1,904,678
Changes in assets and liabilities			
Receivables	(38,000)	(1,201,979)	(1,239,979)
Accounts payable	3,578,834	2,546,027	6,124,861
Net cash provided by operating activities	$ 6,366,132	$ 8,472,450	$ 14,838,582

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit E-1

Otero County

Agency Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2012

Assets		
Cash	$	331,398
Property taxes receivable		1,501,359
Total assets	$	1,832,757
Liabilities		
Deposits held in trust	$	331,398
Due to other taxing units		1,501,359
Total liabilities	$	1,832,757

The accompanying notes are an integral part of these financial statements

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.

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 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, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are 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 segments 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise funds are charges for services for the housing of inmates in the County's Detention and Processing Centers. Operating expenses for enterprise funds include the costs of services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County'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:

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 County reports its proprietary funds as major funds. Proprietary funds include:

The *Otero County Detention Center Fund* is used to account for the activities of the County's Prison Facility in Chaparral.

The *Otero County Processing Center Fund* is used to account for the activities of the County's immigration processing facility in Chaparral.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Additionally, the government reports the following agency fund:

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

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

D. Assets, Liabilities and Net Assets or Equity

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

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

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

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.

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

Inventory: The County's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 used and restricted for future debt service payments.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized by the County during the fiscal year. No interest was included as part of the cost of capital assets under construction.

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

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

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2012, 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 $727,545 at June 30, 2012.

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 straight-line method. Bonds Payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

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

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

Nonspendable Fund Balance: At June 30, 2012, the nonspendable fund balance in the governmental funds consists of amounts associated with inventory and prepaid expense contracts in the amount of $385,800 that is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2012, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of $6,459,602 for various County operations as restricted by enabling legislation. The County has also presented committed fund balance on the governmental funds balance sheet in the amount of $184,820 in order to build a recycling center, $4,260,905 to meet minimum fund balance requirements for the General Fund and Road Special Revenue Fund. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 18.

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Net Assets: 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. Descriptions for the related restrictions for net assets restricted for "special revenue, debt service, and capital projects" are described on pages 29, and 58-59.

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

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

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

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	$ 209,018	$ (672,935)
Other Governmental Funds	$ (6,942,827)	$ (6,784,149)

	Change in net assets	
Budgeted Funds:		
Otero County Detention Center	$ -	$ -
Otero County Processing Center	$ -	$ -

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, 2012 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2012.

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.

NOTE 3. Deposits and Investments (continued)

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest- bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to December 31, 2012 accounts held by an official custodian for a government unit are insured as follows:

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County'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, 2012, $9,733,675 of the County's bank balances of $11,118,536 was exposed to custodial credit risk. $9,172,845 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the County's name and $560,830 was uninsured and uncollateralized.

NOTE 3. Deposits and Investments (continued)

	Bank 34	First American Bank	First National Bank of Alamogordo
Amount of deposits	$ 1,500,000	$ 100,000	$ 7,804,023
Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	-	-	(21,162)
FDIC coverage	(250,000)	(100,000)	(500,000)
Total uninsured public funds	1,250,000	-	7,282,861
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	1,250,000	-	7,282,861
Uninsured and uncollateralized	$ -	$ -	$ -
Collateral requirement (50%)	$ 625,000	$ -	$ 3,641,431
Pledged securities	1,855,585	-	9,057,609
Over (under) collateralized	$ 1,230,585	$ -	$ 5,416,178

	Washington Federal Bank	Western Bank	Total
Amount of deposits	$ 250,814	$ 1,463,699	$ 11,118,536
Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	-	-	(21,162)
FDIC coverage	(250,000)	(263,699)	(1,363,699)
Total uninsured public funds	814	1,200,000	9,733,675
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	-	639,984	9,172,845
Uninsured and uncollateralized	$ 814	$ 560,016	$ 560,830
Collateral requirement (50%)	$ 407	$ 600,000	$ 4,866,838
Pledged securities	19,658	639,984	11,572,836
Over (under) collateralized	$ 19,251	$ 39,984	$ 6,705,998

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.

NOTE 3. Deposits and Investments (continued)

Investments

As of June 30, 2012, the County's investments and related maturities were as follows:

Investment Type	Weighted Average Maturities	Fair Value	Rating***
Federal Home Loan Bank Bond	1 to 10 years	$ 1,082,585	A-1+
Wells Fargo Money Market Mutual Fund*	<1 year	2,120,973	AA+
U.S. Treasury Money Market Mutual Fund**	<1 year	337,120	AA+
US Treasury and Agency Notes	<1 year	17,008,558	AA+
		$ 20,549,236	

* Wells Fargo Money Market Mutual Fund Account is guaranteed by US Securities
** Restricted Cash and Restricted Investments per Exhibit A-1
*** Based off Standard & Poor's rating

The investments are listed on Schedule II of this report.

The County has presented certificates of deposits of $4,800,814 in the Statement of Net Assets, however there are classified as deposits for disclosure purposes.

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, 2012 was $18,091,143.

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 $1,082,585. 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 Bond, Wells Fargo Money Market Mutual Fund, and US Treasury and Agency Notes represent 5%, 10%, and 83%, 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.

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	$ 5,092,886
Restricted cash and cash equivalents per Exhibit A-1	89,654
Investments per Exhibit A-1	8,004,372
Restricted investments per Exhibit A-1	17,256,024
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	331,398
Total cash and cash equivalents per Exhibit A-1	30,774,334
Add: outstanding checks and other reconciling items	17,925
Add: outstanding warrants per Treasurer's Report	981,561
Less: investments in Federal Home Loan Bank Bonds	(1,082,585)
Less: investments in Wells Fargo MM Mutual Fund	(2,120,973)
Less: investments in US Treasury MM mutal fund	(337,120)
Less: investments in U.S. Government and U. S. Agency securities	(17,008,558)
Less: deposits in transit and other reconciling items	(104,923)
Less: petty cash	(1,125)
Bank balance of deposits	$ 11,118,536

NOTE 4. Receivables

Receivables as of June 30, 2012, are as follows:

Governmental Activities:

	General Fund	Other Governmental Funds	Total
Property taxes	$ 838,891	$ 3,897	$ 842,788
Other taxes:			
Gross receipts taxes	235,086	457,659	692,745
Gasoline and oil taxes	12,157	94,080	106,237
Other receivables:			
Charges for services	55,736	315	56,051
Intergovernmental-grants:			
State	76,447	92,686	169,133
Federal	8,605	249,619	258,224
Interest	38,680	-	38,680
Total	$ 1,265,602	$ 898,256	$ 2,163,858

In accordance with GASB Statement No. 33, property tax revenues in the amount of $727,545 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.

NOTE 4. Receivables (continued)

Receivables as of June 30, 2012, are as follows:

Business-Type Activities:

	Otero County Detention Center Fund	Otero County Processing Center Fund	Total
Customer receivables	$ 3,903,212	$ 6,334,061	$ 10,237,273
Total	$ 3,903,212	$ 6,334,061	$ 10,237,273

All of the above receivables are deemed to be fully collectible.

NOTE 5. Interfund Transfers

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

Transfers Out	Transfers In	Amount
Primary Government		
General Fund	Property Valuation Special Revenue Fund	$ 111,580
General Fund	Road Special Revenue Fund	1,461,246
General Fund	A.R.R.A Recycling Grant Special Revenue Fund	169,820
General Fund	HIDTA Grant Special Revenue Fund	74,000
General Fund	Environmental Gross Receipts Tax Special Revenue Fund	275,000
General Fund	Southwest Border Prosecution Special Revenue Fund	62,560
General Fund	Capital Improvements Capital Projects Fund	173,200
General Fund	Other Debt Service Debt Service Fund	16,278
Fire Funds Special Revenue Fund	General Fund	34,000
Fire Funds Special Revenue Fund	Other Debt Service Debt Service Fund	468,775
Otero County Detention Center Fund	General Fund	532,270
Otero County Processing Center Fund	General Fund	447,145
Total		$ 3,825,874

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2012. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2011	Restatement	Additions	Deletions	Balance June 30, 2012
Governmental activities:					
Capital Assets, not depreciated:					
Land	$ 1,986,064	$ 32,695	$ 160,566	$ -	$ 2,179,325
Construction in progress	19,302	-	100,900	(19,302)	100,900
Total Capital Assets, not depreciated	2,005,366	32,695	261,466	(19,302)	2,280,225
Capital Assets, depreciated:					
Infrastructure	2,372,478	-	290,683	(4,171)	2,658,990
Buildings and building improvements	26,827,734	(11,082)	547,287	(1,296)	27,362,643
Furniture and equipment	25,318,932	368,204	842,710	(718,204)	25,811,642
Vehicles	5,133,417	(40,464)	923,831	(435,073)	5,581,711
Total Capital Assets, depreciated	59,652,561	316,658	2,604,511	(1,158,744)	61,414,986
Accumulated Depreciation:					
Infrastructure	698,533	(196,524)	123,901	(3,166)	622,744
Buildings and building improvements	11,783,389	5,742	621,224	(701)	12,409,654
Furniture and equipment	14,447,138	78,824	1,376,932	(694,895)	15,207,999
Vehicles	2,907,499	377,680	491,240	(415,246)	3,361,173
Total Accumulated Depreciation	29,836,559	265,722	2,613,297	(1,114,008)	31,601,570
Net Book Value	$ 31,821,368	$ 83,631	$ 252,680	$ (64,038)	$ 32,093,641

During the year ended June 30, 2012, the County received donated assets in the amount of $470,729.

Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

General Government	$ 296,916
Public Safety	1,817,632
Public Works	315,501
Health and Welfare	125,157
Culture and Recreation	58,091
Total	$ 2,613,297

NOTE 6. Capital Assets (continued)

	Balance June 30, 2011	Restatements	Additions	Deletions	Balance June 30, 2012
Business-Type activities:					
Capital Assets, not depreciated:					
Land	$ -	$ 927,350	$ -	$ -	$ 927,350
Total Capital Assets, not depreciated	-	927,350	-	-	927,350
Capital Assets, depreciated:					
Buildings and building improvements	-	76,187,100	-	-	76,187,100
Total Capital Assets, depreciated	-	76,187,100	-	-	76,187,100
Accumulated Depreciation:					
Buildings and building improvements	-	8,744,619	1,904,678	-	10,649,297
Total Accumulated Depreciation	-	8,744,619	1,904,678	-	10,649,297
Net Book Value	$ -	$ 68,369,831	$ (1,904,678)	$ -	$ 66,465,153

Depreciation expense for the year ended June 30, 2012 was charged to business-type activities as follows:

Otero County Detention Center	$ 791,109
Otero County Processing Center	1,113,569
Total	$ 1,904,678

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Loans and Capital Leases	$ 3,372,333	$ 408,944	$ 379,480	$ 3,401,797	$ 376,665
Compensated Absences	446,086	448,094	469,976	424,204	424,204
Total Long-term Debt	$ 3,818,419	$ 857,038	$ 849,456	$ 3,826,001	$ 800,869

NOTE 7. Long-term Debt (continued)

Loans and Capital Leases

The County has entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements by the New Mexico Finance Authority. Additionally, the County entered into lease agreements as 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:

NMFA Loans:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2012
NMFA Loan	Apr-06	May-16	3.67%	$ 129,983	$ 57,100
NMFA Loan	Apr-06	May-16	3.14%	187,778	86,376
NMFA Loan	Jan-07	May-17	3.00%	160,000	86,368
NMFA Loan	Aug-06	May-14	3.00%	80,000	14,274
NMFA Loan	Aug-06	May-17	3.43%	91,109	50,088
NMFA Loan	May-07	May-13	3.00%	40,000	8,711
NMFA Loan	Oct-04	May-15	2.75%	52,000	17,523
NMFA Loan	Dec-07	May-28	3.41-4.56%	540,496	473,883
NMFA Loan	Dec-07	May-18	3.41-4.01%	268,889	174,527
NMFA Loan	Nov-07	May-18	3.41-4.01%	155,000	101,195
NMFA Loan	Sep-08	May-29	5.05%	162,400	150,045
NMFA Loan	Nov-08	May-29	3.00%	163,557	146,653
NMFA Loan	Jan-09	May-19	3.68%	293,712	217,642
NMFA Loan	Mar-09	May-19	3.21%	233,450	170,005
NMFA Loan	Mar-09	May-19	3.19%	189,783	138,251
NMFA Loan	Mar-09	May-19	3.23%	182,700	140,667
NMFA Loan	Sep-09	May-19	0.65-3.58%	135,559	102,020
NMFA Loan	Sep-09	May-20	1.03-3.78%	121,800	99,937
NMFA Loan	Nov-09	May-20	0.98-3.22%	144,130	117,398
NMFA Loan	Jul-10	May-21	2.78%	233,450	211,985
NMFA Loan	Aug-10	Jun-21	2.94%	279,125	260,721
NMFA Loan	Apr-11	May-26	3.58%	192,850	181,817
NMFA Loan	Oct-11	May-14	0.44%	43,645	29,312
NMFA Loan	Oct-11	May-22	2.11%	213,049	213,049
NMFA Loan	Jan-12	May-22	0.01%	152,250	152,250
Total NMFA Loans					$ 3,401,797

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

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	$ 376,665	$ 104,428	$ 481,093
2014	372,263	93,444	465,707
2015	360,767	84,057	444,824
2016	371,618	74,129	445,747
2017	343,683	63,354	407,037
2018-2022	1,158,301	170,527	1,328,828
2023-2027	333,403	58,069	391,472
2028-2029	85,097	4,581	89,678
	$ 3,401,797	$ 652,589	$ 4,054,386

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 2012, compensated absences decreased $21,882 from the prior year accrual.

Business-Type Activities:

The business-type funds have incurred debt in the form of revenue bonds for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2012:

	Balance June 30, 2011	Restatements	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Revenue Bonds	$ -	$96,975,000	$ -	$ 3,455,000	$93,520,000	$ 3,675,000
Total Long-term Debt	$ -	$96,975,000	$ -	$ 3,455,000	$93,520,000	$ 3,675,000

Revenue Bonds

At June 30, 2012, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2012
Jail Project Series 2002	Jun-02	Dec-23	7.125-8.250%	$ 25,710,000	$ 20,310,000
Jail Project Series 2004	Aug-04	Dec-24	6.25-7.50%	21,560,000	17,845,000
Jail Project Series 2007	May-07	Apr-28	5.50-6.00%	62,305,000	55,365,000
Total Revenue Bonds					$ 93,520,000

Business-type debt has been liquidated by the Otero County Detention Center and Otero County Processing Center funds in prior years.

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the bonds as of June 30, 2012, including interest payments, are as follows:

Revenue Bond Series 2002

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	$ 925,000	$ 1,635,106	$ 2,560,106
2014	995,000	1,558,219	2,553,219
2015	1,080,000	1,472,626	2,552,626
2016	1,165,000	1,380,019	2,545,019
2017	1,265,000	1,279,781	2,544,781
2018-2022	8,070,000	4,578,753	12,648,753
2023-2024	6,810,000	674,851	7,484,851
	$ 20,310,000	$ 12,579,355	$ 32,889,355

Revenue Bond Series 2004

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	$ 770,000	$ 1,293,990	$ 2,063,990
2014	820,000	1,240,237	2,060,237
2015	875,000	1,183,031	2,058,031
2016	935,000	1,118,438	2,053,438
2017	1,005,000	1,045,688	2,050,688
2018-2022	6,275,000	3,931,688	10,206,688
2023-2025	7,165,000	986,064	8,151,064
	$ 17,845,000	$ 10,799,136	$ 28,644,136

Revenue Bond Series 2007

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	$ 1,980,000	$ 3,282,712	$ 5,262,712
2014	2,090,000	3,173,812	5,263,812
2015	2,210,000	3,053,638	5,263,638
2016	2,335,000	2,926,562	5,261,562
2017	2,470,000	2,792,300	5,262,300
2018-2022	14,695,000	11,616,376	26,311,376
2023-2027	19,655,000	6,654,300	26,309,300
2028	9,930,000	595,800	10,525,800
	$ 55,365,000	$ 34,095,500	$ 89,460,500

NOTE 7. Long-term Debt (continued)

Total Revenue Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	$ 3,675,000	$ 6,211,808	$ 9,886,808
2014	3,905,000	5,972,268	9,877,268
2015	4,165,000	5,709,295	9,874,295
2016	4,435,000	5,425,019	9,860,019
2017	4,740,000	5,117,769	9,857,769
2018-2022	29,040,000	20,126,817	49,166,817
2023-2027	33,630,000	8,315,215	41,945,215
2028	9,930,000	595,800	10,525,800
	$ 93,520,000	$ 57,473,991	$ 150,993,991

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.

At June 30, 2012, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief, all known and unknown claims will be covered by insurance. The County is not aware of any major lawsuits that have been filed.

NOTE 9. Other Required Individual Fund Disclosures

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

A. Deficit fund balance/net assets of individual funds. The following funds reflected a deficit fund balance or deficit net assets as of June 30, 2012:

Governmental Funds	
Non Major Funds	
Building Improvements Capital Projects Fund	$ (53,477)
Total Governmental Funds	$ (53,477)
Business-Type Funds	
Major Funds	
Otero County Detention Center	$ (5,766,373)
Otero County Processing Center	(8,046,888)
Total Business-Type Funds	$ (13,813,261)

B. Excess of expenditures over appropriations. The County over expended budgetary authority in the following funds:

Business-Type Funds	
Major Funds	
Otero County Detention Center	$ 18,173,678
Otero County Processing Center	31,429,729
Total Business-Type Funds	$ 49,603,407

C. Designated cash appropriations in excess of available balances. The following fund had designated cash appropriations in excess of available balances for the year ended June 30, 2012:

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in Excess of Available
Other Debt Service Fund	$ 157,000	$ -	$ (157,000)

NOTE 10. Pension Plan – Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 4.05% for law enforcement and fire protection employees; and 9.15% for County employees. The County is required to contribute the following percentages of the gross covered salary: 30.75% for law enforcement and fire protection plan members; and 9.15% for county plan members. The contribution requirements of plan members and Otero County are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the fiscal years ended June 30, 2012, 2011 and 2010 were $1,130,796, $1,049,621, and $959,576, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits

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

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

NOTE 12. Joint Powers Agreements (continued)

Regional Emergency Communications Center and Dispatch Services

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

Ambulance Services

Participants	Otero County City of Alamogordo Village of Tularosa Village of Cloudcroft
Responsible party	Otero County
Description	To provide a more efficient and responsible emergency medical system for the citizens and visitors of the participants.
Term of agreement	July 1, 2003 to June 30, 2012
Amount of project	Varies from year to year depending on the population, but for FY 11-12, the total cost for the City of Alamogordo, Village of Tularosa and Otero County was $163,169, $13,133 and $78,430, respectively.
County contribution	Varies from year to year depending on the population, but for FY 11-12, the County's contribution was $78,430.
Audit responsibility	Otero County

NOTE 12. Joint Powers Agreements (continued)

Otero/Lincoln County Regional Landfill

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

NOTE 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 had been problems with the cap and the County worked with the contractor to correct the problems. The capping problems were corrected in prior years. Certain maintenance and monitoring functions at the landfill site must be continued for thirty years after closure. The total liability for landfill closure and post-closure care has been estimated at $288,420 as of June 30, 2002. However, the actual cost of closure and post-closure care may vary due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by State and Federal laws and regulations to make annual contributions to closure and post-closure care. The County and the City of Alamogordo have currently funded closure and post-closure costs in the amount of $307,361. Remaining costs will be funded as current expenditures in future years.

NOTE 14. Otero/Lincoln County Regional Landfill

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

Otero County:	Lincoln County:
City of Alamogordo	Lincoln County
Otero County	Town of Carrizozo
Village of Cloudcroft	Village of Capitan
Village of Tularosa	Village of Ruidoso
	Village of Ruidoso Downs
	Village of Corona

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

It was mutually agreed and covenanted between the entities that:

1. The facility shall be known as the Otero/Lincoln County Regional Landfill;
2. Each entity designated the City of Alamogordo to act as the administrator to issue bonds and pledge the environmental services gross receipts tax revenues of each respective governmental entity as well as the operating revenues of the landfill to service the bonds and operate the landfill;
3. Title to the facility shall be held in undivided-joint tenancy between the Otero and Lincoln Solid Waste Authorities;
4. The entities, through their respective Otero or Lincoln County Authorities, shall be joint owners of a co-equal undivided one-half interest in the assets and also shall be equally responsible for the debt;
5. The entities each agree to maintain an irrevocable, first, but not exclusive, pledge of 100% of their environmental gross receipts tax revenues for the life of the bond issue used for permanent financing;
6. The entities agree that tipping fees collected shall be used to pay principal and interest on the bonds and that the fee established shall be adequate to meet operations, maintenance and financing requirements;
7. The entities agree that the City of Alamogordo shall annually prepare a budget that shall be approved by the Otero and Lincoln County Solid Waste Authorities. Thereafter, the City will operate the Landfill in accordance with good business practice;
8. The governmental entities authorize the exercise of the following joint powers by the City of Alamogordo, acting as agent on their behalf:

    a. In accordance with the approved budget, to acquire, cause to be acquired and maintain the necessary property, equipment and personnel for the landfill.
    b. To approve the issuance of revenue bonds
    c. To enter into agreements for the services of managers, attorneys, appraisers, consultants and employees
    d. To implement adopted policies regarding fees, rates and charges.

9. The landfill shall be a joint venture of the entities acting in a proprietary capacity;
10. Annually, the City of Alamogordo will provide a complete financial report on the operation to each participating entity; and
11. The terms of this agreement are perpetual.

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

NOTE 15. Federal and State Grants

Otero County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Otero County may be required to reimburse the grantor government. As of June 30, 2012, 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, 2012 are as follows:

Contract	Year Ending	Amount
Oro Vista Fire Station Re-Roof	2013	$ 68,490
Tyler Technologies, Inc.	2013	306,589
Total commitments		$ 375,079

NOTE 18. Concentrations

The County depends on financial resources flowing from, or associated with, both the Federal Government and that the State of New Mexico. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 19. Restricted Net Assets

The government-wide statement of net assets reports $6,880,273 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 29 and 58-59.

NOTE 20. Net Asset Restatement

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

Governmental Activities:

- The County restated the Government Wide Net assets in the amount of ($44,946) for the year ended June 30, 2012. The restatement was for the amounts of ($128,577) in the General Fund due to the improper inclusion of FY 2012 cash transfers as accounts receivable in the prior year and has also restated the beginning balance of capital assets in the amount of $83,631 due to the County incorrectly reporting depreciation and acquisition in the prior year.

NOTE 20. Net Asset Restatement (continued)

Business-Type Activities:

- The County restated the net assets of the Business-Type funds in the amount of ($14,045,996) in order to properly include these funds as part of the County's activities. The County had not properly included the Otero County Detention Center or Otero County Processing Center funds as part of their financials statements in the prior year.

NOTE 21. Subsequent Events

Subsequent to June 30, 2012, the County entered into the following Debt Agreements:

- The County has refunded the Jail Project Revenues Bonds, Series 2002, closing on December 14, 2012 for $19,760,000. The purpose of the refunding is to lower the interest rate due on the bonds. The debt payments will continue to be made out of the Otero County Detention Center Proprietary Fund.

- The County has entered into an NMFA Loan closing on January 18, 2013, for $166,247. The purpose of the loan shall be used for the purchase of a fire pumper for use by the Oro Vista 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 February 15, 2013, for $303,636. The purpose of the loan shall be used for the purchase financial software for the County. The debt payments will be made by wire transfer from the County to NMFA.

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is April 25, 2013 which is the date on which the financial statements were issued.

NOTE 22. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements,* Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The County is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The County will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The County will implement this standard during fiscal year June 30, 2013.

NOTE 22. Subsequent Pronouncements (continued)

In March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The County is still evaluating the possible effects of this standard.

In January 2013, Statement No. 69 *Government Combinations and Disposals of Government Operations,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. Earlier application is encouraged. The County is still evaluating the possible effects of this standard.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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.

Road – 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.

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

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

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

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

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

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

Fire – 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.

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.

Special Revenue Funds (continued):

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 U.S. Department of Justice.

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

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

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

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

Debt Service Funds:

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

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

Capital Projects Funds:

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

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

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue			
	DWI Grant	Property Valuation	Road	Clerk's Equipment
Assets				
Cash and cash equivalents	$ 83,756	$ 143,332	$ 397,681	$ 53,435
Investments	-	361,872	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	94,080	-
Other receivables	32,327	-	-	315
Inventory	-	-	7,930	-
Prepaid expenses	-	11,708	-	-
Total assets	$ 116,083	$ 516,912	$ 499,691	$ 53,750
Liabilities				
Accounts payable	$ 172	$ 372	$ 48,444	$ 575
Accrued payroll expenses	5,497	3,578	22,591	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
Total liabilities	5,669	3,950	71,035	575
Fund balances				
Nonspendable				
Inventory	-	-	7,930	-
Prepaid expenses	-	11,708	-	-
Spendable				
Restricted for:				
General county operations	-	501,254	-	53,175
Maintenance of roads	-	-	137,056	-
Environment	-	-	-	-
Recreation	-	-	-	-
Public safety	110,414	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Recycling center	-	-	-	-
Minimum fund balance	-	-	283,670	-
Unassigned	-	-	-	-
Total fund balances	110,414	512,962	428,656	53,175
Total liabilities and fund balances	$ 116,083	$ 516,912	$ 499,691	$ 53,750

The accompanying notes are an integral part of these financial statements

Special Revenue					
Farm and Range	COPS Grant	A.R.R.A Recyling Grant	Recreation	HIDTA Grant	Fire
$ 91,915	$ 295	$ 63,665	$ 6,421	$ 17,699	$ 996,824
-	-	-	-	-	2,516,702
-	-	-	-	-	-
-	-	-	-	-	161,319
-	-	121,155	-	82,264	25,021
-	-	-	-	-	-
-	-	-	-	-	-
$ 91,915	$ 295	$ 184,820	$ 6,421	$ 99,963	$ 3,699,866
$ -	$ -	$ -	$ -	$ 2	$ 45,385
-	-	-	-	7,223	-
-	-	-	-	-	-
-	-	-	-	7,225	45,385
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
91,915	-	-	-	-	-
-	-	-	6,421	-	-
-	295	-	-	92,738	3,654,481
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	184,820	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
91,915	295	184,820	6,421	92,738	3,654,481
$ 91,915	$ 295	$ 184,820	$ 6,421	$ 99,963	$ 3,699,866

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue			
	Indigent	EMS	Hazard Mitigation 2002	Law Enforcement Protection
Assets				
Cash and cash equivalents	$ 220,273	$ 11,574	$ 136,900	$ 19,482
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	215,219	-	-	-
Other receivables	-	-	81,538	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	$ 435,492	$ 11,574	$ 218,438	$ 19,482
Liabilities				
Accounts payable	$ 235	$ 1,992	$ -	$ -
Accrued payroll expenses	681	-	-	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
Total liabilities	916	1,992	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	-	-	-	-
Environment	-	-	218,438	-
Recreation	-	-	-	-
Public safety	-	-	-	19,482
Healthcare	434,576	9,582	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Recycling center	-	-	-	-
Minimum fund balance	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	434,576	9,582	218,438	19,482
Total liabilities and fund balances	$ 435,492	$ 11,574	$ 218,438	$ 19,482

The accompanying notes are an integral part of these financial statements

Special Revenue					Debt Service
Environmental Gross Receipts Tax	Southwest Border Prosecution	Landfill Closure	Secure Rural Schools Grant	Sheriff's Covert Activity	Debt Service
$ 24,381	$ 82,154	$ 53,821	$ 243,223	$ 14,309	$ 146,978
-	-	-	-	-	-
-	-	-	-	-	3,897
81,121	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 105,502	$ 82,154	$ 53,821	$ 243,223	$ 14,309	$ 150,875
$ 92,778	$ -	$ -	$ -	$ -	$ -
8,191	-	-	-	-	-
-	-	-	-	-	3,760
100,969	-	-	-	-	3,760
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	243,223	-	-
4,533	-	53,821	-	-	-
-	-	-	-	-	-
-	82,154	-	-	14,309	-
-	-	-	-	-	-
-	-	-	-	-	147,115
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,533	82,154	53,821	243,223	14,309	147,115
$ 105,502	$ 82,154	$ 53,821	$ 243,223	$ 14,309	$ 150,875

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STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Debt Service	Capital Projects		
	Other Debt Service	Legislative Grants	Building Improvements	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 89,654	$ 247,500	$ 7,026	$ 3,152,298
Investments	247,466	-	-	3,126,040
Receivables:				
Property taxes	-	-	-	3,897
Other taxes	-	-	-	551,739
Other receivables	-	-	-	342,620
Inventory	-	-	-	7,930
Prepaid expenses	-	-	-	11,708
Total assets	$ 337,120	$ 247,500	$ 7,026	$ 7,196,232
Liabilities				
Accounts payable	$ -	$ -	$ 60,503	$ 250,458
Accrued payroll expenses	-	-	-	47,761
Deferred revenue:				
Deferred property taxes	-	-	-	3,760
Total liabilities	-	-	60,503	301,979
Fund balances				
Nonspendable				
Inventory	-	-	-	7,930
Prepaid expenses	-	-	-	11,708
Spendable				
Restricted for:				
General county operations	-	-	-	554,429
Maintenance of roads	-	-	-	380,279
Environment	-	-	-	368,707
Recreation	-	-	-	6,421
Public safety	-	-	-	3,973,873
Healthcare	-	-	-	444,158
Debt service expenditures	337,120	-		484,235
Capital projects	-	247,500	-	247,500
Committed to:				
Recycling center	-	-	-	184,820
Minimum fund balance	-	-	-	283,670
Unassigned	-	-	(53,477)	(53,477)
Total fund balances	337,120	247,500	(53,477)	6,894,253
Total liabilities and fund balances	$ 337,120	$ 247,500	$ 7,026	$ 7,196,232

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, 2012

	Special Revenue			
	DWI Grant	Property Valuation	Road	Clerk's Equipment
Revenues:				
Taxes:				
Property	$ -	$ 211,173	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	1,047,149	-
Intergovernmental:				
Federal operating grants	-	-	363,084	-
Federal capital grants	-	-	-	-
State operating grants	136,192	-	369,064	-
State capital grants	-	-	-	-
Charges for services	326,232	-	-	70,012
Investment income	-	-	-	-
Miscellaneous	728	-	26,280	-
Total revenues	463,152	211,173	1,805,577	70,012
Expenditures:				
Current:				
General government	-	237,112	-	47,744
Public safety	425,589	-	-	-
Public works	-	-	3,139,421	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	264,617	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	425,589	237,112	3,404,038	47,744
Excess (deficiency) of revenues over expenditures	37,563	(25,939)	(1,598,461)	22,268
Other financing sources (uses)				
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	111,580	1,461,246	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	111,580	1,461,246	-
Net change in fund balances	37,563	85,641	(137,215)	22,268
Fund balances - beginning of year	72,851	427,321	565,871	30,907
Fund balances - end of year	$ 110,414	$ 512,962	$ 428,656	$ 53,175

The accompanying notes are an integral part of these financial statements

Special Revenue					
Farm and Range	COPS Grant	A.R.R.A Recycling Grant	Recreation	HIDTA Grant	Fire
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	969,644
-	-	-	-	-	-
20,274	-	-	-	400,854	-
-	-	355,669	-	-	-
-	-	-	-	-	1,858,342
-	-	-	-	-	67,708
-	-	-	-	-	-
358	-	-	-	-	33,480
-	-	-	39	841	64,586
20,632	-	355,669	39	401,695	2,993,760
-	-	-	-	-	-
-	-	-	-	445,496	1,971,964
-	-	-	-	-	-
-	-	-	1,028	-	-
-	-	2,288	-	-	-
-	-	353,381	-	54,433	437,308
-	-	-	-	-	-
-	-	-	-	-	-
-	-	355,669	1,028	499,929	2,409,272
20,632	-	-	(989)	(98,234)	584,488
-	-	-	-	-	-
-	-	-	-	-	9,050
-	-	169,820	-	74,000	-
-	-	-	-	-	(502,775)
-	-	169,820	-	74,000	(493,725)
20,632	-	169,820	(989)	(24,234)	90,763
71,283	295	15,000	7,410	116,972	3,563,718
$ 91,915	$ 295	$ 184,820	$ 6,421	$ 92,738	$ 3,654,481

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, 2012

	Special Revenue			
	Indigent	EMS	Hazard Mitigation 2002	Law Enforcement Protection
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	1,552,750	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental:				
Federal operating grants	-	42,506	264,671	-
Federal capital grants	-	-	-	-
State operating grants	-	128,746	57,338	-
State capital grants	-	-	-	53,400
Charges for services	-	-	-	-
Investment income	7,751	-	-	-
Miscellaneous	-	129	-	-
Total revenues	1,560,501	171,381	322,009	53,400
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	4,968
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	2,375,180	168,013	344,069	-
Capital outlay	-	10,000	55,242	28,950
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,375,180	178,013	399,311	33,918
Excess (deficiency) of revenues over expenditures	(814,679)	(6,632)	(77,302)	19,482
Other financing sources (uses)				
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(814,679)	(6,632)	(77,302)	19,482
Fund balances - beginning of year	1,249,255	16,214	295,740	-
Fund balances - end of year	$ 434,576	$ 9,582	$ 218,438	$ 19,482

The accompanying notes are an integral part of these financial statements

Special Revenue					Debt Service
Environmental Gross Receipts Tax	Southwest Border Prosecution	Landfill Closure	Secure Rural Schools Grant	Sheriff's Covert Activity	Debt Service
$ -	$ -	$ -	$ -	$ -	$ 1,041
484,814	-	-	-	-	-
-	-	-	-	-	-
-	-	-	59,802	-	-
-	-	-	-	-	-
-	74,080	-	-	-	-
-	-	-	-	-	-
10,139	-	-	-	-	-
418	-	522	-	7	1,282
61,603	-	-	-	44,543	-
556,974	74,080	522	59,802	44,550	2,323
-	-	-	36,735	-	-
-	7,190	-	-	51,499	-
-	-	-	-	-	-
-	-	-	-	-	-
764,596	-	9,413	-	-	-
126,059	72,326	-	20,000	-	-
15,779	-	-	-	-	-
5,830	-	-	-	-	-
912,264	79,516	9,413	56,735	51,499	-
(355,290)	(5,436)	(8,891)	3,067	(6,949)	2,323
-	-	-	-	-	-
-	-	-	-	-	-
275,000	62,560	-	-	-	-
-	-	-	-	-	-
275,000	62,560	-	-	-	-
(80,290)	57,124	(8,891)	3,067	(6,949)	2,323
84,823	25,030	62,712	240,156	21,258	144,792
$ 4,533	$ 82,154	$ 53,821	$ 243,223	$ 14,309	$ 147,115

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STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2012

	Debt Service	Capital Projects		
	Other Debt Service	Legislative Grants	Building Improvements	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ 212,214
Gross receipts	-	-	-	3,007,208
Gasoline and motor vehicle	-	-	-	1,047,149
Intergovernmental:				
Federal operating grants	-	-	-	1,151,191
Federal capital grants	-	-	-	355,669
State operating grants	415,795	-	-	3,039,557
State capital grants	-	46,868	-	167,976
Charges for services	-	-	-	406,383
Investment income	923	-	-	44,741
Miscellaneous	-	-	-	198,749
Total revenues	416,718	46,868	-	9,630,837
Expenditures:				
Current:				
General government	-	-	-	321,591
Public safety	89,655	-	84	2,996,445
Public works	-	-	-	3,139,421
Culture and recreation	-	41,253	-	42,281
Health and welfare	-	-	-	3,663,559
Capital outlay	399,900	8,115	226,593	2,056,924
Debt service:				
Principal	363,701	-	-	379,480
Interest	116,980	-	-	122,810
Total expenditures	970,236	49,368	226,677	12,722,511
Excess (deficiency) of revenues over expenditures	(553,518)	(2,500)	(226,677)	(3,091,674)
Other financing sources (uses)				
Proceeds from loans	408,944	-	-	408,944
Proceeds from sale of equipment	-	-	-	9,050
Transfers in	485,053	-	173,200	2,812,459
Transfers (out)	-	-	-	(502,775)
Total other financing sources (uses)	893,997	-	173,200	2,727,678
Net change in fund balances	340,479	(2,500)	(53,477)	(363,996)
Fund balances - beginning of year	(3,359)	250,000	-	7,258,249
Fund balances - end of year	$ 337,120	$ 247,500	$ (53,477)	$ 6,894,253

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO Statement 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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	132,000	132,000	103,985	(28,015)
State capital grants	-	-	-	-
Charges for services	316,004	316,004	326,502	10,498
Investment income	-	-	-	-
Miscellaneous	-	-	728	728
Total revenues	448,004	448,004	431,215	(16,789)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	478,359	480,522	433,745	46,777
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	478,359	480,522	433,745	46,777
Excess (deficiency) of revenues over expenditures	(30,355)	(32,518)	(2,530)	29,988
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	30,355	32,518	-	(32,518)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	30,355	32,518	-	(32,518)
Net change in fund balance	-	-	(2,530)	(2,530)
Fund balance - beginning of year	-	-	86,286	86,286
Fund balance - end of year	$ -	$ -	$ 83,756	$ 83,756

Net change in fund balance (non-GAAP budgetary basis)	$ (2,530)
Adjustments to revenue state grants	31,937
Adjustments to expenditures for payroll and other operating expenditures	8,156
Net change in fund balance (GAAP)	$ 37,563

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-2

Otero County

Property Valuation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 203,000	$ 203,000	$ 215,052	$ 12,052
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	203,000	203,000	215,052	12,052
Expenditures:				
Current:				
General government	264,447	266,038	252,558	13,480
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	279,564	279,564	-	279,564
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	544,011	545,602	252,558	293,044
Excess (deficiency) of revenues over expenditures	(341,011)	(342,602)	(37,506)	305,096
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	229,431	231,022	-	(231,022)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	111,580	111,580	111,580	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	341,011	342,602	111,580	(231,022)
Net change in fund balance	-	-	74,074	74,074
Fund balance - beginning of year	-	-	431,130	431,130
Fund balance - end of year	$ -	$ -	$ 505,204	$ 505,204
Net change in fund balance (non-GAAP budgetary basis)				$ 74,074
Adjustments to revenue for property taxes				(3,879)
Adjustments to expenditures for paryoll and contract expenses				15,446
Net change in fund balance (GAAP)				$ 85,641

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-3

Otero County

Road Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	1,079,000	1,079,000	1,110,546	31,546
Intergovernmental income:				
Federal operating grants	398,777	398,777	363,084	(35,693)
Federal capital grants	-	-	-	-
State operating grants	507,895	507,895	369,064	(138,831)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	26,970	26,970
Total revenues	1,985,672	1,985,672	1,869,664	(116,008)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	3,165,719	3,309,459	3,081,112	228,347
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,605,995	473,484	283,864	189,620
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,771,714	3,782,943	3,364,976	417,967
Excess (deficiency) of revenues over expenditures	(2,786,042)	(1,797,271)	(1,495,312)	301,959
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(13,958)	(13,729)	-	13,729
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	2,800,000	1,811,000	1,461,246	(349,754)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	2,786,042	1,797,271	1,461,246	(336,025)
Net change in fund balance	-	-	(34,066)	(34,066)
Fund balance - beginning of year	-	-	431,747	431,747
Fund balance - end of year	$ -	$ -	$ 397,681	$ 397,681

Net change in fund balance (non-GAAP budgetary basis)	$ (34,066)
Adjustments to revenues for gas and motor vehicle taxes	(64,087)
Adjustments to expenditures for salaries, maintenance, and insurance expenditures	(39,062)
Net change in fund balance (GAAP)	$ (137,215)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-4

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	45,000	45,000	70,076	25,076
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	45,000	45,000	70,076	25,076
Expenditures:				
Current:				
General government	56,660	54,660	43,535	11,125
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	2,000	-	2,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	56,660	56,660	43,535	13,125
Excess (deficiency) of revenues over expenditures	(11,660)	(11,660)	26,541	38,201
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	11,660	11,660	-	(11,660)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	11,660	11,660	-	(11,660)
Net change in fund balance	-	-	26,541	26,541
Fund balance - beginning of year	-	-	26,894	26,894
Fund balance - end of year	$ -	$ -	$ 53,435	$ 53,435
Net change in fund balance (non-GAAP budgetary basis)				$ 26,541
Adjustments to revenues equipment fees				(64)
Adjustments to expenditures for equipment rentals and maintenance contract expenditures				(4,209)
Net change in fund balance (GAAP)				$ 22,268

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-5

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	18,000	18,000	20,274	2,274
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	358	358
Miscellaneous	-	-	-	-
Total revenues	18,000	18,000	20,632	2,632
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	71,283	71,283	-	71,283
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	71,283	71,283	-	71,283
Excess (deficiency) of revenues over expenditures	(53,283)	(53,283)	20,632	73,915
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	53,283	53,283	-	(53,283)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	53,283	53,283	-	(53,283)
Net change in fund balance	-	-	20,632	20,632
Fund balance - beginning of year	-	-	71,283	71,283
Fund balance - end of year	$ -	$ -	$ 91,915	$ 91,915
Net change in fund balance (non-GAAP budgetary basis)				$ 20,632
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 20,632

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-6

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	295	295
Fund balance - end of year	$ -	$ -	$ 295	$ 295
Net change in fund balance (non-GAAP budgetary basis)				$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-7

Otero County

A.R.R.A Recycling Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	375,500	481,684	248,541	(233,143)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	375,500	481,684	248,541	(233,143)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	361,473	467,657	355,669	111,988
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	361,473	467,657	355,669	111,988
Excess (deficiency) of revenues over expenditures	14,027	14,027	(107,128)	(121,155)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(308,847)	(308,847)	-	308,847
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	294,820	294,820	169,820	(125,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	(14,027)	(14,027)	169,820	183,847
Net change in fund balance	-	-	62,692	62,692
Fund balance - beginning of year	-	-	973	973
Fund balance - end of year	$ -	$ -	$ 63,665	$ 63,665
Net change in fund balance (non-GAAP budgetary basis)				$ 62,692
Adjustments to revenues for federal grants				107,128
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 169,820

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-8

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	39	39
Total revenues	-	-	39	39
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,000	3,000	1,028	1,972
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,000	3,000	1,028	1,972
Excess (deficiency) of revenues over expenditures	(3,000)	(3,000)	(989)	2,011
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	3,000	3,000	-	(3,000)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	3,000	3,000	-	(3,000)
Net change in fund balance	-	-	(989)	(989)
Fund balance - beginning of year	-	-	7,410	7,410
Fund balance - end of year	$ -	$ -	$ 6,421	$ 6,421
Net change in fund balance (non-GAAP budgetary basis)				$ (989)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (989)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-9

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	318,750	436,510	358,945	(77,565)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	841	841
Total revenues	318,750	436,510	359,786	(76,724)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	344,400	463,054	462,910	144
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	49,751	49,432	319
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	344,400	512,805	512,342	463
Excess (deficiency) of revenues over expenditures	(25,650)	(76,295)	(152,556)	(76,261)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(39,350)	(69,705)	-	69,705
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	65,000	146,000	74,000	(72,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	25,650	76,295	74,000	(2,295)
Net change in fund balance	-	-	(78,556)	(78,556)
Fund balance - beginning of year	-	-	96,255	96,255
Fund balance - end of year	$ -	$ -	$ 17,699	$ 17,699
Net change in fund balance (non-GAAP budgetary basis)				$ (78,556)
Adjustments to revenue for federal grants				41,909
Adjustments to expenditures for payroll and supply expenditures				12,413
Net change in fund balance (GAAP)				$ (24,234)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-10

Otero County

Fire 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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	850,000	850,000	964,783	114,783
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	1,782,773	2,203,308	2,046,588	(156,720)
State capital grants	27,407	66,127	67,708	1,581
Charges for services	-	-	-	-
Investment income	21,000	21,000	33,480	12,480
Miscellaneous	43,000	43,000	64,586	21,586
Total revenues	2,724,180	3,183,435	3,177,145	(6,290)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	3,241,516	3,508,990	1,973,461	1,535,529
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,363,945	1,541,143	448,746	1,092,397
Debt service:				
Principal	63,874	78,459	-	78,459
Interest	-	-	-	-
Total expenditures	4,669,335	5,128,592	2,422,207	2,706,385
Excess (deficiency) of revenues over expenditures	(1,945,155)	(1,945,157)	754,938	2,700,095
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	1,979,155	1,979,157	-	(1,979,157)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	9,050	9,050
Transfers in	-	-	-	-
Transfers (out)	(34,000)	(34,000)	(502,775)	(468,775)
Total other financing sources (uses)	1,945,155	1,945,157	(493,725)	(2,438,882)
Net change in fund balance	-	-	261,213	261,213
Fund balance - beginning of year	-	-	3,252,313	3,252,313
Fund balance - end of year	$ -	$ -	$ 3,513,526	$ 3,513,526

Net change in fund balance (non-GAAP budgetary basis)	$ 261,213
Adjustments to revenue for gross receipts taxes and state grants	(183,385)
Adjustments to expenditures for supplies, maintenance, and operating expenditures	12,935
Net change in fund balance (GAAP)	$ 90,763

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-11

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	1,470,000	1,730,000	1,557,162	(172,838)
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	8,000	8,000	7,751	(249)
Miscellaneous	-	-	-	-
Total revenues	1,478,000	1,738,000	1,564,913	(173,087)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,710,463	2,439,475	2,376,223	63,252
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,710,463	2,439,475	2,376,223	63,252
Excess (deficiency) of revenues over expenditures	(232,463)	(701,475)	(811,310)	(109,835)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	232,463	701,475	-	(701,475)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	232,463	701,475	-	(701,475)
Net change in fund balance	-	-	(811,310)	(811,310)
Fund balance - beginning of year	-	-	1,031,583	1,031,583
Fund balance - end of year	$ -	$ -	$ 220,273	$ 220,273
Net change in fund balance (non-GAAP budgetary basis)				$ (811,310)
Adjustments to revenue for gross receipts taxes				(4,412)
Adjustments to expenditures for payroll and supply expenditures				1,043
Net change in fund balance (GAAP)				$ (814,679)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-12

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	32,563	42,506	42,506	-
Federal capital grants	-	-	-	-
State operating grants	132,687	128,746	128,746	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	129	129
Total revenues	165,250	171,252	171,381	129
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	174,834	180,836	169,392	11,444
Capital outlay	10,000	10,000	10,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	184,834	190,836	179,392	11,444
Excess (deficiency) of revenues over expenditures	(19,584)	(19,584)	(8,011)	11,573
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	19,584	19,584	-	(19,584)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	19,584	19,584	-	(19,584)
Net change in fund balance	-	-	(8,011)	(8,011)
Fund balance - beginning of year	-	-	19,585	19,585
Fund balance - end of year	$ -	$ -	$ 11,574	$ 11,574
Net change in fund balance (non-GAAP budgetary basis)				$ (8,011)
No adjustments to revenues				-
Adjustments to expenditures for supply expenditures				1,379
Net change in fund balance (GAAP)				$ (6,632)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-13

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	569,276	690,950	433,788	(257,162)
Federal capital grants	78,000	78,000	-	(78,000)
State operating grants	-	58,000	22,000	(36,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	647,276	826,950	455,788	(371,162)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	386,416	508,090	341,973	166,117
Capital outlay	78,000	136,000	57,338	78,662
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	464,416	644,090	399,311	244,779
Excess (deficiency) of revenues over expenditures	182,860	182,860	56,477	(126,383)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(69,577)	(69,577)	-	69,577
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(113,283)	(113,283)	-	113,283
Total other financing sources (uses)	(182,860)	(182,860)	-	182,860
Net change in fund balance	-	-	56,477	56,477
Fund balance - beginning of year	-	-	80,423	80,423
Fund balance - end of year	$ -	$ -	$ 136,900	$ 136,900
Net change in fund balance (non-GAAP budgetary basis)				$ 56,477
Adjustments to revenues for federal and state grants				(133,779)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (77,302)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-14

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	53,400	53,400	53,400	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	53,400	53,400	53,400	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	53,400	24,450	4,969	19,481
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	28,950	28,949	1
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	53,400	53,400	33,918	19,482
Excess (deficiency) of revenues over expenditures	-	-	19,482	19,482
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	19,482	19,482
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ 19,482	$ 19,482
Net change in fund balance (non-GAAP budgetary basis)				$ 19,482
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 19,482

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-15

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	426,000	426,000	482,385	56,385
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	6,000	6,000	10,139	4,139
Investment income	-	-	418	418
Miscellaneous	75,000	75,000	61,660	(13,340)
Total revenues	507,000	507,000	554,602	47,602
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	801,638	804,618	796,796	7,822
Capital outlay	158,891	159,391	23,086	136,305
Debt service:				
Principal	43,219	43,219	15,779	27,440
Interest	-	-	5,830	(5,830)
Total expenditures	1,003,748	1,007,228	841,491	165,737
Excess (deficiency) of revenues over expenditures	(496,748)	(500,228)	(286,889)	213,339
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	21,748	25,228	-	(25,228)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	475,000	475,000	275,000	(200,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	496,748	500,228	275,000	(225,228)
Net change in fund balance	-	-	(11,889)	(11,889)
Fund balance - beginning of year	-	-	36,270	36,270
Fund balance - end of year	$ -	$ -	$ 24,381	$ 24,381

Net change in fund balance (non-GAAP budgetary basis)	$ (11,889)
Adjustments to revenue for gross receipt taxes	2,372
Adjustments to expenditures for salaries, maintenance and repairs and insurance expenditures	(70,773)
Net change in fund balance (GAAP)	$ (80,290)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-16

Otero County

Southwest Border Prosecution Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	74,080	74,080
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	74,080	74,080
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	87,589	87,589	79,516	8,073
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	87,589	87,589	79,516	8,073
Excess (deficiency) of revenues over expenditures	(87,589)	(87,589)	(5,436)	82,153
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	25,029	25,029	-	(25,029)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	62,560	62,560	62,560	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	87,589	87,589	62,560	(25,029)
Net change in fund balance	-	-	57,124	57,124
Fund balance - beginning of year	-	-	25,030	25,030
Fund balance - end of year	$ -	$ -	$ 82,154	$ 82,154
Net change in fund balance (non-GAAP budgetary basis)				$ 57,124
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 57,124

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-17

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	500	500	522	22
Miscellaneous	-	-	-	-
Total revenues	500	500	522	22
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,000	30,000	9,413	20,587
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	30,000	30,000	9,413	20,587
Excess (deficiency) of revenues over expenditures	(29,500)	(29,500)	(8,891)	20,609
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	29,500	29,500	-	(29,500)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	29,500	29,500	-	(29,500)
Net change in fund balance	-	-	(8,891)	(8,891)
Fund balance - beginning of year	-	-	62,712	62,712
Fund balance - end of year	$ -	$ -	$ 53,821	$ 53,821
Net change in fund balance (non-GAAP budgetary basis)				$ (8,891)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (8,891)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-18

Otero County

Secure Rural Schools Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	65,681	65,681	59,802	(5,879)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	65,681	65,681	59,802	(5,879)
Expenditures:				
Current:				
General government	240,156	240,156	56,735	183,421
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	240,156	240,156	56,735	183,421
Excess (deficiency) of revenues over expenditures	(174,475)	(174,475)	3,067	177,542
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	174,475	174,475	-	(174,475)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	174,475	174,475	-	(174,475)
Net change in fund balance	-	-	3,067	3,067
Fund balance - beginning of year	-	-	240,156	240,156
Fund balance - end of year	$ -	$ -	$ 243,223	$ 243,223
Net change in fund balance (non-GAAP budgetary basis)				$ 3,067
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 3,067

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-19

Otero County

Environmental Inspections Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	110,000	110,000	-	(110,000)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	110,000	110,000	-	(110,000)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	172,000	172,000	-	172,000
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	172,000	172,000	-	172,000
Excess (deficiency) of revenues over expenditures	(62,000)	(62,000)	-	62,000
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	62,000	62,000	-	(62,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	62,000	62,000	-	(62,000)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -
Net change in fund balance (non-GAAP budgetary basis)				$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-20

Otero County

Sheriff's Covert Activity Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	50,000	7	(49,993)
Miscellaneous	15,000	15,000	44,543	29,543
Total revenues	15,000	65,000	44,550	(20,450)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	15,000	65,000	51,499	13,501
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,000	65,000	51,499	13,501
Excess (deficiency) of revenues over expenditures	-	-	(6,949)	(6,949)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	(6,949)	(6,949)
Fund balance - beginning of year	-	-	21,258	21,258
Fund balance - end of year	$ -	$ -	$ 14,309	$ 14,309
Net change in fund balance (non-GAAP budgetary basis)				$ (6,949)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (6,949)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-21

Otero County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 8,000	$ 8,000	$ 1,198	$ (6,802)
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,000	1,000	1,282	282
Miscellaneous	-	-	-	-
Total revenues	9,000	9,000	2,480	(6,520)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	9,000	9,000	2,480	(6,520)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(9,000)	(9,000)	-	9,000
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	(9,000)	(9,000)	-	9,000
Net change in fund balance	-	-	2,480	2,480
Fund balance - beginning of year	-	-	144,498	144,498
Fund balance - end of year	$ -	$ -	$ 146,978	$ 146,978
Net change in fund balance (non-GAAP budgetary basis)				$ 2,480
Adjustments to revenue for property taxes				(157)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 2,323

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-22

Otero County

Other Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	400,000	400,000	415,795	15,795
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	3,000	3,000	923	(2,077)
Miscellaneous	-	-	-	-
Total revenues	403,000	403,000	416,718	13,718
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	15,000	15,000	10,204	4,796
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	800,000	800,000	479,351	320,649
Debt service:				
Principal	385,000	385,000	363,701	21,299
Interest	135,000	135,000	116,980	18,020
Total expenditures	1,335,000	1,335,000	970,236	364,764
Excess (deficiency) of revenues over expenditures	(932,000)	(932,000)	(553,518)	378,482
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	157,000	157,000	-	(157,000)
Proceeds from loans	675,000	675,000	408,944	(266,056)
Proceeds from sale of equipment	-	-	-	-
Transfers in	100,000	100,000	485,053	385,053
Transfers (out)	-	-	-	-
Total other financing sources (uses)	932,000	932,000	893,997	(38,003)
Net change in fund balance	-	-	340,479	340,479
Fund balance - beginning of year	-	-	(3,359)	(3,359)
Fund balance - end of year	$ -	$ -	$ 337,120	$ 337,120
Net change in fund balance (non-GAAP budgetary basis)				$ 340,479
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 340,479

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-23

Otero County

Legislative Grants Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	595,675	595,675	48,669	(547,006)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	595,675	595,675	48,669	(547,006)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	513,874	513,874	49,368	464,506
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	513,874	513,874	49,368	464,506
Excess (deficiency) of revenues over expenditures	81,801	81,801	(699)	(82,500)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	248,199	248,199	-	(248,199)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(330,000)	(330,000)	-	330,000
Total other financing sources (uses)	(81,801)	(81,801)	-	81,801
Net change in fund balance	-	-	(699)	(699)
Fund balance - beginning of year	-	-	248,199	248,199
Fund balance - end of year	$ -	$ -	$ 247,500	$ 247,500
Net change in fund balance (non-GAAP budgetary basis)				$ (699)
Adjustments to revenue for state grants recognized in the prior year				(1,801)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (2,500)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-24

Otero County

Building Improvements Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	100	84	16
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	303,100	166,090	137,010
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	303,200	166,174	137,026
Excess (deficiency) of revenues over expenditures	-	(303,200)	(166,174)	137,026
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	303,200	173,200	(130,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	303,200	173,200	(130,000)
Net change in fund balance	-	-	7,026	7,026
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ 7,026	$ 7,026
Net change in fund balance (non-GAAP budgetary basis)				$ 7,026
No adjustments to revenues				-
Adjustments to expenditures for capital outlay expenditures				(60,503)
Net change in fund balance (GAAP)				$ (53,477)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-25

Otero County

Otero County Detention Center Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Operating revenues				
Charges for services	$ -	$ -	$ 19,911,347	$ 19,911,347
Total operating revenues	-	-	19,911,347	19,911,347
Operating expenses				
Contractual services	-	-	13,545,215	(13,545,215)
Total operating expenses	-	-	13,545,215	(13,545,215)
Operating income (loss)	-	-	6,366,132	6,366,132
Non-operating revenues (expenses)				
Interest expense	-	-	(3,048,463)	(3,048,463)
Principal expense	-	-	(1,580,000)	(1,580,000)
Total non-operating revenues (expenses)	-	-	(4,628,463)	(4,628,463)
Income (loss) before contributions and transfers	-	-	1,737,669	1,737,669
Transfers (out)	-	-	(532,270)	(532,270)
Change in net assets	-	-	1,205,399	1,205,399
Net assets - as originally stated	-	-	-	-
Net assets - restatement (note 20)	-	-	6,458,812	6,458,812
Net assets - as restated	-	-	6,458,812	6,458,812
Net assets - end of year	$ -	$ -	$ 7,664,211	$ 7,664,211

Net change in net assets (non-GAAP budgetary basis)	$ 1,205,399
Adjustments to revenues for charges for services	38,000
Adjustments to expenditures for contract servies, interest, principal, depreciation and amortization	(2,991,214)
Net change in net assets (GAAP)	$ (1,747,815)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

Otero County

Otero County Processing Center Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Operating revenues				
Charges for services	$ -	$ -	$ 34,641,341	$ 34,641,341
Total operating revenues	-	-	34,641,341	34,641,341
Operating expenses				
Contractual services	-	-	26,168,891	(26,168,891)
Total operating expenses	-	-	26,168,891	(26,168,891)
Operating income (loss)	-	-	8,472,450	8,472,450
Non-operating revenues (expenses)				
Interest expense	-	-	(3,385,838)	(3,385,838)
Principal expense	-	-	(1,875,000)	(1,875,000)
Total non-operating revenues (expenses)	-	-	(5,260,838)	(5,260,838)
Income (loss) before contributions and transfers	-	-	3,211,612	3,211,612
Transfers (out)	-	-	(447,145)	(447,145)
Change in net assets	-	-	2,764,467	2,764,467
Net assets - as originally stated	-	-	-	-
Net assets - restatement (note 20)	-	-	6,579,880	6,579,880
Net assets - as restated	-	-	6,579,880	6,579,880
Net assets - end of year	$ -	$ -	$ 9,344,347	$ 9,344,347

Net change in net assets (non-GAAP budgetary basis)	$ 2,764,467
Adjustments to revenues for charges for services	1,201,979
Adjustments to expenditures for contract servies, interest, principal, depreciation and amortization	(1,985,896)
Net change in net assets (GAAP)	$ 1,980,550

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO Schedule I

Otero County

Schedule of Collateral Pledged by Depository

For Public Funds

June 30, 2012

Name of Depository	Type of Collateral	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2012	Name and Location of Safekeeper
Bank 34						
	GNMA II	MBS GNMA II	7/20/29	36225CKL9	$ 855,845	FHLB Dallas
	FNMA	FNMA Qtrly Call	2/27/15	3135G0HP1	999,740	FHLB Dallas
		Total Bank 34			1,855,585	
First National Bank of Alamogordo						
	FNMA	FNMA Pool #AH8166	4/1/26	3138AACC3	1,761,137	FHLB Dallas
	FNMA	FNMA Pool #709835	6/1/18	31401JSY5	184,051	FHLB Dallas
	FHLMC	FHLMC Pool #B10680	11/1/18	312962XH1	381,315	FHLB Dallas
	FHLMC	FHLMC Pool #G12358	5/1/21	3128M1QK8	329,212	FHLB Dallas
	FHLMC	FHLMC Pool #J14944	4/1/26	3128PUP55	1,694,441	FHLB Dallas
	FNMA	FNMA Pool #AB3163	6/1/2031	31416YQR2	913,069	FHLB Dallas
	FNMA	FNMA Pool #MA3894	9/1/2031	31418DKG6	2,789,437	FHLB Dallas
	FNMA	FNMA Pool #893271	8/1/26	31410PMU4	162,632	FHLB Dallas
	FNMA	FNMA Pool #945117	8/1/37	31413GPA2	842,315	FHLB Dallas
		Total First National Bank of Alamogordo			9,057,609	
Washington Federal Bank						
	FHLMC	FHLMC Gold PC A94288	10/1/40	312942XR1	19,658	FHLB Dallas
		Total Washington Federal Bank			19,658	
Western Bank						
	FNMA	FNMA #70864-A	09/15/27	31362TWZ2	15,567	FHLB Dallas
	FNMA	FNMA #70864-B	09/15/27	31362TWZ2	15,567	FHLB Dallas
	GNMA II	GNMA II #8830	03/20/26	36202KY33	19,236	FHLB Dallas
	GNMA	GNMA #80180	03/20/28	36225CFW1	13,421	FHLB Dallas
	GNMA	GNMA #8247	07/30/23	36202KEU5	41,563	FHLB Dallas
	GNMA	GNMA #80681	03/20/33	36225CXK7	28,249	FHLB Dallas
	FNMA	FNMA #725462	01/01/34	31402C5X6	50,733	FHLB Dallas
	GNMA	GNMA #8744	11/20/25	36202KWD3	18,954	FHLB Dallas
	GNMA	GNMA #80244	12/20/28	36225CHW9	17,090	FHLB Dallas
	GNMA II	GNMA II #80022	12/20/26	36225CAY2	15,170	FHLB Dallas
	GNMA II	GNMA II #80702	06/20/33	36225CX84	36,754	FHLB Dallas
	FNMA	FNMA #254989	11/01/13	31371LF61	19,648	FHLB Dallas
	GNMA II	GNMA II #80204	06/20/28	36225CGN0	53,714	FHLB Dallas
	GNMA II	GNMA II #80378	02/20/30	36225CM45	25,295	FHLB Dallas
	FNMA	FNMA #87918	03/01/36	31409VDX8	269,023	FHLB Dallas
		Total Western Bank			639,984	
		Total Pledged Collateral			$ 11,572,836	

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Deposit and Investment Accounts
June 30, 2012

Bank Account Type/Name	Bank 34	First American Bank	First National Bank of Alamogordo	Washington Federal Bank
Certificate of Deposit - Interest Bearing	500,000	-	-	-
Certificate of Deposit - Interest Bearing	1,000,000	-	-	-
Certificate of Deposit - Interest Bearing	-	100,000	-	-
Checking - Operational - Interest Bearing	-	-	4,290,369	-
Checking - Inmate Trust Fund - Non-interest Bearing	-	-	20,462	-
Money Market - Interest Bearing	-	-	1,992,492	-
Checking - Sheriff's Trust Fund - Non-interest Bearing	-	-	700	-
Certificate of Deposit - Interest Bearing	-	-	500,000	-
Certificate of Deposit - Interest Bearing	-	-	1,000,000	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	582,585	-
Certificate of Deposit - Interest Bearing	-	-	-	250,814
Money Market Mutual Fund - Interest Bearing	-	-	-	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	-	-
Checking - Sheriff's Covert Activities - Non-interest Bearing	-	-	-	-
Certificate of Deposit - Interest Bearing	-	-	-	-
Certificate of Deposit - Interest Bearing	-	-	-	-
Certificate of Deposit - Interest Bearing	-	-	-	-
Lease Account - Series 2002 - Interest Bearing**	-	-	-	-
Reserve Account - Series 2002 - Interest Bearing**	-	-	-	-
Redemption Account - Series 2002 - Interest Bearing**	-	-	-	-
Revenue Account - Series 2002 - Interest Bearing**	-	-	-	-
Bond Account - Series 2004 - Interest Bearing**	-	-	-	-
Reserve Account - Series 2004 - Interest Bearing**	-	-	-	-
Redemption Account - Series 2004 - Interest Bearing**	-	-	-	-
Revenue Account - Series 2007 - Interest Bearing**	-	-	-	-
Bond Account - Series 2007 - Interest Bearing**	-	-	-	-
Reserve Account - Series 2007 - Interest Bearing**	-	-	-	-
NMFA Reserve Account***	-	-	-	-
Total	1,500,000	100,000	8,386,608	250,814
Reconciling items	-	-	87,088	-
Reconciled balance	$ 1,500,000	$ 100,000	$ 8,473,696	$ 250,814

**Accounts are U.S. Treasury and Agency Notes
***Accounts are U.S. Treasury MM Mutual Funds

See independent auditors' report.

Wells Fargo Bank	Western Bank	US Bank	Bank of NY Mellon	Totals
-	-	-	-	500,000
-	-	-	-	1,000,000
-	-	-	-	100,000
-	-	-	-	4,290,369
-	-	-	-	20,462
-	-	-	-	1,992,492
-	-	-	-	700
-	-	-	-	500,000
-	-	-	-	1,000,000
-	-	-	-	582,585
-	-	-	-	250,814
2,120,973	-	-	-	2,120,973
500,000	-	-	-	500,000
-	13,699	-	-	13,699
-	150,000	-	-	150,000
-	300,000	-	-	300,000
-	1,000,000	-	-	1,000,000
-	-	151,141	-	151,141
-	-	2,640,560	-	2,640,560
-	-	539,590	-	539,590
-	-	1,383,660	-	1,383,660
-	-	251,659	-	251,659
-	-	2,248,429	-	2,248,429
-	-	449,172	-	449,172
-	-	3,257,953	-	3,257,953
-	-	877,119	-	877,119
-	-	5,209,275	-	5,209,275
-	-	-	337,120	337,120
2,620,973	1,463,699	17,008,558	337,120	31,667,772
-	(90)	-	-	86,998
$ 2,620,973	$ 1,463,609	$ 17,008,558	$ 337,120	$ 31,754,770

Plus: petty cash	1,125
Less: restricted cash and cash equivalents per Exhibit A-1	(89,654)
Less: agency funds cash per Exhibit D-1	(331,398)
Less: investments per Exhibit A-1	(8,004,372)
Less: restricted investments per Exhibit A-1	(17,256,024)
Less: outstanding warrants	(981,561)
Cash and cash equivalents per Exhibit A-1	$ 5,092,886

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STATE OF NEW MEXICO Schedule III

Otero County

Tax Roll Reconciliation - Changes in Property Taxes Receivable

For the Year Ended June 30, 2012

Uncollected taxes, July 1, 2011	$ 2,351,231
Net taxes charged to treasurer for fiscal year	22,776,842
Current year tax collections	(22,675,427)
Adjustments	(108,499)
Uncollected taxes, June 30, 2012	$ 2,344,147

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

Statement of Net Assets - Exhibit A-1	$ 842,788
Statement of Fiduciary Assets and Liabilities - Agency Funds - Exhibit D-1	1,501,359
Total property taxes receivable	$ 2,344,147

Property taxes receivable by year:

2002	$ 4,821
2003	9,960
2004	12,803
2005	7,960
2006	11,306
2007	37,580
2008	64,398
2009	126,409
2010	609,925
2011	1,458,985
Total property taxes receivable	$ 2,344,147

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
State of New Mexico								
P&I on Bonds 2001	$ 1,009,907	$ 3	$ 1,009,908	$ 5	$ 275	$ 275	$ -	$ -
P&I on Bonds 2002	658,303	12	658,122	17	-	-	-	180
P&I on Bonds 2003	929,485	10	928,944	18	-	-	-	541
P&I on Bonds 2004	652,392	26	651,963	23	-	-	9	430
P&I on Bonds 2005	844,262	72	843,894	93	-	-	10	368
P&I on Bonds 2006	917,556	194	916,983	234	-	-	36	573
P&I on Bonds 2007	952,993	630	951,299	503			196	1,694
P&I on Bonds 2008	1,033,486	2,413	1,030,352	5,350	-	-	203	3,133
P&I on Bonds 2009	986,792	21,264	980,948	19,969	-	-	3,727	5,844
P&I on Bonds 2010	1,385,204	49,813	1,347,606	65,952	-	-	1,696	37,598
P&I on Bonds 2011	1,289,971	1,210,044	1,210,034	1,191,929	-	-	18,110	79,927
Total P&I on Bonds	**10,660,351**	**1,284,481**	**10,530,053**	**1,284,093**	**275**	**275**	**23,987**	**130,288**
State Special Levies 2001	24,732	-	24,732	-	$ 71	$ 71	-	-
State Special Levies 2002	20,428	-	20,428	-	-	-	-	-
State Special Levies 2003	17,229	-	17,229	-	-	-	-	-
State Special Levies 2004	15,302	9	15,302	9	-	-	-	-
State Special Levies 2005	20,720	20	20,608	20	-	-	-	113
State Special Levies 2006	21,878	21	21,769	21	-	-	-	109
State Special Levies 2007	26,007	11	25,896	11			-	111
State Special Levies 2008	21,801	21	21,709	21	-	-	-	91
State Special Levies 2009	23,611	75	23,464	90	-	-	-	147
State Special Levies 2010	20,099	1,137	17,070	1,678	-	-	-	3,029
State Special Levies 2011	23,467	20,002	20,003	18,095	-	-	1,907	3,465
Total State Special Levies	**235,274**	**21,296**	**228,210**	**19,945**	**71**	**71**	**1,907**	**7,065**
Total State of New Mexico	**10,895,625**	**1,305,777**	**10,758,263**	**1,304,038**	**346**	**346**	**25,894**	**137,353**
Otero County								
General Advalorem 2001	4,997,181	12	4,997,181	12	1,636	1,636	-	-
General Advalorem 2002	5,156,188	78	5,154,639	78	-	-	-	1,549
General Advalorem 2003	5,260,701	45	5,256,801	45	-	-	-	3,900
General Advalorem 2004	5,534,109	187	5,529,685	187	-	-	-	4,425
General Advalorem 2005	5,862,748	423	5,860,004	423	-	-	-	2,744
General Advalorem 2006	6,215,655	846	6,211,755	846	-	-	-	3,900
General Advalorem 2007	6,683,601	4,322	6,670,877	4,322	-	-	-	12,724
General Advalorem 2008	7,225,938	17,975	7,203,476	17,975	-	-	-	22,462
General Advalorem 2009	7,624,042	174,171	7,577,883	174,171	-	-	-	46,159
General Advalorem 2010	7,742,108	289,210	7,523,625	289,210	-	-	-	218,483
General Advalorem 2011	8,112,167	7,589,621	7,589,621	7,589,621	-	-	-	522,544
Total General Advalorem	**70,414,438**	**8,076,890**	**69,575,547**	**8,076,890**	**1,636**	**1,636**	**-**	**838,890**
Debt Service P&I 2001	599,077	2	599,077	2	165	165	-	-
Debt Service P&I 2002	844,710	16	844,479	16	-	-	-	232
Debt Service P&I 2003	742,976	8	742,544	8	-	-	-	433
Debt Service P&I 2004	792,644	32	792,122	32	-	-	-	522
Debt Service P&I 2005	757,314	65	756,984	65	-	-	-	330
Debt Service P&I 2006	723,693	153	723,241	153	-	-	-	452
Debt Service P&I 2007	794,873	526	793,460	526	-	-	-	1,413
Debt Service P&I 2008	170,314	398	169,797	398	-	-	-	516
Debt Service P&I 2009	-	-	-	-	-	-	-	-
Debt Service P&I 2010	-	-	-	-	-	-	-	-
Debt Service P&I 2011	-	-	-	-	-	-	-	-
Total Debt Service	**5,425,601**	**1,200**	**5,421,704**	**1,200**	**165**	**165**	**-**	**3,898**
Total Otero County	**75,840,039**	**8,078,090**	**74,997,251**	**8,078,090**	**1,801**	**1,801**	**-**	**842,788**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
City of Alamogordo								
General Advalorem 2001	1,645,977	-	1,645,977	-	113	113	-	-
General Advalorem 2002	1,691,894	-	1,691,828	-	-	-	-	66
General Advalorem 2003	1,703,234	-	1,703,112	-	-	-	-	121
General Advalorem 2004	1,800,714	-	1,799,312	-	-	-	-	1,401
General Advalorem 2005	1,912,775	7	1,912,664	7	-	-	-	111
General Advalorem 2006	2,066,876	88	2,066,385	12	-	-	83	491
General Advalorem 2007	2,224,387	1,077	2,220,824	793	-	-	445	3,563
General Advalorem 2008	2,404,239	4,027	2,399,014	10,491	-	-	447	5,225
General Advalorem 2009	2,512,771	47,845	2,503,021	44,295	-	-	9,106	9,750
General Advalorem 2010	2,526,634	76,575	2,476,838	100,952	-	-	2,815	49,796
General Advalorem 2011	2,665,462	2,532,374	2,532,374	2,496,337	-	-	36,037	133,088
Total General Advalorem	**23,154,963**	**2,661,993**	**22,951,349**	**2,652,887**	**113**	**113**	**48,933**	**203,612**
Debt Service P&I 2001	771,587	-	771,587	-	52	52	-	-
Debt Service P&I 2002	796,294	-	796,259	-	-	-	-	35
Debt Service P&I 2003	804,768	-	804,705	-	-	-	-	64
	815,957	-	815,428	-	-	-	-	529
Debt Service P&I 2004	794,057	3	794,006	3	-	-	-	51
Debt Service P&I 2005	792,407	106	792,212	74	-	-	35	195
Debt Service P&I 2006	895,447	414	894,171	300	-	-	165	1,276
Debt Service P&I 2007	722,869	1,106	721,382	2,923	-	-	125	1,487
Debt Service P&I 2008	642,909	11,666	640,543	10,917	-	-	2,162	2,366
Debt Service P&I 2009	688,968	20,328	675,756	26,397	-	-	767	13,211
Debt Service P&I 2010	713,203	679,049	679,049	670,126	-	-	8,924	34,153
Total Debt Service	**8,438,466**	**712,672**	**8,385,098**	**710,740**	**52**	**52**	**12,178**	**53,367**
Total City of Alamogordo	**31,593,429**	**3,374,665**	**31,336,447**	**3,363,627**	**165**	**165**	**61,111**	**256,979**
Alamogordo Public Schools								
General Advalorem 2001	160,230	-	160,230	-	9	9	-	-
General Advalorem 2002	164,472	-	164,466	-	-	-	-	6
General Advalorem 2003	166,354	2	166,266	2	-	-	-	88
General Advalorem 2004	175,976	4	175,876	4	-	-	-	101
General Advalorem 2005	186,461	10	186,423	10	-	-	-	37
General Advalorem 2006	198,296	15	198,224	10	-	-	5	72
General Advalorem 2007	212,646	103	212,321	82	-	-	35	325
General Advalorem 2008	229,011	498	228,484	1,113	-	-	39	527
General Advalorem 2009	239,163	4,672	238,023	4,270	-	-	902	1,140
General Advalorem 2010	241,266	7,289	235,726	9,921	-	-	248	5,540
General Advalorem 2011	254,124	240,660	240,660	236,934	-	-	3,726	13,464
Total General Advalorem	**2,227,999**	**253,253**	**2,206,699**	**252,346**	**9**	**9**	**4,955**	**21,300**
Debt Service P&I 2001	2,157,043	-	2,157,043	-	127	127	-	-
Debt Service P&I 2002	2,828,035	-	2,827,923	-	-	-	-	112
Debt Service P&I 2003	2,523,120	37	2,522,050	37	-	-	-	1,070
Debt Service P&I 2004	2,204,068	52	2,203,054	52	-	-	-	1,014
Debt Service P&I 2005	2,198,038	126	2,197,644	126	-	-	-	395
Debt Service P&I 2006	2,284,768	357	2,283,945	294	-	-	71	823
Debt Service P&I 2007	3,432,214	1,593	3,427,455	1,252	-	-	508	4,759
Debt Service P&I 2008	2,440,619	4,909	2,435,173	11,031	-	-	377	5,445
Debt Service P&I 2009	2,612,552	48,533	2,600,621	44,974	-	-	9,075	11,932
Debt Service P&I 2010	2,849,705	83,262	2,786,460	111,984	-	-	2,937	63,245
Debt Service P&I 2011	3,245,138	3,080,299	3,080,299	3,036,170	-	-	44,129	164,841
Total Debt Service	**28,775,300**	**3,219,168**	**28,521,667**	**3,205,920**	**127**	**127**	**57,097**	**253,636**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Capital Improvements 2001	834,797	-	834,797	-	49	49	-	-
Capital Improvements 2002	851,702	-	851,668	-	-	-	-	34
Capital Improvements 2003	877,913	13	877,541	13	-	-	-	372
Capital Improvements 2004	908,894	22	908,476	22	-	-	-	418
Capital Improvements 2005	965,071	55	964,897	55	-	-	-	174
Capital Improvements 2006	1,025,020	160	1,024,651	132	-	-	32	369
Capital Improvements 2007	1,122,004	521	1,120,449	409	-	-	166	1,556
Capital Improvements 2008	1,185,623	2,385	1,182,978	5,359	-	-	183	2,645
Capital Improvements 2009	1,216,837	22,605	1,211,280	20,947	-	-	4,227	5,557
Capital Improvements 2010	1,228,025	35,855	1,200,791	48,211	-	-	1,265	27,235
Capital Improvements 2011	1,289,879	1,224,004	1,224,004	1,206,291	-	-	17,713	65,875
Total Capital Improvements	**11,505,765**	**1,285,620**	**11,401,532**	**1,281,439**	**49**	**49**	**23,586**	**104,235**
Tech Debt 2001	719,576	-	719,576	-	42	42	-	-
Tech Debt 2002	108,140	-	108,136	-	-	-	-	4
Tech Debt 2003	277,859	4	277,741	4	-	-	-	118
Tech Debt 2004	725,297	17	724,963	17	-	-	-	334
Tech Debt 2005	853,264	49	853,111	49	-	-	-	153
Tech Debt 2006	871,265	136	870,952	112	-	-	27	314
Tech Debt 2007	-	-	-	-	-	-	-	-
Tech Debt 2008	1,153,606	2,320	1,151,033	5,214	-	-	178	2,574
Tech Debt 2009	1,134,704	21,079	1,129,522	19,533	-	-	3,941	5,182
Tech Debt 2010	1,092,650	31,925	1,068,400	42,937	-	-	1,126	24,250
Tech Debt 2011	857,907	814,329	814,329	802,663	-	-	11,666	43,578
Total Tech debt	**7,794,268**	**869,859**	**7,717,763**	**870,529**	**42**	**42**	**16,938**	**76,507**
Total Alamogordo Public Schools	**50,303,332**	**5,627,900**	**49,847,661**	**5,610,234**	**227**	**227**	**102,576**	**455,678**
Village of Cloudcroft								
General Advalorem 2001	29,573	-	29,573	-	-	-	-	-
General Advalorem 2002	30,785	-	30,785	-	-	-	-	-
General Advalorem 2003	31,681	-	31,681	-	-	-	-	-
General Advalorem 2004	33,616	-	33,592	-	-	-	-	24
General Advalorem 2005	35,829	-	35,807	-	-	-	-	23
General Advalorem 2006	38,688	35	38,664	35	-	-	-	24
General Advalorem 2007	42,695	48	42,691	48	-	-	-	4
General Advalorem 2008	47,293	57	47,285	115	-	-	-	8
General Advalorem 2009	50,159	1,954	50,091	1,808	-	-	448	69
General Advalorem 2010	51,745	1,449	48,610	2,401	-	-	44	3,134
General Advalorem 2011	52,824	48,044	48,044	47,193	-	-	851	4,780
Total General Advalorem	**444,888**	**51,587**	**436,823**	**51,600**	**-**	**-**	**1,343**	**8,066**
Debt Service P&I 2001	-	-	-	-			-	-
Debt Service P&I 2002	-	-	-	-			-	-
Debt Service P&I 2003	-	-	-	-			-	-
Debt Service P&I 2004	-	-	-	-			-	-
Debt Service P&I 2005	-	-	-	-			-	-
Debt Service P&I 2006	-	-	-	-			-	-
Debt Service P&I 2007	-	-	-	-			-	-
Debt Service P&I 2008	-	-	-	-			-	-
Debt Service P&I 2009	-	-	-	-			-	-
Debt Service P&I 2010	-	-	-	-			-	-
Debt Service P&I 2011	-	-	-	-			-	-
Total Debt Service	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Village of Cloudcroft	**444,888**	**51,587**	**436,823**	**51,600**	**-**	**-**	**1,343**	**8,066**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Cloudcroft Public Schools								
General Advalorem 2001	25,085	-	25,085	-	5	5	-	-
General Advalorem 2002	26,529	-	26,525	-	-	-	-	4
General Advalorem 2003	27,311	-	27,300	-	-	-	-	11
General Advalorem 2004	28,850	-	28,831	-	-	-	-	19
General Advalorem 2005	30,712	-	30,692	-	-	-	-	20
General Advalorem 2006	32,967	8	32,937	8	-	-	-	30
General Advalorem 2007	35,848	21	35,781	15	-	-	6	67
General Advalorem 2008	38,748	53	38,609	127	-	-	8	139
General Advalorem 2009	41,446	1,071	41,149	1,000	-	-	180	298
General Advalorem 2010	42,788	1,547	41,337	2,298	-	-	43	1,451
General Advalorem 2011	44,339	41,192	41,192	40,446	-	-	746	3,148
Total General Advalorem	**374,623**	**43,892**	**369,438**	**43,894**	**5**	**5**	**983**	**5,187**
Debt Service P&I 2001	640,372	-	640,372	-	109	109	-	-
Debt Service P&I 2002	676,249	-	676,142	-	-	-	-	107
Debt Service P&I 2003	643,756	-	643,539	-	-	-	-	217
Debt Service P&I 2004	541,053	-	540,728	-	-	-	-	326
Debt Service P&I 2005	537,057	-	536,741	-	-	-	-	315
Debt Service P&I 2006	514,649	95	514,242	94	-	-	-	407
Debt Service P&I 2007	913,567	481	912,132	335	-	-	145	1,435
Debt Service P&I 2008	943,591	1,145	940,657	3,019	-	-	179	2,934
Debt Service P&I 2009	957,011	20,914	950,998	19,748	-	-	3,502	6,013
Debt Service P&I 2010	1,028,208	35,193	999,047	52,506	-	-	864	29,160
Debt Service P&I 2011	1,013,869	950,229	950,229	934,206	-	-	16,023	63,640
Total Debt Service	**8,409,382**	**1,008,057**	**8,304,827**	**1,009,908**	**109**	**109**	**20,713**	**104,554**
Capital Improvements 2001	186,068	-	186,068	-	32	32	-	-
Capital Improvements 2002	194,491	-	194,461	-	-	-	-	31
Capital Improvements 2003	209,658	-	209,588	-	-	-	-	71
Capital Improvements 2004	215,173	-	215,044	-	-	-	-	130
Capital Improvements 2005	227,522	-	227,388	-	-	-	-	134
Capital Improvements 2006	237,221	44	237,033	43	-	-	-	188
Capital Improvements 2007	264,610	139	264,194	97	-	-	42	416
Capital Improvements 2008	274,739	334	273,884	879	-	-	52	854
Capital Improvements 2009	286,702	6,265	284,900	5,916	-	-	1,049	1,801
Capital Improvements 2010	293,732	10,089	285,300	15,048	-	-	250	8,432
Capital Improvements 2011	302,233	283,051	283,051	278,249	-	-	4,803	19,182
Total Capital Improvements	**2,692,149**	**299,922**	**2,660,911**	**300,232**	**32**	**32**	**6,196**	**31,239**
Total Cloudcroft Public Schools	**11,476,154**	**1,351,871**	**11,335,176**	**1,354,034**	**146**	**146**	**27,892**	**140,980**
Village of Tularosa								
General Advalorem 2001	102,013.00	-	102,013.00	7.00	10.00	10.00	-	-
General Advalorem 2002	105,751.00	-	105,662.00	26.00	-	-	-	89.00
General Advalorem 2003	108,196.00	-	108,088.00	27.00	-	-	-	108.00
General Advalorem 2004	113,554.00	-	113,546.00	29.00	-	-	-	9.00
General Advalorem 2005	119,125.00	-	119,086.00	28.00	-	-	-	39.00
General Advalorem 2006	128,061.00	-	128,030.00	28.00	-	-	-	31.00
General Advalorem 2007	141,127.00	33.00	141,034.00	61.00	-	-	-	92.00
General Advalorem 2008	152,116.00	556.00	151,907.00	1,573.00	-	-	25.00	209.00
General Advalorem 2009	166,308.00	4,461.00	165,205.00	3,612.00	-	-	1,147.00	1,103.00
General Advalorem 2010	169,155.00	10,416.00	163,233.00	12,755.00	-	-	277.00	5,922.00
General Advalorem 2011	179,060.00	163,375.00	163,375.00	160,402.00	-	-	2,973.00	15,685.00
Total General Advalorem	**1,484,466**	**178,841**	**1,461,179**	**178,548**	**10**	**10**	**4,422**	**23,287**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Debt Service P&I 2001	-		-					-
Debt Service P&I 2002	-		-					-
Debt Service P&I 2003	-		-					-
Debt Service P&I 2004	-		-					-
Debt Service P&I 2005	-		-					-
Debt Service P&I 2006	-		-					-
Debt Service P&I 2007	-		-					-
Debt Service P&I 2008	-		-					-
Debt Service P&I 2009	-		-					-
Debt Service P&I 2010	-		-					-
Debt Service P&I 2011	-							-
Total Debt Service	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Village of Tularosa	**1,484,466**	**178,841**	**1,461,179**	**178,548**	**10**	**10**	**4,422**	**23,287**
Tularosa Public Schools								
General Advalorem 2001	16,940	-	16,940	-	5	5	-	-
General Advalorem 2002	17,551	-	17,540	1	-	-	-	11
General Advalorem 2003	18,009	-	18,001	2	-	-	-	8
General Advalorem 2004	18,954	-	18,946	2	-	-	-	8
General Advalorem 2005	20,267	-	20,254	2	-	-	-	13
General Advalorem 2006	21,631	-	21,615	2	-	-	-	16
General Advalorem 2007	23,514	11	23,458	13	-	-	1	56
General Advalorem 2008	26,747	70	26,675	197	-	-	3	72
General Advalorem 2009	30,922	616	30,727	551	-	-	148	195
General Advalorem 2010	32,073	1,575	31,070	2,001	-	-	37	1,003
General Advalorem 2011	33,213	30,891	30,891	30,547	-	-	345	2,322
Total General Advalorem	**259,821**	**33,163**	**256,117**	**33,318**	**5**	**5**	**534**	**3,704**
Debt Service P&I 2001	363,041	-	363,041	10	128	128	-	-
Debt Service P&I 2002	428,030	-	427,763	44	-	-	-	267
Debt Service P&I 2003	445,933	-	445,768	48	-	-	-	165
Debt Service P&I 2004	459,344	-	459,110	47	-	-	-	234
Debt Service P&I 2005	476,360	-	475,994	46	-	-	-	367
Debt Service P&I 2006	523,978	-	523,498	48	-	-	-	479
Debt Service P&I 2007	520,291	259	519,024	318	-	-	27	1,267
Debt Service P&I 2008	569,710	1,579	568,120	4,421	-	-	76	1,590
Debt Service P&I 2009	637,688	13,271	633,188	11,859	-	-	3,308	4,499
Debt Service P&I 2010	651,110	31,225	629,877	40,208	-	-	834	21,233
Debt Service P&I 2011	687,380	636,966	636,966	629,521	-	-	7,445	50,414
Total Debt Service	**5,762,865**	**683,300**	**5,682,349**	**686,570**	**128**	**128**	**11,690**	**80,515**
Capital Improvements 2001	86,849	-	86,849	2	30	30	-	-
Capital Improvements 2002	90,091	-	90,034	9	-	-	-	56
Capital Improvements 2003	92,513	-	92,478	10	-	-	-	35
Capital Improvements 2004	99,999	-	99,948	10	-	-	-	51
Capital Improvements 2005	107,046	-	106,964	10	-	-	-	82
Capital Improvements 2006	111,913	-	111,811	10	-	-	-	102
Capital Improvements 2007	122,073	61	121,775	74	-	-	6	297
Capital Improvements 2008	136,278	378	135,897	1,057	-	-	18	380
Capital Improvements 2009	152,229	3,168	151,155	2,831	-	-	790	1,074
Capital Improvements 2010	157,311	7,551	152,189	9,718	-	-	201	5,122
Capital Improvements 2011	162,910	151,005	151,005	149,246	-	-	1,759	11,905
Total Capital Improvements	**1,319,212**	**162,163**	**1,300,105**	**162,977**	**30**	**30**	**2,774**	**19,104**
Total Tularosa Public Schools	**7,341,898**	**878,626**	**7,238,571**	**882,865**	**163**	**163**	**14,998**	**103,323**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Gadsden School Dist								
General Advalorem 2001	5,641	-	5,641	-	49	49	-	-
General Advalorem 2002	6,265	3	6,222	3	-	-	-	43
General Advalorem 2003	6,446	-	6,396	-	-	-	-	50
General Advalorem 2004	7,276	4	7,227	2	-	-	2	50
General Advalorem 2005	7,475	8	7,438	11	-	-	2	37
General Advalorem 2006	7,853	13	7,817	24	-	-	3	36
General Advalorem 2007	8,732	45	8,654	35	-	-	14	78
General Advalorem 2008	9,700	131	9,521	216	-	-	12	179
General Advalorem 2009	10,297	879	10,032	903	-	-	63	266
General Advalorem 2010	11,731	1,743	10,548	1,906	-	-	75	1,183
General Advalorem 2011	12,440	9,350	9,350	9,085	-	-	265	3,089
Total General Advalorem	**93,856**	**12,176**	**88,846**	**12,185**	**49**	**49**	**436**	**5,011**
Debt Service P&I 2001	230,149	24	230,149	24	1,458	1,458	-	-
Debt Service P&I 2002	250,607	155	249,170	155	-	-	-	1,437
Debt Service P&I 2003	275,921	-	274,246	-	-	-	-	1,676
Debt Service P&I 2004	323,466	210	321,767	89	-	-	122	1,698
Debt Service P&I 2005	307,303	400	305,982	556	-	-	112	1,321
Debt Service P&I 2006	321,977	656	320,437	1,202	-	-	158	1,540
Debt Service P&I 2007	376,300	2,233	372,675	1,739	-	-	763	3,625
Debt Service P&I 2008	334,449	4,490	327,786	7,435	-	-	422	6,663
Debt Service P&I 2009	322,351	26,378	313,112	26,870	-	-	2,222	9,239
Debt Service P&I 2010	341,182	49,541	305,702	53,992	-	-	2,251	35,481
Debt Service P&I 2011	363,206	273,403	273,403	265,364	-	-	8,038	89,804
Total Debt Service	**3,446,911**	**357,490**	**3,294,429**	**357,426**	**1,458**	**1,458**	**14,088**	**152,484**
Capital Improvements 2001	32,019	3	32,019	3	203	203	-	-
Capital Improvements 2002	34,892	22	34,692	22	-	-	-	200
Capital Improvements 2003	38,453	-	38,220	-	-	-	-	234
Capital Improvements 2004	45,177	29	44,940	12	-	-	17	237
Capital Improvements 2005	45,634	59	45,436	82	-	-	16	197
Capital Improvements 2006	47,647	97	47,419	178	-	-	23	228
Capital Improvements 2007	52,464	311	51,959	242	-	-	106	505
Capital Improvements 2008	56,918	764	55,784	1,265	-	-	72	1,134
Capital Improvements 2009	60,388	4,942	58,657	5,034	-	-	416	1,731
Capital Improvements 2010	66,197	9,612	59,313	10,476	-	-	437	6,884
Capital Improvements 2011	69,313	52,175	52,175	50,641	-	-	1,534	17,138
Total Capital Improvements	**549,102**	**68,014**	**520,614**	**67,955**	**203**	**203**	**2,621**	**28,488**
Tech Debt 2001	-	-	-	-	-	-	-	-
Tech Debt 2002	-	-	-	-	-	-	-	-
Tech Debt 2003	-	-	-	-	-	-	-	-
Tech Debt 2004	-	-	-	-	-	-	-	-
Tech Debt 2005	27,996	36	27,876	51	-	-	10	120
Tech Debt 2006	19,702	40	19,608	74	-	-	10	94
Tech Debt 2007	-	-	-	-	-	-	-	-
Tech Debt 2008	73,623	988	72,156	1,637	-	-	93	1,467
Tech Debt 2009	110,993	9,083	107,812	9,252	-	-	765	3,181
Tech Debt 2010	133,852	19,436	119,932	21,182	-	-	883	13,920
Tech Debt 2011	133,689	100,634	100,634	97,675	-	-	2,959	33,055
Total Tech Debt	**499,855**	**130,217**	**448,018**	**129,871**	**-**	**-**	**4,720**	**51,837**
Total Gadsden School District	**4,589,724**	**567,897**	**4,351,907**	**567,437**	**1,710**	**1,710**	**21,865**	**237,820**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
NMSU - Alamogordo								
General Advalorem 2001	359,057	-	359,057	-	21	21	-	-
General Advalorem 2002	369,369	-	369,355	-	-	-	-	14
General Advalorem 2003	373,755	5	373,575	5	-	-	-	180
General Advalorem 2004	390,559	9	390,355	9	-	-	-	204
General Advalorem 2005	412,450	22	412,371	22	-	-	-	79
General Advalorem 2006	441,750	49	441,589	38	-	-	13	160
General Advalorem 2007	473,813	226	473,117	178	-	-	75	696
General Advalorem 2008	510,123	1,072	508,965	2,401	-	-	83	1,158
General Advalorem 2009	533,048	10,167	530,558	9,353	-	-	1,934	2,490
General Advalorem 2010	537,999	15,991	525,849	21,640	-	-	554	12,150
General Advalorem 2011	560,902	531,694	531,694	523,718	-	-	7,976	29,208
Total General Advalorem	**4,962,825**	**559,235**	**4,916,485**	**557,364**	**21**	**21**	**10,635**	**46,339**
Debt Service P&I 2001	386,801	2	386,801	2	112	-	-	-
Debt Service P&I 2002	357,143	10	357,032	10	-	-	-	111
Debt Service P&I 2003	345,926	5	345,697	5	-	-	-	229
Debt Service P&I 2004	369,224	20	368,970	13	-	-	7	254
Debt Service P&I 2005	379,469	43	379,330	52	-	-	6	139
Debt Service P&I 2006	407,611	98	407,384	118	-	-	21	227
Debt Service P&I 2007	187,578	192	187,159	150	-	-	64	419
Debt Service P&I 2008	474,246	954	473,188	2,143	-	-	73	1,058
Debt Service P&I 2009	486,738	9,042	484,515	8,379	-	-	1,691	2,223
Debt Service P&I 2010	512,075	14,962	500,710	20,123	-	-	528	11,365
Debt Service P&I 2011	536,676	509,416	509,415	502,117	-	-	7,298	27,261
Total Debt Service	**4,443,487**	**534,744**	**4,400,201**	**533,112**	**112**	**-**	**9,688**	**43,286**
Total NMSU - Alamogordo	**9,406,312**	**1,093,979**	**9,316,686**	**1,090,476**	**133**	**21**	**20,323**	**89,625**
NMSU - Dona Ana								
General Advalorem 2001	14,962	2	14,962	2	101	101	-	-
General Advalorem 2002	13,959	9	13,879	9	-	-	-	80
General Advalorem 2003	17,754	-	17,642	-	-	-	-	112
General Advalorem 2004	20,910	13	20,795	6	-	-	8	115
General Advalorem 2005	21,626	27	21,531	38	-	-	8	95
General Advalorem 2006	22,598	45	22,490	83	-	-	11	108
General Advalorem 2007	24,858	145	24,621	113	-	-	49	238
General Advalorem 2008	27,209	366	26,671	605	-	-	34	538
General Advalorem 2009	29,358	2,409	28,522	2,455	-	-	201	836
General Advalorem 2010	32,550	4,731	29,169	5,157	-	-	215	3,381
General Advalorem 2011	34,656	26,087	26,087	25,320	-	-	767	8,569
Total General Advalorem	**260,440**	**33,834**	**246,369**	**33,788**	**101**	**101**	**1,293**	**14,072**
Total NMSU - Dona Ana	**260,440**	**33,834**	**246,369**	**33,788**	**101**	**101**	**1,293**	**14,072**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Local Special Levies								
Timberon Water & Sanitation District								
Timberon Special Levy 2001	271,634	-	271,634	-	33	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	-	310,735	-	-	-	-	503
Timberon Special Levy 2006	120,142	-	119,804	(2)	-	-	-	338
Timberon Special Levy 2007	128,332	193	127,368	48	-	-	144	964
Timberon Special Levy 2008	130,865	610	128,957	594	-	-	162	1,907
Timberon Special Levy 2009	134,768	3,633	131,453	3,133	-	-	772	3,315
Timberon Special Levy 2010	136,217	7,962	128,501	9,768	-	-	569	7,716
Timberon Special Levy 2011	138,711	119,867	119,867	116,604	-	-	3,263	18,844
Total Timberon Water & Sanitation	**2,258,696**	**132,265**	**2,224,520**	**130,145**	**33**	**33**	**4,910**	**34,176**
Penasco S&W Conservation District								
Penasco Special Levy 2001	31	-	31	-	-	-	-	-
Penasco Special Levy 2002	20	-	20	-	-	-	-	-
Penasco Special Levy 2003	28	-	28	-	-	-	-	-
Penasco Special Levy 2004	28	-	28	-	-	-	-	-
Penasco Special Levy 2005	28	-	28	-	-	-	-	-
Penasco Special Levy 2006	27	-	27	-	-	-	-	-
Penasco Special Levy 2007	28	-	28	-	-	-	-	-
Penasco Special Levy 2008	29	-	29	-	-	-	-	-
Penasco Special Levy 2009	29	-	29	-	-	-	-	-
Penasco Special Levy 2010	29	-	29	-	-	-	-	-
Penasco Special Levy 2011	30	65	30	65	-	-	-	-
Total Penasco S&W Conservation Dist	**307**	**65**	**307**	**65**	**-**	**-**	**-**	**-**
Carlsbad Soil & Water Conservation District								
Carlsbad Special Levy 2001	52	-	52	-	-	-	-	-
Carlsbad Special Levy 2002	52	-	52	-	-	-	-	-
Carlsbad Special Levy 2003	52	-	52	-	-	-	-	-
Carlsbad Special Levy 2004	52	-	52	-	-	-	-	-
Carlsbad Special Levy 2005	52	-	52	-	-	-	-	-
Carlsbad Special Levy 2006	52	-	52	-	-	-	-	-
Carlsbad Special Levy 2007	93	-	93	-	-	-	-	-
Carlsbad Special Levy 2008	2	-	2	-	-	-	-	-
Carlsbad Special Levy 2009	62	-	62	-	-	-	-	-
Carlsbad Special Levy 2010	64	-	64	1	-	-	-	-
Carlsbad Special Levy 2011	65	30	65	29	-	-	-	-
Total Carlsbad S&W Conservation District	**598**	**30**	**598**	**30**	**-**	**-**	**-**	**-**
Total Local Special Levies	**2,259,601**	**132,360**	**2,225,425**	**130,240**	**33**	**33**	**4,910**	**34,176**
Grand Totals	**$ 205,895,908**	**$ 22,675,427**	**$ 203,551,758**	**$ 22,644,977**	**$ 4,835**	**$ 4,723**	**$ 286,627**	**$ 2,344,147**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2012

Agency	Net Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	Treasurer's Receivable at Year End
Recap By Tax Year								
2001	15,670,394	48	15,670,394	69	4,835	4,723	-	-
2002	16,001,034	304	15,996,213	389	-	-	-	4,821
2003	16,242,073	128	16,232,113	222	-	-	-	9,960
2004	16,597,250	634	16,584,447	563	-	-	164	12,803
2005	17,461,899	1,427	17,453,939	1,748	-	-	165	7,960
2006	18,115,880	3,257	18,104,573	3,871	-	-	528	11,306
2007	19,660,095	13,595	19,622,515	11,666	-	-	2,957	37,580
2008	20,393,890	49,598	20,329,491	87,558	-	-	2,866	64,398
2009	21,003,876	470,161	20,877,467	451,869	-	-	51,776	126,409
2010	21,972,675	818,418	21,362,750	978,421	-	-	18,916	609,925
2011	22,776,842	21,317,857	21,317,856	21,108,601	-	-	209,255	1,458,985
Grand Totals	**205,895,908**	**22,675,427**	**203,551,758**	**22,644,977**	**4,835**	**4,723**	**286,627**	**2,344,147**

See 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, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash	$ 285,265	$ 15,833,011	$ 15,786,878	$ 331,398
Property taxes receivable	1,503,203	14,664,675	14,666,519	1,501,359
Total assets	$ 1,788,468	$ 30,497,686	$ 30,453,397	$ 1,832,757
LIABILITIES				
Deposits held in trust	$ 285,265	$ 15,833,011	$ 15,786,878	$ 331,398
Due to other taxing units	1,503,203	14,664,675	14,666,519	1,501,359
Total liabilities	$ 1,788,468	$ 30,497,686	$ 30,453,397	$ 1,832,757

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
For the year ended June 30, 2012

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
NMFP - Dungan	State Fire Marshal	N/A	12/15/10	05/01/11	$ 56,400
Type 6 Wildland Truck	Environment Dept	11-521-A093110-0076	09/10/10	12/01/11	107,000
Wildland Gear	NM Fire Protection	N/A	09/10/11	12/01/12	90,639
Wildland Gear	NM Fire Protection	N/A	09/10/11	12/01/12	43,034
Grand Totals					$ 297,073

See independent auditors' report.

Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
$ -	$ 56,400	$ 55,038	$ -	$ 1,362
-	107,000	107,000	-	-
-	90,639	90,639	-	-
-	43,034	-	-	43,034
$ -	$ 297,073	$ 252,677	$ -	$ 44,396

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COMPLIANCE SECTION

Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund of Otero County, New Mexico (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated April 25, 2013. We have also audited the financial statements of each of the County's nonmajor governmental funds and budgetary comparisons for the proprietary funds, and 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, 2012 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

Management of the County is responsible for establishing and maintaining effective 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.

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 as FS 2009-1 and FS 2012-1 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FS 2012-1.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraph 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as FS 2010-3, FS 2010-4, FS 2011-1, FS 2011-2 and FS 2012-2.

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
April 25, 2013

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FEDERAL FINANCIAL ASSISTANCE

Accounting & Consulting Group, LLP
Certified Public Accountants

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the County Manager 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, 2012. 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, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 2012-1.

Internal Control Over Compliance

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.

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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.

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

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
April 25, 2013

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/ Passthrough Grantor/ Program Title		Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture				
Cooperative Forestry Assistance		05-521-X0483-0085	10.664	$ 60,851
Secure Payments for Counties Containing Federal Land**	(1)	Forest Reserve	10.665	363,084
Secure Rural Schools - Title III**	(1)	N/A	10.666	56,735
Recovery Act of 2009: Wildland Fire Management		10-521-2301-0236	10.688	213,404
Total U.S. Department of Agriculture				694,074
Executive Office of the President				
High Intensity Drug Trafficking Area**		G09SN0017A	95.001	34,742
High Intensity Drug Trafficking Area**		G10SN0017A	95.001	33,283
High Intensity Drug Trafficking Area**		G11SN0017A	95.001	238,363
Total Executive Office of the President				306,388
U.S Department of Energy				
Energy Efficiency and Conservation Block Grant Program - ARRA**		2011-03	81.128	295,793
Energy Efficiency and Conservation Block Grant Program - ARRA**		2011-06	81.128	59,876
Total U.S. Department of Energy				355,669
U.S. Department of Justice				
FY 2010 Justice Assistance Grant		2010-DJ-BX-0096	16.738	1,753
FY 2009 Justice Assistance Grant		2009-DJ-BX-0202	16.738	1,995
Total U.S. Department of Justice				3,748
U.S. Department of Homeland Security				
SAFER Grant		EMW-2010-FF-001-46	97.044	52,708
Homeland Security		2009-SS-T0-0011	97.067	65,000
Homeland Security		2007-GE-T7-0023	97.067	14,674
(Passed through the New Mexico Department of Public Safety)				
Operation Stonegarden		08-SG-T8-0003	97.067	151,679
Total U.S. Department of Homeland Security				284,061
U.S. Department of the Interior				
National Fire Plan - Rural Fire Assistance - Alamo West		L10AP16384	15.242	1,233
National Fire Plan - Rural Fire Assistance - Boles Acres		L10AP16385	15.242	19,441
National Fire Plan - Rural Fire Assistance - Timberon		L10AP20020	15.242	222
Total U.S. Department of the Interior				20,896
Total Federal Financial Assistance				$ 1,664,836

( ) Denotes Cluster
** Denotes Major Federal Financial Assistance Program

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

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	$ 1,664,836
Total expenditures funded by other sources	26,966,816
Total expenditures	$ 28,631,652

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STATE OF NEW MEXICO
Otero County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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? — No
   c. Noncompliance material to the financial statements noted? — Yes

Federal Awards:

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

CFDA Number	Federal Program
10.665	Secure Payments for Counties Containing Federal Land
10.666	Secure Rural Schools – Title III
81.128	Energy Efficiency and Conservation Block Grant Program - ARRA
95.001	High Intensity Drug Trafficking Area

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

Condition: During our process of understanding the County and its environment, we noted instances where elements of the County's internal control framework were nonexistent or deficient. 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:

- Certain journal entries made in the Treasurer's Department are not reviewed prior to posting to the general ledger.
- 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 had to restate the Capital Asset balances for the prior year due to unrecorded prior year additions and related depreciation.
- During testwork over payroll transactions, it was noted that there are insufficient segregation of duties over the payroll process.
- During testwork over payroll transactions, it was noted that the Employee Personnel Files are not properly restricted to the HR department and that others within the County have access to confidential information.

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 2012 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.

Management's Response: The County will develop and document comprehensive internal control structures.

Section II – Financial Statement Findings (continued)

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

Condition: In our review of the indigent fund expenditures, we noted claims paid for ineligible individuals and ineligible medical expenses. During testwork performed on 10 paid claims, totaling $12,946.69, we noted the following:

- 9 of the claims in the amount of $10,533.97 were missing documentation of identification.
- 2 of the claims in the amount of $2,465.08 were missing 2 non-related references on the applications.

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 identification, proof of residency and income in order to qualify for payment from the Indigent Health Care Fund. The income of the patient and his/her spouse must not exceed an amount that is 50% greater than the median household income for New Mexico as shown for the most recent year available in the survey of current business published by the United States Department of Commerce. Per Otero County Ordinance No. 09-01, claims for outpatient and emergency room services in the amount of $500.00 or less will not be considered for certification.

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

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

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

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

Section II – Financial Statement Findings (continued)

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

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

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
Other Debt Service Fund	$ 157,000	$ -	$ (157,000)

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

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

Cause: Expenditures in excess of revenues and other financing sources were budgeted for a fund that was created in the prior year and the County did not have appropriate ending cash to rebudget in the current 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.

Management's Response: This is a residual error carried over from initially putting the debt on the County's financial statements and should not be repeated.

Section II – Financial Statement Findings (continued)

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

Condition: During testwork performed over payments made to County employees and agents for travel and per diem, we noted payments that did not comply with State of New Mexico regulations and transactions that appeared wasteful and improper. Out of a total of ten items tested, totaling $7,607.05, we noted the following:

- In one instance, in the amount of $1,361.15, there was no supporting documentation in order to show that travel or the meetings or conferences were attended.

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

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

Cause: County policies do not require that employees return certification, agendas, schedules, or any other supporting documentation in order to verify that conferences were attended.

Auditors' Recommendations: The County should update its Travel and Per Diem policy in order to include supporting documentation related to the attendance of conferences and trainings.

Management's Response: Staff will attempt to solicit County Commission support to implement a policy mandating supporting documentation providing claimants' attendance of conference and trainings.

Section II – Financial Statement Findings (continued)

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

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

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

Effect: The County is in violation of state statute.

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

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

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

Section II – Financial Statement Findings (continued)

FS 2012-1 – Recording of Business-Type Activities (Material Weakness/Noncompliance)

Condition: During our testwork over the County, we noted that the County has not properly accounted for any activity for their business-type funds. We noted the following items:

- The County had not budgeted for any business-type activity for the year and had the following over expenditures of the budget:
  - Otero County Detention Center $18,173,678
  - Otero County Processing Center $31,429,729
- During our testwork, we noted that the County does not have any internal controls in place or adequate records to verify the Business-Type Fund activities. The County does not have a proper understanding of the operations of the Otero County Detention Center or the Otero County Processing Center or how those operations affect the County and their related financial reporting.
- The County had to restate beginning equity in the amount of ($14,045,996) due to investments in the amount of $13,038,692, Accounts Receivable in the amount of $8,997,294, Bond Issuance Costs and related Accumulated Amortization in the amount of $5,574,639, Bond Discounts and related Accumulated Amortization in the amount of $947,408, Capital Assets and related Accumulated Depreciation of $68,369,831, Accounts Payable in the amount of ($12,893,559), Accrued Interest Payable in the amount of ($1,105,301), and Long Term Debt in the amount of ($96,975,000).
- The County did not properly record the business-type fund revenues of $55,792,667, expenses of $54,580,581, or transfers out of $979,415 for the year ended June 30, 2012.
- The County had incorrectly reported cash transfers to the General Fund as revenue in the General Fund resulting in the improper recording of the prior year revenue and accounts receivable in the General Fund and a related restatement of ($128,577) for the current year.
- During our testwork, we noted that the County has not properly complied with debt covenants for the revenue bonds held with US Bank as the County has not maintained proper records in relation to receipts and disbursements nor has the County had these funds audited on an annual basis as required.

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 activities be recorded in full when the transaction occurs.

Effect: The County had not recorded or included the business-type activities in their annual financial statements and had understated the assets, liabilities and related net assets.

Cause: The County did not have a proper understanding of the business-type activities and the related funds to properly account for the funds and related transactions. The County also had difficulties in providing adequate supporting documentation in order to substantiate the values and activity related to the business-type activities.

Auditors' Recommendations: We recommend that the County gain a proper understanding of the business-type funds and the related transactions and the County should ensure that all proprietary fund transactions are properly budgeted, recorded, reviewed, and monitored for inclusion in the financial statements.

Management's Response: The County will take steps to identify any and all potential business-type activities in order for them to be properly recorded.

Section II – Financial Statement Findings (continued)

FS 2012-2 – Audit Report Submission to the New Mexico State Auditor (Other Matter)

Condition: The required submission date of the audit report for the fiscal year ended June 30, 2012, to the New Mexico State Auditor was November 15, 2012. The audit report was not submitted until April 30, 2013.

Criteria: Section 2.2.2.9A of the State Audit Rule set the due date for audit reports for County's as November 15th.

Effect: Noncompliance with section 2.2.2.9 A of the State Audit Rule.

Cause: The records for the County's Proprietary Funds were not available for inspection in a timely manner and were incomplete when received.

Auditors' Recommendation: The County should submit the audit report each year prior to November 15.

Management's Response: The audit report was not filed by the statutorily mandated date because of the detailed research involved in auditing the prison facilities in Chaparral, New Mexico. The County does not anticipate this in the future.

Section III – Federal Awards Findings

FA 2012-1 – Late Data Collection Form Submission (Noncompliance)

Federal Program Information:

Funding agency: U.S. Department of Agriculture
Title: Secure Payments for Counties Containing Federal Land and Secure Rural Schools Title III
CFDA number: 10.665 & 10.666
Award number: Forest Reserve
Award period: Various

Funding agency: U.S. Department of Energy
Title: Energy Efficiency and Conservation Block Grant Program - ARRA
CFDA number: 81.128
Award number: 2011-03 & 2011-06
Award period: 2011

Funding agency: Executive Office of the President
Title: High Intensity Drug Trafficking Area
CFDA number: 95.001
Award number: G09SN0017A, G10SN0017A, G11SN0017A
Award period: Various

Condition: The Data Collection Form cannot be submitted to the Federal Audit Clearinghouse until the annual financial audit has been completed; therefore, the A-133 compliance audit for June 30, 2012 was not submitted by the required final due date of March 31, 2013.

Criteria: OMB Circular A-133 Section .320(a) states that the Data Collection Form and Audit report shall be submitted within the earlier of 30 days after receipt of the auditor(s) report, or nine months after the end of the audit period. Based on this regulation, the latest the County could have filed the Data Collection Form was March 31, 2013.

Questioned Costs: Undeterminable

Effect: The County is in violation of OMB Circular A-133 Section .320(a). This violation could potentially jeopardize the County's eligibility to receive federal funding. Late audit report submission also prevents the timely release of financial data.

Cause: The audit of the County was not completed timely.

Auditors' Recommendation: We recommend that future audits be completely in a timely manner to ensure that the Data Collection Form can also be filed timely.

Management's Response: The audit report was not filed by the statutorily mandated date because of the detailed research involved in auditing the prison facilities in Chaparral, New Mexico. The County does not anticipate this in the future.

Section IV – Prior Year Audit Findings

FS 2007-6 – Preparation of Financial Statements – Resolved

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

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

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

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

FS 2011-1 – Travel and Per Diem Payments – Repeated/Modified

FS 2011-2 – Missing Campaign Contribution Disclosure Forms – Repeated/Modified

FS 2011-3 – Personal Use of County Vehicles – Resolved

FA 2011-04 – Excluded Parties List – Resolved

Other Disclosures

Exit Conference

An exit conference was held on April 30, 2013. In attendance were the following:

Representing Otero County:

Susan Flores, County Commissioner, Vice-Chairperson
Tommie Herrell, County Commissioner
Pamela Heltner, County Manager
Donna Brandon, County Finance Director
Catherine Prather, County Treasurer

Representing Accounting & Consulting Grouping, LLP:

Ray Roberts, CPA, Managing Partner

Auditor Prepared Financial Statements

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