Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO

OTERO COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
Otero County
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Otero County
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STATE OF NEW MEXICO
Otero County
Official Roster
June 30, 2013

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

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FINANCIAL SECTION

Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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 comparison for the General Fund of Otero County, New Mexico (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds and the budgetary comparisons for the major proprietary funds and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2700 San Pedro NE Albuquerque NM 87110 T: 505.883.2727 F: 505.884.6719 www.acgnm.com

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 Otero County, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance 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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as 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.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The *Schedule of Expenditures of Federal Awards* as required by Office of Management and Budget *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, the introductory section, and Supporting Schedules I through VI required by 2.2.2 NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards and Supporting Schedules I through VI required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards and Supporting Schedules I through VI required by 2.2.2 NMAC* are 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 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* in considering the County's internal control over financial reporting and compliance.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 14, 2013

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BASIC

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Otero County
Statement of Net Position
June 30, 2013

	Primary-Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ 3,712,613	$ -	$ 3,712,613
Investments	9,097,729	-	9,097,729
Receivables:			
Property taxes	953,753	-	953,753
Other taxes	1,012,075	-	1,012,075
Other receivables	611,388	12,963,095	13,574,483
Inventory	10,652	-	10,652
Prepaid expenses	384,096	-	384,096
Total current assets	15,782,306	12,963,095	28,745,401
Noncurrent assets			
Restricted cash and cash equivalents	302,184	-	302,184
Restricted investments	347,884	18,769,352	19,117,236
Bond issuance costs, net of accumulated amortization of $0 and $1,788,392, respectively	-	4,578,038	4,578,038
Bond discounts, net of accumulated amortization of $0 and $314,083, respectively	-	532,867	532,867
Capital assets	145,247,575	77,114,450	222,362,025
Less: accumulated depreciation	(59,948,337)	(11,624,885)	(71,573,222)
Total noncurrent assets	85,949,306	89,369,822	175,319,128
Total assets	$ 101,731,612	$ 102,332,917	$ 204,064,529

The accompanying notes are an integral part of these financial statements

	Primary-Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	$ 537,645	$ 18,764,572	$ 19,302,217
Accrued payroll expenses	248,315	-	248,315
Accrued interest	16,713	949,087	965,800
Current portion of accrued compensated absences	372,925	-	372,925
Current portion of loans and capital leases payables	446,674	-	446,674
Current portion of bonds payable	-	3,765,000	3,765,000
Total current liabilities	1,622,272	23,478,659	25,100,931
Noncurrent liabilities			
Accrued compensated absences	139,476	-	139,476
Loans and capital leases payable	3,164,978	-	3,164,978
Bonds payable	-	86,040,000	86,040,000
Total noncurrent liabilities	3,304,454	86,040,000	89,344,454
Total liabilities	4,926,726	109,518,659	114,445,385
Net Position			
Net investment in capital assets	81,687,586	(21,510,249)	60,177,337
Restricted for:			
Debt service	784,769	-	784,769
Capital projects	262,971	-	262,971
Other purposes - special revenue	6,192,313	-	6,192,313
Otero County detention center	-	8,087,569	8,087,569
Otero County processing center	-	6,236,938	6,236,938
Unrestricted	7,877,247	-	7,877,247
Total net position	96,804,886	(7,185,742)	89,619,144
Total liabilities and net position	$ 101,731,612	$ 102,332,917	$ 204,064,529

STATE OF NEW MEXICO
Otero County
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General government	$ 5,076,350	$ 609,488	$ 1,428,640	$ 234,996
Public safety	14,554,691	912,208	2,854,090	82,101
Public works	6,740,045	-	632,108	-
Culture and recreation	423,918	-	-	-
Health and welfare	3,528,823	30,031	314,170	111,988
Interest on long-term debt	103,360	-	-	-
Total governmental activities	30,427,187	1,551,727	5,229,008	429,085
Business-Type Activities:				
Otero County Detention Center	28,904,420	33,223,803	-	-
Otero County Processing Center	34,296,753	37,521,201	-	-
Total business-type activities	63,201,173	70,745,004	-	-
Total primary government	$ 93,628,360	$ 72,296,731	$ 5,229,008	$ 429,085

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

Total general revenues

Change in net position

Net Position - beginning, as originally stated

Net Position - restatement (note 21)

Net Position - beginning, as restated

Net Position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-Type Activities**	**Total**
$ (2,803,226)	$ -	$ (2,803,226)
(10,706,292)	-	(10,706,292)
(6,107,937)	-	(6,107,937)
(423,918)	-	(423,918)
(3,072,634)	-	(3,072,634)
(103,360)	-	(103,360)
(23,217,367)	-	(23,217,367)
-	4,319,383	4,319,383
-	3,224,448	3,224,448
-	7,543,831	7,543,831
(23,217,367)	7,543,831	(15,673,536)
9,021,474	-	9,021,474
5,571,035	-	5,571,035
1,365,519	-	1,365,519
2,824,773	-	2,824,773
(30,245)	13,267	(16,978)
558,688	-	558,688
97,004	-	97,004
371,213	-	371,213
929,579	(929,579)	-
20,709,040	(916,312)	19,792,728
(2,508,327)	6,627,519	4,119,192
43,591,003	(13,813,261)	29,777,742
55,722,210	-	55,722,210
99,313,213	(13,813,261)	85,499,952
$ 96,804,886	$ (7,185,742)	$ 89,619,144

STATE OF NEW MEXICO
Otero County
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	$ 1,131,887	$ 2,882,910	$ 4,014,797
Investments	5,732,463	3,713,150	9,445,613
Receivables:			
Property taxes	951,121	2,632	953,753
Other taxes	417,248	594,827	1,012,075
Other receivables	361,957	249,431	611,388
Inventory	-	10,652	10,652
Prepaid expenses	325,607	58,489	384,096
Total assets	$ 8,920,283	$ 7,512,091	$ 16,432,374
Liabilities			
Accounts payable	$ 340,915	$ 196,730	$ 537,645
Accrued payroll expenses	194,160	54,155	248,315
Accrued compensated absences	-	4,440	4,440
Deferred revenue:			
Deferred property taxes	820,716	2,547	823,263
Total liabilities	1,355,791	257,872	1,613,663
Fund balances			
Nonspendable			
Inventory	-	10,652	10,652
Prepaid expenses	325,607	58,489	384,096
Spendable			
Restricted for:			
General county operations	-	527,993	527,993
Maintenance of roads	-	431,548	431,548
Environment	-	456,157	456,157
Recreation	-	5,445	5,445
Public safety	-	3,961,041	3,961,041
Healthcare	-	489,556	489,556
Debt service expenditures	-	798,935	798,935
Capital projects	-	262,971	262,971
Committed to:			
Minimum fund balance	4,114,244	251,432	4,365,676
Unassigned	3,124,641	-	3,124,641
Total fund balances	7,564,492	7,254,219	14,818,711
Total liabilities and fund balances	$ 8,920,283	$ 7,512,091	$ 16,432,374

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 Position

June 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds	$	14,818,711
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		85,299,238
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		823,263
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		(16,713)
Accrued compensated absences not due and payable		(507,961)
Loans and capital leases payable		(3,611,652)
Net position of governmental activities	$	96,804,886

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, 2013

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes:			
Property	$ 8,703,330	222,426	$ 8,925,756
Gross receipts	2,436,158	3,134,877	5,571,035
Gasoline and motor vehicle	158,026	1,207,493	1,365,519
Payment in lieu of taxes	2,824,773	-	2,824,773
Intergovernmental:			
Federal operating grants	234,950	884,597	1,119,547
Federal capital grants	503	111,988	112,491
State operating grants	1,395,195	2,627,304	4,022,499
State capital grants	-	316,594	316,594
Local sources	86,962	-	86,962
Charges for services	1,100,090	451,637	1,551,727
Investment income (loss)	(29,669)	(576)	(30,245)
Miscellaneous	242,218	316,470	558,688
Total revenues	17,152,536	9,272,810	26,425,346
Expenditures:			
Current:			
General government	4,330,518	359,949	4,690,467
Public safety	9,951,737	2,759,492	12,711,229
Public works	1,181,679	2,736,428	3,918,107
Culture and recreation	95,643	240,976	336,619
Health and welfare	450,599	3,076,008	3,526,607
Capital outlay	446,799	1,746,139	2,192,938
Debt service:			
Principal	-	421,238	421,238
Interest	-	104,387	104,387
Total expenditures	16,456,975	11,444,617	27,901,592
Excess (deficiency) of revenues over expenditures	695,561	(2,171,807)	(1,476,246)
Other financing sources (uses)			
Proceeds from loans	-	631,093	631,093
Proceeds from sale of equipment	-	120,928	120,928
Transfers in	1,151,694	2,075,865	3,227,559
Transfers (out)	(2,001,867)	(296,113)	(2,297,980)
Total other financing sources (uses)	(850,173)	2,531,773	1,681,600
Net change in fund balance	(154,612)	359,966	205,354
Fund balance - beginning of year	7,719,104	6,894,253	14,613,357
Fund balance - end of year	$ 7,564,492	$ 7,254,219	$ 14,818,711

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, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	$	205,354
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		2,192,938
Depreciation expense		(5,056,840)
Donated asset		371,213
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 position differs from the change in fund balance by the cost of the equipment sold.		
Gain on disposition of assets		97,004
Cash proceeds from sale of assets		(120,928)
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		95,718
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 position. 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		1,027
Increase in accrued compensated absences not paid within 60 days of year-end		(83,958)
Proceeds from issuance of loans		(631,093)
Principal payments on capital leases and loans payable		421,238
Change in net position of governmental activities	$	(2,508,327)

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 8,539,356	$ 8,539,356	$ 8,688,031	$ 148,675
Gross receipts	2,440,166	2,440,166	2,279,603	(160,563)
Gasoline and motor vehicle	140,800	140,800	144,576	3,776
Intergovernmental:				
Federal operating grants	561,382	561,382	234,950	(326,432)
Federal capital grants	-	-	503	503
State operating grants	1,229,133	1,416,793	1,466,744	49,951
State capital grants	-	-	-	-
Local sources	425,000	425,000	-	(425,000)
Payment in lieu of taxes	2,785,000	2,785,000	2,824,773	39,773
Charges for services	1,545,078	1,545,078	910,271	(634,807)
Investment income (loss)	87,000	87,000	9,011	(77,989)
Miscellaneous	287,934	287,934	226,281	(61,653)
Total revenues	18,040,849	18,228,509	16,784,743	(1,443,766)
Expenditures:				
Current:				
General government	4,793,696	4,844,498	4,318,513	525,985
Public safety	10,206,250	10,794,897	9,790,462	1,004,435
Public works	1,527,251	1,528,944	1,115,486	413,458
Culture and recreation	101,762	101,762	95,395	6,367
Health and welfare	482,598	482,598	450,599	31,999
Capital outlay	593,928	502,601	455,805	46,796
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	17,705,485	18,255,300	16,226,260	2,029,040
Excess (deficiency) of revenues over expenditures	335,364	(26,791)	558,483	585,274
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	2,736,305	1,978,460	-	(1,978,460)
Proceeds from sale of equipment	-	-	-	-
Transfers in	222,843	1,422,843	1,151,694	(271,149)
Transfers (out)	(3,294,512)	(3,374,512)	(2,001,867)	1,372,645
Total other financing sources (uses)	(335,364)	26,791	(850,173)	(876,964)
Net change in fund balance	-	-	(291,690)	(291,690)
Fund balance - beginning of year	-	-	7,156,040	7,156,040
Fund balance - end of year	$ -	$ -	$ 6,864,350	$ 6,864,350

Net change in fund balance (non-GAAP budgetary basis)	$ (291,690)
Adjustments to revenue for property and other taxes, state and federal grants and investment income	367,793
Adjustments to expenditures for payroll, insurance, supplies, and maintenance and repair expenditures	(230,715)
Net change in fund balance (GAAP)	$ (154,612)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

Otero County
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds		
	Otero County Detention Center	Otero County Processing Center	Total
Assets			
Current assets			
Customer receivables	$ 7,133,625	$ 5,829,470	$ 12,963,095
Total current assets	7,133,625	5,829,470	12,963,095
Noncurrent assets			
Restricted investments	8,147,759	10,621,593	18,769,352
Bond issuance costs, net of accumulated amortization of $697,144 and $1,091,248, respectively	1,322,356	3,255,682	4,578,038
Bond discounts, net of accumulated amortization of $201,975 and $112,108, respectively	261,044	271,823	532,867
Capital assets	31,983,032	45,131,418	77,114,450
Less: accumulated depreciation	(6,615,730)	(5,009,155)	(11,624,885)
Total noncurrent assets	35,098,461	54,271,361	89,369,822
Total assets	$ 42,232,086	$ 60,100,831	$ 102,332,917
Liabilities and net position			
Liabilities			
Current liabilities			
Accounts payable	$ 7,570,999	$ 11,193,573	$ 18,764,572
Accrued interest payable	155,634	793,453	949,087
Current portion of bonds payable	1,675,000	2,090,000	3,765,000
Total current liabilities	9,401,633	14,077,026	23,478,659
Noncurrent liabilities			
Bonds payable	34,745,000	51,295,000	86,040,000
Total noncurrent liabilities	34,745,000	51,295,000	86,040,000
Total liabilities	44,146,633	65,372,026	109,518,659
Net position			
Net investment in capital assets	(10,002,116)	(11,508,133)	(21,510,249)
Restricted for:			
Otero County detention center	8,087,569	-	8,087,569
Otero County processing center	-	6,236,938	6,236,938
Total net position	(1,914,547)	(5,271,195)	(7,185,742)
Total liabilities and net position	$ 42,232,086	$ 60,100,831	$ 102,332,917

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 Position

Proprietary Funds

For the Year Ended June 30, 2013

	Enterprise Funds		
	Otero County Detention Center	Otero County Processing Center	Total
Operating revenues			
Charges for services	$ 33,223,803	$ 37,521,201	$ 70,745,004
Total operating revenues	33,223,803	37,521,201	70,745,004
Operating expenses			
Contractual services	24,783,220	30,437,360	55,220,580
Depreciation	420,709	554,879	975,588
Total operating expenses	25,203,929	30,992,239	56,196,168
Operating income (loss)	8,019,874	6,528,962	14,548,836
Non-operating revenues (expenses)			
Interest expense	(2,319,932)	(3,255,488)	(5,575,420)
Amortization expense	(1,380,559)	(49,026)	(1,429,585)
Interest income (loss)	13,267	-	13,267
Total non-operating revenues (expenses)	(3,687,224)	(3,304,514)	(6,991,738)
Income (loss) before contributions and transfers	4,332,650	3,224,448	7,557,098
Transfers (out)	(480,824)	(448,755)	(929,579)
Change in net position	3,851,826	2,775,693	6,627,519
Net position - beginning	(5,766,373)	(8,046,888)	(13,813,261)
Net position - end of year	$ (1,914,547)	$ (5,271,195)	$ (7,185,742)

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, 2013

	Enterprise Funds		
	Otero County Detention Center	Otero County Processing Center	Total
Cash flows from operating activities			
Cash received from user charges	$ 29,993,390	$ 38,025,792	$ 68,019,182
Cash payments to suppliers for goods and services	(24,437,350)	(31,037,078)	(55,474,428)
Net cash provided by operating activities	5,556,040	6,988,714	12,544,754
Cash flows from noncapital financing activities			
Interfund advances (payments)	(480,824)	(448,755)	(929,579)
Net cash (used) by noncapital financing activities	(480,824)	(448,755)	(929,579)
Cash flows from capital and related financing activities			
Interest paid	(2,413,535)	(3,282,713)	(5,696,248)
Proceeds from issuance of long-term debt	19,760,000	-	19,760,000
Principal payments on long-term debt	(21,495,000)	(1,980,000)	(23,475,000)
Payments on issuance of long-term debt	(456,400)	-	(456,400)
Net cash (used) by capital and related financing activities	(4,604,935)	(5,262,713)	(9,867,648)
Cash flows from investing activities			
Purchases of investments	(483,548)	(1,277,246)	(1,760,794)
Interest on investments	13,267	-	13,267
Net cash (used) by investing activities	(470,281)	(1,277,246)	(1,747,527)
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)	$ 8,019,874	$ 6,528,962	$ 14,548,836
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	420,709	554,879	975,588
Changes in assets and liabilities			
Receivables	(3,230,413)	504,591	(2,725,822)
Accounts payable	345,870	(599,718)	(253,848)
Net cash provided by operating activities	$ 5,556,040	$ 6,988,714	$ 12,544,754

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit E-1

Otero County

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2013

Assets		
Cash	$	339,240
Property taxes receivable		1,671,658
Total assets	$	2,010,898
Liabilities		
Deposits held in trust	$	339,240
Due to other taxing units		1,671,658
Total liabilities	$	2,010,898

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, general administrative services, and operation of a prison facility and processing center.

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 the County is presented to assist in the understanding of County's financial statements. The financial statements and notes are the representation of 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.

During the year ended June 30, 2013, the County adopted Governmental Accounting standards Board (GASB) Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The County does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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, as amended by GASB Statement No. 39 and GASB Statement No. 61. 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.

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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 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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position 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 Position 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 Position, 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 position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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 Position 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 in the event they are not received within 60 days of year end.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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. Otero County was a Phase II government for purposes of implementing GASB Statement No. 34. The County was required to report its major general infrastructure assets retroactively to June 30, 1980. The County has made the required restatement during the year ended June 30, 2013 in order to properly comply with the requirements of GASG Statement No. 34 as it pertains to major infrastructure assets. 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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2013, 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 $823,263 at June 30, 2013.

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 position.

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 position. 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, 2013, the nonspendable fund balance in the governmental funds consists of amounts associated with inventory and prepaid expense contracts in the amount of $394,748 that is not in spendable form.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Restricted and Committed Fund Balance: At June 30, 2013, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of $6,933,646 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 $4,365,676 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 cash reserve of 1/12th the Road Special Revenue Fund.

Net Position: Equity is classified as net position and displayed in three components:

a. Net investment in capital assets: Net position 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 position: Consists of net position 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 position restricted for "special revenue, debt service, and capital projects" are described on pages 30, and 56-57.

c. Unrestricted net position: All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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, current portion of accrued compensated absences, and collectability of accounts receivable.

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

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	$ 335,364	$ (26,791)
Other Governmental Funds	$ (7,235,431)	$ (7,516,449)

	Change in net position	
Budgeted Funds:		
Otero County Detention Center	$ -	$ (6,036,000)
Otero County Processing Center	$ -	$ (5,885,000)

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, 2013 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, 2013.

Deposits of funds may be made in interest bearing 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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer-Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of $250,000.

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, 2013, $7,304,084 of the County's bank balances of $9,050,380 was exposed to custodial credit risk. $6,773,167 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the County's name and $530,917 was uninsured and uncollateralized.

NOTE 3. Deposits and Investments (continued)

	Bank 34	First American Bank	First National Bank of Alamogordo	First Savings Bank
Amount of deposits	$ 500,000	$ 200,000	$ 6,354,084	$ 250,000
FDIC coverage	(250,000)	(200,000)	(500,000)	(250,000)
Total uninsured public funds	250,000	-	5,854,084	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	250,000	-	5,854,084	-
Uninsured and uncollateralized	$ -	$ -	$ -	$ -
Collateral requirement (50%)	$ 125,000	$ -	$ 2,927,042	$ -
Pledged securities	655,757	400,000	7,068,219	-
Over (under) collateralized	$ 530,757	$ 400,000	$ 4,141,177	$ -

	Washington Federal Bank	Western Bank	Total
Amount of deposits	$ 250,000	$ 1,496,296	$ 9,050,380
FDIC coverage	(250,000)	(296,296)	(1,746,296)
Total uninsured public funds	-	1,200,000	7,304,084
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	-	669,083	6,773,167
Uninsured and uncollateralized	$ -	$ 530,917	$ 530,917
Collateral requirement (50%)	$ -	$ 600,000	$ 3,652,042
Pledged securities	17,672	669,083	8,810,731
Over (under) collateralized	$ 17,672	$ 69,083	$ 5,158,689

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, 2013, 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	$ 4,272,508	A-1+
Wells Fargo Money Market Mutual Fund*	<1 year	675,220	AA+
U.S. Treasury Money Market Mutual Fund**	<1 year	650,068	AA+
US Treasury and Agency Notes	<1 year	18,769,352	AA+
		$ 24,367,148	

* 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 $4,150,000 in the Statement of Net Position, 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, 2013 was $23,041,860.

Interest Rate Risk – Investments. The County has ten investments in which the maturity date is greater than one year. Schedule II in this report specifically identifies the investment type and amount of investment for these securities. The fair value of the securities exposed to interest rate risk is $4,272,508. 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 and US Treasury and Agency Notes represent 18% and 77%, respectively, of the investment portfolio. Since the County only purchases investments with high grade 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. Cash and investments of the General, Special Revenue, Capital Projects, and Agency funds are pooled and held 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 Position:

Cash and cash equivalents per Exhibit A-1	$ 3,712,613
Restricted cash and cash equivalents per Exhibit A-1	302,184
Investments per Exhibit A-1	9,097,729
Restricted investments per Exhibit A-1	19,117,236
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	339,240
Total cash, cash equivalents, and investments	32,569,002
Add: outstanding checks and other reconciling items	21,671
Add: outstanding warrants per Treasurer's Report	890,287
Less: investments in Federal Home Loan Bank Bonds	(4,272,508)
Less: investments in Wells Fargo MM Mutual Fund	(675,220)
Less: investments in US Treasury MM mutal fund	(650,068)
Less: investments in U.S. Government and U. S. Agency securities	(18,769,352)
Less: deposits in transit and other reconciling items	(62,307)
Less: petty cash	(1,125)
Bank balance of deposits	$ 9,050,380

NOTE 4. Receivables

Receivables as of June 30, 2013, are as follows:

Governmental Activities:

	General Fund	Other Governmental Funds	Total
Property taxes	$ 951,121	$ 2,632	$ 953,753
Other taxes:			
Gross receipts taxes	391,641	404,352	795,993
Gasoline and oil taxes	25,607	190,475	216,082
Other receivables:			
Charges for services	254,976	42	255,018
Intergovernmental-grants:			
Local	86,962	-	86,962
State	6,668	106,495	113,163
Federal	-	142,894	142,894
Miscellaneous	13,351	-	13,351
Total	$ 1,730,326	$ 846,890	$ 2,577,216

In accordance with GASB Statement No. 33, property tax revenues in the amount of $823,263 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, 2013, are as follows:

Business-Type Activities:

	Otero County Detention Center Fund	Otero County Processing Center Fund	Total
Customer receivables	$ 7,133,625	$ 5,829,470	$ 12,963,095
Total	$ 7,133,625	$ 5,829,470	$ 12,963,095

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	$ 124,250
General Fund	Road Special Revenue Fund	1,200,000
General Fund	HIDTA Grant Special Revenue Fund	61,000
General Fund	Environmental Gross Receipts Tax Special Revenue Fund	455,000
General Fund	CDBG Grants Special Revenue Fund	10,000
General Fund	Other Debt Service Debt Service Fund	1,617
General Fund	Building Improvements Capital Projects Fund	150,000
COPS Grant Special Revenue Fund	General Fund	295
A.R.R.A. Recycling Center Special Revenue Fund	General Fund	184,820
Fire Funds Special Revenue Fund	General Fund	37,000
Fire Funds Special Revenue Fund	Other Debt Service Debt Service Fund	73,998
Otero County Detention Center Fund	General Fund	480,824
Otero County Processing Center Fund	General Fund	448,755
Total		$ 3,227,559

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2013. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2012	Restatement	Reclassification	Additions	Deletions	Balance June 30, 2013
Governmental activities:						
Capital Assets, not depreciated:						
Land	$ 2,179,325	$ 20,124,708	$ -	$ 173,716	$ -	$ 22,477,749
Construction in progress	100,900	-	-	351,861	(91,191)	361,570
Total Capital Assets, not depreciated	2,280,225	20,124,708	-	525,577	(91,191)	22,839,319
Capital Assets, depreciated:						
Infrastructure and land improvements	2,658,990	59,329,170	(31,469)	80,234	-	62,036,925
Buildings and building improvements	27,362,643	-	72,986	449,956	-	27,885,585
Furniture and equipment	25,811,642	-	(720,693)	1,088,212	(268,939)	25,910,222
Vehicles	5,581,711	-	679,176	511,363	(196,726)	6,575,524
Total Capital Assets, depreciated	61,414,986	59,329,170	-	2,129,765	(465,665)	122,408,256
Accumulated Depreciation:						
Infrastructure and land improvements	622,744	23,731,668	(23,844)	2,504,752	-	26,835,320
Buildings and building improvements	12,409,654	-	18,223	632,134	-	13,060,011
Furniture and equipment	15,207,999	-	(709,650)	1,356,650	(268,694)	15,586,305
Vehicles	3,361,173	-	715,271	563,304	(173,047)	4,466,701
Total Accumulated Depreciation	31,601,570	23,731,668	-	5,056,840	(441,741)	59,948,337
Net Book Value	$ 32,093,641	$ 55,722,210	$ -	$ (2,401,498)	$ (115,115)	$ 85,299,238

During the year ended June 30, 2013, the County received donated assets in the amount of $371,213.

Depreciation expense for the year ended June 30, 2013 was charged to governmental activities as follows:

General Government	$ 301,925
Public Safety	1,843,462
Public Works	2,821,938
Culture and Recreation	87,299
Health and Welfare	2,216
Total	$ 5,056,840

NOTE 6. Capital Assets (continued)

	Balance June 30, 2012	Adjustments to Estimate	Additions	Deletions	Balance June 30, 2013
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	10,649,297	(927,786)	1,903,374	-	11,624,885
Total Accumulated Depreciation	10,649,297	(927,786)	1,903,374	-	11,624,885
Net Book Value	$ 66,465,153	$ 927,786	$ (1,903,374)	$ -	$ 65,489,565

During the year ended June 30, 2013, the County has reassessed the in-service dates of the Otero County Prison Facility and the Otero County Processing Center and has made changes in the depreciation calculation for the current year. As a result, a change in estimate adjustment has been recorded to adjust accumulated depreciation balances. The effect of the adjustment was an increase in net capital assets by $927,786, of which $369,858 is attributable to the Otero County Prison Facility and $557,928 is attributable to the Otero County Processing Center.

Depreciation expense for the year ended June 30, 2013 was charged to business-type activities as follows:

Otero County Detention Center	$ 790,567
Otero County Processing Center	1,112,807
Total	$ 1,903,374

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Loans and Capital Leases	$ 3,401,797	$ 631,093	$ 421,238	$ 3,611,652	$ 446,674
Compensated Absences	424,204	461,122	372,925	512,401	372,925
Total Long-term Debt	$ 3,826,001	$ 1,092,215	$ 794,163	$ 4,124,053	$ 819,599

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, 2013
NMFA Loan	Apr-06	May-16	3.14%	$ 187,778	$ 65,873
NMFA Loan	Jan-07	May-17	3.00%	160,000	70,103
NMFA Loan	Aug-06	May-14	3.00%	80,000	6,026
NMFA Loan	Aug-06	May-17	3.43%	91,109	40,689
NMFA Loan	Oct-04	May-15	2.75%	52,000	11,854
NMFA Loan	Dec-07	May-28	3.41-4.56%	540,496	451,578
NMFA Loan	Dec-07	May-18	3.41-4.01%	268,889	147,931
NMFA Loan	Nov-07	May-18	3.41-4.01%	155,000	85,897
NMFA Loan	Sep-08	May-29	5.05%	162,400	144,004
NMFA Loan	Nov-08	May-29	3.00%	163,557	139,914
NMFA Loan	Jan-09	May-19	3.68%	293,712	189,593
NMFA Loan	Mar-09	May-19	3.21%	233,450	147,810
NMFA Loan	Mar-09	May-19	3.19%	189,783	120,202
NMFA Loan	Mar-09	May-19	3.23%	182,700	125,825
NMFA Loan	Sep-09	May-19	0.65-3.58%	135,559	88,597
NMFA Loan	Sep-09	May-20	1.03-3.78%	121,800	88,621
NMFA Loan	Nov-09	May-20	0.98-3.22%	144,130	103,788
NMFA Loan	Jul-10	May-21	2.78%	233,450	190,329
NMFA Loan	Aug-10	Jun-21	2.94%	279,125	242,154
NMFA Loan	Apr-11	May-26	3.58%	192,850	170,712
NMFA Loan	Oct-11	May-14	0.44%	43,645	14,777
NMFA Loan	Oct-11	May-22	2.11%	213,049	200,337
NMFA Loan	Jan-12	May-22	0.01%	152,250	135,000
NMFA Loan	Jan-13	May-23	0.390%-2.240%	166,247	166,247
NMFA Loan	Feb-13	May-18	0.400%-1.330%	303,636	302,581
NMFA Loan	Mar-13	May-23	0.400%-0.100%	161,210	161,210
Total NMFA Loans					$ 3,611,652

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

The annual requirements to amortize the Loans and Capital Leases Payable as of June 30, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	$ 446,674	$ 99,675	$ 546,349
2015	438,249	89,178	527,427
2016	449,208	78,693	527,901
2017	437,036	67,197	504,233
2018	437,584	55,883	493,467
2019-2023	1,048,956	140,037	1,188,993
2024-2028	330,353	44,634	374,987
2029	23,592	1,032	24,624
	$ 3,611,652	$ 576,329	$ 4,187,981

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 2013, compensated absences increased $88,197 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

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, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Revenue Bonds	$93,520,000	$19,760,000	$23,475,000	$89,805,000	$ 3,765,000
Total Long-term Debt	$93,520,000	$19,760,000	$23,475,000	$89,805,000	$ 3,765,000

Revenue Bonds

At June 30, 2013, the County had the following revenue bonds outstanding:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2013
Jail Project Series 2004	Aug-04	Dec-24	6.25-7.50%	$ 21,560,000	$ 17,075,000
Jail Project Series 2007	May-07	Apr-28	5.50-6.00%	62,305,000	53,385,000
Jail Project Series 2012	Dec-12	Dec-27	3.10%	19,760,000	19,345,000
Total Revenue Bonds					$ 89,805,000

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, 2013, including interest payments, are as follows:

Revenue Bond Series 2004

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	1,080,000	967,500	2,047,500
2019-2023	6,745,000	3,443,439	10,188,439
2024-2025	5,615,000	506,813	6,121,813
	$ 17,075,000	$ 9,505,146	$ 26,580,146

Revenue Bond Series 2007

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,610,000	2,650,276	5,260,276
2019-2023	15,570,000	10,741,200	26,311,200
2024-2028	26,100,000	5,475,000	31,575,000
	$ 53,385,000	$ 30,812,788	$ 84,197,788

Revenue Bond Series 2012

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	$ 855,000	$ 593,108	$ 1,448,108
2015	875,000	566,448	1,441,448
2016	905,000	539,090	1,444,090
2017	935,000	510,803	1,445,803
2018	960,000	481,663	1,441,663
2019-2023	5,265,000	1,939,516	7,204,516
2024-2028	9,550,000	1,001,611	10,551,611
	$ 19,345,000	$ 5,632,239	$ 24,977,239

NOTE 7. Long-term Debt (continued)

Total Revenue Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	$ 3,765,000	$ 5,007,157	$ 8,772,157
2015	3,960,000	4,803,117	8,763,117
2016	4,175,000	4,584,090	8,759,090
2017	4,410,000	4,348,791	8,758,791
2018	4,650,000	4,099,439	8,749,439
2019-2023	27,580,000	16,124,155	43,704,155
2024-2028	41,265,000	6,983,424	48,248,424
	$ 89,805,000	$ 45,950,173	$ 135,755,173

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, 2013, 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 position of individual funds. The following funds reflected a deficit fund balance or deficit net position as of June 30, 2013:

Business-Type Funds	
Major Funds	
Otero County Detention Center	$ (1,914,547)
Otero County Processing Center	(5,271,195)
Total Business-Type Funds	$ (7,185,742)

B. Excess of expenditures over appropriations. There were not any funds with expenditures in excess of the budgeted appropriations for the year ended June 30, 2013.

C. Designated cash appropriations in excess of available balances. There were not any funds with excess cash appropriations for the year ended June 30, 2013.

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, 2013, 2012 and 2011 were $1,131,195, $1,130,796, and $1,049,621, 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

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

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.

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.

NOTE 14. Otero/Lincoln County Regional Landfill

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. Solar Site land Lease Agreement

The County entered into a lease agreement with Air Cadmos Energy I Corp ("Lessee") on July 16, 2012 to lease 25 acres of land to the Lessee for the purpose of installing, maintaining, and operating an Electricity Generating Facility. In return for leasing the land from the County, the Lessee will pay to the County $12,500 per year as rent for the first twelve years and $37,500 per year for each year thereafter until the end of the Term of the Agreement. In addition to rent, the Lessee will supply electrical energy to the Otero County Prison Facility and Otero County Processing Center. The term of this agreement expires twenty-five (25) years following the Commercial Operation Date at which time the County will receive ownership of the Generating Facility. At June 30, 2013, the Lessee has incurred expenses of $838,889 and is expected to incur an additional $2,534,763 in the coming year in order to complete the facility.

NOTE 16. 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, 2013, 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 17. 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 18. Commitments

The County's commitments as of June 30, 2013 are as follows:

Contract	Year Ending	Amount
Aces Renovation	2014	$ 533,070
Software: Eagle	2014	129,343
Plaza Pub Remodel	2014	519,750
Burro Flats Building and Footings	2014	25,000
Boiler System for Courthouse	2014	66,180
Total commitments		$ 1,273,343

NOTE 19. 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 20. Restricted Net Position

The government-wide statement of net position reports $21,564,560 of restricted net position, 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 30 and 56-57.

NOTE 21. Net Position Restatement

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

Governmental Activities:

The County restated the Government Wide Net position in the amount of $55,722,210 in order to properly include Infrastructure in accordance with GASB Statement No. 34. Governments with at least $10 million but less than $100 million in revenues should apply GASB Statement No. 34 for periods beginning after June 15, 2003. Per GASB Statement No. 34, for phase 2 governments, retroactive reporting is *required* four years after the effective date on the basic provisions for all major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980.

NOTE 22. Subsequent Events

Subsequent to June 30, 2013, the County entered into the following Debt Agreements:

- The County has entered into an NMFA Loan closing on July 19, 2013, for $201,500. The purpose of the loan shall be used for the Emergency OPS Center. The debt payments will be made by intercepting the state fire allotments provided on an annual basis by the State of New Mexico.

- The County has entered into an NMFA Loan closing on July 19, 2013, for $226,688. The purpose of the loan shall be used for the purchase of a fire pumper/tanker for use by the Boles Acres Fire Department. The debt payments will be made by intercepting the state fire allotments provided on an annual basis by the State of New Mexico.

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 14, 2013 which is the date on which the financial statements were issued.

NOTE 23. Subsequent Pronouncements

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

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

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25,* was issued. 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, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27,* was issued. 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 will implement this standard during fiscal year June 30, 2015.

NOTE 23. Subsequent Pronouncements (continued)

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

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* was issued. Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The County is still evaluating how this reporting standard will affect the County.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Otero County
Nonmajor Fund Descriptions
June 30, 2013

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. The funds were created under the authority of State Statute (see Section 59A-93-5-8 and 59A-53-5, NMSA 1978 Compliation).

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.

Special Revenue Funds (continued):

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.

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.

CDBG Grants – To account for monies received through a Community Development Block Grant to make improvements to a public facility serving as a child development center. Authority for this fund is CDBG grant #12-C-NR-I-03-G-26.

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

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

Debt Service 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. This fund was created by authority of NMSA 1978 Sections 4-38-13 and 4-38-16.

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, 2013

	Special Revenue			
	DWI Grant	Property Valuation	Road	Clerk's Equipment
Assets				
Cash and cash equivalents	$ 104,308	$ 74,492	$ 324,965	$ 79,353
Investments	-	377,269	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	-	190,475	-
Other receivables	28,908	-	-	42
Inventory	-	-	10,652	-
Prepaid expenses	-	2,416	13,812	-
Total assets	$ 133,216	$ 454,177	$ 539,904	$ 79,395
Liabilities				
Accounts payable	$ 3,224	$ 970	$ 35,824	$ 349
Accrued payroll expenses	5,427	3,755	27,192	-
Accrued compensated absences	585	-	3,855	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
Total liabilities	9,236	4,725	66,871	349
Fund balances				
Nonspendable				
Inventory	-	-	10,652	-
Prepaid expenses	-	2,416	13,812	-
Spendable				
Restricted for:				
General county operations	-	447,036	-	79,046
Maintenance of roads	-	-	197,137	-
Environment	-	-	-	-
Recreation	-	-	-	-
Public safety	123,980	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	-	-	251,432	-
Total fund balances	123,980	449,452	473,033	79,046
Total liabilities and fund balances	$ 133,216	$ 454,177	$ 539,904	$ 79,395

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
$ 89,868	$ -	$ -	$ 5,445	$ 2,989
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	142,894
-	-	-	-	-
-	-	-	-	-
$ 89,868	$ -	$ -	$ 5,445	$ 145,883
$ -	$ -	$ -	$ -	$ 460
-	-	-	-	6,869
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,329
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
89,868	-	-	-	-
-	-	-	5,445	-
-	-	-	-	138,554
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
89,868	-	-	5,445	138,554
$ 89,868	$ -	$ -	$ 5,445	$ 145,883

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue			
	Fire	Indigent	EMS	Hazard Mitigation 2002
Assets				
Cash and cash equivalents	$ 589,981	$ 234,841	$ 17,544	$ 275,497
Investments	2,987,998	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	-	334,409	-	-
Other receivables	31,086	-	-	-
Inventory	-	-	-	-
Prepaid expenses	42,261	-	-	-
Total assets	$ 3,651,326	$ 569,250	$ 17,544	$ 275,497
Liabilities				
Accounts payable	$ 31,237	$ 87,595	$ 8,466	$ -
Accrued payroll expenses	-	1,177	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Deferred property taxes	-	-	-	-
Total liabilities	31,237	88,772	8,466	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	42,261	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	-	-	-	-
Environment	-	-	-	275,497
Recreation	-	-	-	-
Public safety	3,577,828	-	-	-
Healthcare	-	480,478	9,078	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	-	-	-	-
Total fund balances	3,620,089	480,478	9,078	275,497
Total liabilities and fund balances	$ 3,651,326	$ 569,250	$ 17,544	$ 275,497

The accompanying notes are an integral part of these financial statements

Special Revenue				
Law Enforcement Protection	Environmental Gross Receipts Tax	Southwest Border Prosecution	Landfill Closure	CDBG Grants
$ -	$ 4,154	$ 72,685	$ 41,331	$ 5,216
-	-	-	-	-
-	-	-	-	-
-	69,943	-	-	-
-	4,005	-	-	-
-	-	-	-	-
-	-	-	-	-
$ -	$ 78,102	$ 72,685	$ 41,331	$ 5,216
$ -	$ 18,691	$ -	$ 215	$ 3,305
-	9,735	-	-	-
-	-	-	-	-
-	-	-	-	-
-	28,426	-	215	3,305
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,911
-	-	-	-	-
-	49,676	-	41,116	-
-	-	-	-	-
-	-	72,685	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	49,676	72,685	41,116	1,911
$ -	$ 78,102	$ 72,685	$ 41,331	$ 5,216

STATE OF NEW MEXICO
Otero County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue		Debt Service	
	Secure Rural Schools Grant	Sheriff's Covert Activity	Debt Service	Other Debt Service
Assets				
Cash and cash equivalents	$ 234,411	$ 47,994	$ 148,783	$ 302,184
Investments	-	-	-	347,883
Receivables:				
Property taxes	-	-	2,632	-
Other taxes	-	-	-	-
Other receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	$ 234,411	$ 47,994	$ 151,415	$ 650,067
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Accrued payroll expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Deferred property taxes	-	-	2,547	-
Total liabilities	-	-	2,547	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	234,411	-	-	-
Environment	-	-	-	-
Recreation	-	-	-	-
Public safety	-	47,994	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	148,868	650,067
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	-	-	-	-
Total fund balances	234,411	47,994	148,868	650,067
Total liabilities and fund balances	$ 234,411	$ 47,994	$ 151,415	$ 650,067

The accompanying notes are an integral part of these financial statements

Capital Projects		
Legislative Grants	Building Improvements	Total Nonmajor Governmental Funds
$ 206,394	$ 20,475	$ 2,882,910
-	-	3,713,150
-	-	2,632
-	-	594,827
42,496	-	249,431
-	-	10,652
-	-	58,489
$ 248,890	$ 20,475	$ 7,512,091
$ 6,394	$ -	$ 196,730
-	-	54,155
-	-	4,440
-	-	2,547
6,394	-	257,872
-	-	10,652
-	-	58,489
-	-	527,993
-	-	431,548
-	-	456,157
-	-	5,445
-	-	3,961,041
-	-	489,556
-		798,935
242,496	20,475	262,971
-	-	251,432
242,496	20,475	7,254,219
$ 248,890	$ 20,475	$ 7,512,091

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, 2013

	Special Revenue			
	DWI Grant	Property Valuation	Road	Clerk's Equipment
Revenues:				
Taxes:				
Property	$ -	$ 221,466	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	1,207,493	-
Intergovernmental:				
Federal operating grants	-	-	290,096	-
Federal capital grants	-	-	-	-
State operating grants	118,673	-	342,012	-
State capital grants	-	-	-	-
Charges for services	347,610	-	-	73,996
Investment income (loss)	-	(2,943)	-	-
Miscellaneous	-	2,000	21,964	-
Total revenues	466,283	220,523	1,861,565	73,996
Expenditures:				
Current:				
General government	-	247,142	-	48,125
Public safety	452,717	-	-	-
Public works	-	-	2,736,428	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	161,141	280,760	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	452,717	408,283	3,017,188	48,125
Excess (deficiency) of revenues over expenditures	13,566	(187,760)	(1,155,623)	25,871
Other financing sources (uses)				
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	124,250	1,200,000	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	124,250	1,200,000	-
Net change in fund balances	13,566	(63,510)	44,377	25,871
Fund balances - beginning of year	110,414	512,962	428,656	53,175
Fund balances - end of year	$ 123,980	$ 449,452	$ 473,033	$ 79,046

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
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
17,692	-	-	-	353,689
-	-	111,988	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
261	-	-	-	-
-	-	-	-	144,717
17,953	-	111,988	-	498,406
-	-	-	-	-
-	-	-	-	485,220
-	-	-	-	-
-	-	-	976	-
20,000	-	-	-	-
-	-	111,988	-	28,370
-	-	-	-	-
-	-	-	-	-
20,000	-	111,988	976	513,590
(2,047)	-	-	(976)	(15,184)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	61,000
-	(295)	(184,820)	-	-
-	(295)	(184,820)	-	61,000
(2,047)	(295)	(184,820)	(976)	45,816
91,915	295	184,820	6,421	92,738
$ 89,868	$ -	$ -	$ 5,445	$ 138,554

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, 2013

	Special Revenue			
	Fire	Indigent	EMS	Hazard Mitigation 2002
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	711,825	1,997,665	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental:				
Federal operating grants	34,865	-	-	140,474
Federal capital grants	-	-	-	-
State operating grants	1,558,050	-	114,731	41,273
State capital grants	26,398	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	(1,015)	881	-	-
Miscellaneous	15,743	3,443	-	-
Total revenues	2,345,866	2,001,989	114,731	181,747
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	1,686,549	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	1,956,087	113,300	124,688
Capital outlay	703,639	-	1,935	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,390,188	1,956,087	115,235	124,688
Excess (deficiency) of revenues over expenditures	(44,322)	45,902	(504)	57,059
Other financing sources (uses)				
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	120,928	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(110,998)	-	-	-
Total other financing sources (uses)	9,930	-	-	-
Net change in fund balances	(34,392)	45,902	(504)	57,059
Fund balances - beginning of year	3,654,481	434,576	9,582	218,438
Fund balances - end of year	$ 3,620,089	$ 480,478	$ 9,078	$ 275,497

The accompanying notes are an integral part of these financial statements

Special Revenue				
Law Enforcement Protection	Environmental Gross Receipts Tax	Southwest Border Prosecution	Landfill Closure	CDBG Grants
$ -	$ -	$ -	$ -	$ -
-	425,387	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
55,200	-	-	-	-
-	30,031	-	-	-
-	268	-	259	-
-	37,981	-	-	-
55,200	493,667	-	259	-
-	-	-	-	8,089
19,482	-	9,469	-	-
-	-	-	-	-
-	-	-	-	-
-	848,969	-	12,964	-
55,200	54,555	-	-	-
-	-	-	-	-
-	-	-	-	-
74,682	903,524	9,469	12,964	8,089
(19,482)	(409,857)	(9,469)	(12,705)	(8,089)
-	-	-	-	-
-	-	-	-	-
-	455,000	-	-	10,000
-	-	-	-	-
-	455,000	-	-	10,000
(19,482)	45,143	(9,469)	(12,705)	1,911
19,482	4,533	82,154	53,821	-
$ -	$ 49,676	$ 72,685	$ 41,116	$ 1,911

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, 2013

	Special Revenue		Debt Service	
	Secure Rural Schools Grant	Sheriff's Covert Activity	Debt Service	Other Debt Service
Revenues:				
Taxes:				
Property	$ -	$ -	$ 960	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental:				
Federal operating grants	47,781	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	452,565
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	107	793	813
Miscellaneous	-	90,622	-	-
Total revenues	47,781	90,729	1,753	453,378
Expenditures:				
Current:				
General government	56,593	-	-	-
Public safety	-	57,044	-	46,226
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	275,288
Debt service:				
Principal	-	-	-	421,238
Interest	-	-	-	104,387
Total expenditures	56,593	57,044	-	847,139
Excess (deficiency) of revenues over expenditures	(8,812)	33,685	1,753	(393,761)
Other financing sources (uses)				
Proceeds from loans	-	-	-	631,093
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	75,615
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	706,708
Net change in fund balances	(8,812)	33,685	1,753	312,947
Fund balances - beginning of year	243,223	14,309	147,115	337,120
Fund balances - end of year	$ 234,411	$ 47,994	$ 148,868	$ 650,067

The accompanying notes are an integral part of these financial statements

Capital Projects		
Legislative Grants	Building Improvements	Total Nonmajor Governmental Funds
$ -	$ -	$ 222,426
-	-	3,134,877
-	-	1,207,493
-	-	884,597
-	-	111,988
-	-	2,627,304
234,996	-	316,594
-	-	451,637
-	-	(576)
-	-	316,470
234,996	-	9,272,810
-	-	359,949
-	2,785	2,759,492
-	-	2,736,428
240,000	-	240,976
-	-	3,076,008
-	73,263	1,746,139
-	-	421,238
-	-	104,387
240,000	76,048	11,444,617
(5,004)	(76,048)	(2,171,807)
-	-	631,093
-	-	120,928
-	150,000	2,075,865
-	-	(296,113)
-	150,000	2,531,773
(5,004)	73,952	359,966
247,500	(53,477)	6,894,253
$ 242,496	$ 20,475	$ 7,254,219

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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, 2013

	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	130,000	130,000	122,092	(7,908)
State capital grants	-	-	-	-
Charges for services	337,554	337,554	347,610	10,056
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	467,554	467,554	469,702	2,148
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	493,973	497,370	449,150	48,220
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,184	3,787	-	3,787
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	501,157	501,157	449,150	52,007
Excess (deficiency) of revenues over expenditures	(33,603)	(33,603)	20,552	54,155
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	34,331	34,331	-	(34,331)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(728)	(728)	-	728
Total other financing sources (uses)	33,603	33,603	-	(33,603)
Net change in fund balance	-	-	20,552	20,552
Fund balance - beginning of year	-	-	83,756	83,756
Fund balance - end of year	$ -	$ -	$ 104,308	$ 104,308

Net change in fund balance (non-GAAP budgetary basis)	$ 20,552
Adjustments to revenue state grants	(3,419)
Adjustments to expenditures for payroll and other operating expenditures	(3,567)
Net change in fund balance (GAAP)	$ 13,566

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 215,000	$ 215,000	$ 221,466	$ 6,466
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 (loss)	-	-	(2,943)	(2,943)
Miscellaneous	-	-	2,000	2,000
Total revenues	215,000	215,000	220,523	5,523
Expenditures:				
Current:				
General government	274,541	272,606	237,075	35,531
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	305,063	306,998	161,141	145,857
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	579,604	579,604	398,216	181,388
Excess (deficiency) of revenues over expenditures	(364,604)	(364,604)	(177,693)	186,911
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	240,354	240,354	-	(240,354)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	124,250	124,250	124,250	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	364,604	364,604	124,250	(240,354)
Net change in fund balance	-	-	(53,443)	(53,443)
Fund balance - beginning of year	-	-	505,204	505,204
Fund balance - end of year	$ -	$ -	$ 451,761	$ 451,761
Net change in fund balance (non-GAAP budgetary basis)				$ (53,443)
No adjustments to revenues				-
Adjustments to expenditures for paryoll and contract expenses				(10,067)
Net change in fund balance (GAAP)				$ (63,510)

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	1,109,000	1,109,000	1,111,098	2,098
Intergovernmental income:				
Federal operating grants	326,775	326,775	290,096	(36,679)
Federal capital grants	-	-	-	-
State operating grants	397,012	397,012	342,012	(55,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	21,964	21,964
Total revenues	1,832,787	1,832,787	1,765,170	(67,617)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	3,285,141	3,305,156	2,757,126	548,030
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	598,000	577,985	280,760	297,225
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,883,141	3,883,141	3,037,886	845,255
Excess (deficiency) of revenues over expenditures	(2,050,354)	(2,050,354)	(1,272,716)	777,638
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	70,354	70,354	-	(70,354)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	1,980,000	1,980,000	1,200,000	(780,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	2,050,354	2,050,354	1,200,000	(850,354)
Net change in fund balance	-	-	(72,716)	(72,716)
Fund balance - beginning of year	-	-	397,681	397,681
Fund balance - end of year	$ -	$ -	$ 324,965	$ 324,965

Net change in fund balance (non-GAAP budgetary basis)	$ (72,716)
Adjustments to revenues for gas and motor vehicle taxes	96,395
Adjustments to expenditures for salaries, maintenance, and insurance expenditures	20,698
Net change in fund balance (GAAP)	$ 44,377

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, 2013

	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	70,000	70,000	74,269	4,269
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	70,000	70,000	74,269	4,269
Expenditures:				
Current:				
General government	74,228	74,228	48,351	25,877
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	74,228	74,228	48,351	25,877
Excess (deficiency) of revenues over expenditures	(4,228)	(4,228)	25,918	30,146
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	4,228	4,228	-	(4,228)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	4,228	4,228	-	(4,228)
Net change in fund balance	-	-	25,918	25,918
Fund balance - beginning of year	-	-	53,435	53,435
Fund balance - end of year	$ -	$ -	$ 79,353	$ 79,353

Net change in fund balance (non-GAAP budgetary basis)	$ 25,918
Adjustments to revenues equipment fees	(273)
Adjustments to expenditures for equipment rentals and maintenance contract expenditures	226
Net change in fund balance (GAAP)	$ 25,871

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, 2013

	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	20,000	20,000	17,692	(2,308)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	261	261
Miscellaneous	-	-	-	-
Total revenues	20,000	20,000	17,953	(2,047)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	91,987	91,987	20,000	71,987
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	91,987	91,987	20,000	71,987
Excess (deficiency) of revenues over expenditures	(71,987)	(71,987)	(2,047)	69,940
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	71,987	71,987	-	(71,987)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	71,987	71,987	-	(71,987)
Net change in fund balance	-	-	(2,047)	(2,047)
Fund balance - beginning of year	-	-	91,915	91,915
Fund balance - end of year	$ -	$ -	$ 89,868	$ 89,868
Net change in fund balance (non-GAAP budgetary basis)				$ (2,047)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (2,047)

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, 2013

	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 (loss)	-	-	-	-
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)	295	295	-	(295)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(295)	(295)	(295)	-
Total other financing sources (uses)	-	-	(295)	(295)
Net change in fund balance	-	-	(295)	(295)
Fund balance - beginning of year	-	-	295	295
Fund balance - end of year	$ -	$ -	$ -	$ -
Net change in fund balance (non-GAAP budgetary basis)				$ (295)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (295)

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, 2013

	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	233,143	233,143	233,143	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	233,143	233,143	233,143	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	111,988	111,988	111,988	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	111,988	111,988	111,988	-
Excess (deficiency) of revenues over expenditures	121,155	121,155	121,155	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	63,665	63,665	-	(63,665)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(184,820)	(184,820)	(184,820)	-
Total other financing sources (uses)	(121,155)	(121,155)	(184,820)	(63,665)
Net change in fund balance	-	-	(63,665)	(63,665)
Fund balance - beginning of year	-	-	63,665	63,665
Fund balance - end of year	$ -	$ -	$ -	$ -

Net change in fund balance (non-GAAP budgetary basis)	$ (63,665)
Adjustments to revenues for federal grants	(121,155)
No adjustments to expenditures	-
Net change in fund balance (GAAP)	$ (184,820)

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, 2013

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,000	3,000	976	2,024
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,000	3,000	976	2,024
Excess (deficiency) of revenues over expenditures	(3,000)	(3,000)	(976)	2,024
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	-	-	(976)	(976)
Fund balance - beginning of year	-	-	6,421	6,421
Fund balance - end of year	$ -	$ -	$ 5,445	$ 5,445
Net change in fund balance (non-GAAP budgetary basis)				$ (976)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (976)

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, 2013

	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	310,953	346,944	289,133	(57,811)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	100,000	127,483	148,643	21,160
Total revenues	410,953	474,427	437,776	(36,651)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	457,040	492,141	485,116	7,025
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	28,373	28,370	3
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	457,040	520,514	513,486	7,028
Excess (deficiency) of revenues over expenditures	(46,087)	(46,087)	(75,710)	(29,623)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	10,087	(39,913)	-	39,913
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	36,000	86,000	61,000	(25,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	46,087	46,087	61,000	14,913
Net change in fund balance	-	-	(14,710)	(14,710)
Fund balance - beginning of year	-	-	17,699	17,699
Fund balance - end of year	$ -	$ -	$ 2,989	$ 2,989

Net change in fund balance (non-GAAP budgetary basis)	$ (14,710)
Adjustments to revenue for federal grants	60,630
Adjustments to expenditures for payroll and supply expenditures	(104)
Net change in fund balance (GAAP)	$ 45,816

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	975,000	975,000	873,144	(101,856)
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	132,268	132,268	32,336	(99,932)
Federal capital grants	-	-	-	-
State operating grants	1,484,209	1,602,871	1,554,514	(48,357)
State capital grants	-	25,920	26,398	478
Charges for services	-	-	-	-
Investment income (loss)	22,000	22,000	(1,015)	(23,015)
Miscellaneous	-	15,605	15,743	138
Total revenues	2,613,477	2,773,664	2,501,120	(272,544)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	3,267,270	3,546,430	1,719,360	1,827,070
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,772,354	1,732,379	704,761	1,027,618
Debt service:				
Principal	37,142	80,076	22,476	57,600
Interest	-	-	-	-
Total expenditures	5,076,766	5,358,885	2,446,597	2,912,288
Excess (deficiency) of revenues over expenditures	(2,463,289)	(2,585,221)	54,523	2,639,744
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	2,500,289	2,500,293	-	(2,500,293)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	121,928	120,928	(1,000)
Transfers in	-	-	-	-
Transfers (out)	(37,000)	(37,000)	(110,998)	(73,998)
Total other financing sources (uses)	2,463,289	2,585,221	9,930	(2,575,291)
Net change in fund balance	-	-	64,453	64,453
Fund balance - beginning of year	-	-	3,513,526	3,513,526
Fund balance - end of year	$ -	$ -	$ 3,577,979	$ 3,577,979

Net change in fund balance (non-GAAP budgetary basis)	$ 64,453
Adjustments to revenue for gross receipts taxes and state grants	(155,254)
Adjustments to expenditures for supplies, maintenance, and operating expenditures	56,409
Net change in fund balance (GAAP)	$ (34,392)

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	2,101,000	2,101,000	1,878,475	(222,525)
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	7,500	7,500	881	(6,619)
Miscellaneous	-	-	3,443	3,443
Total revenues	2,108,500	2,108,500	1,882,799	(225,701)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	2,151,043	2,269,837	1,868,231	401,606
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,151,043	2,269,837	1,868,231	401,606
Excess (deficiency) of revenues over expenditures	(42,543)	(161,337)	14,568	175,905
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	42,543	131,337	-	(131,337)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	30,000	-	(30,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	42,543	161,337	-	(161,337)
Net change in fund balance	-	-	14,568	14,568
Fund balance - beginning of year	-	-	220,273	220,273
Fund balance - end of year	$ -	$ -	$ 234,841	$ 234,841

Net change in fund balance (non-GAAP budgetary basis)	$ 14,568
Adjustments to revenue for gross receipts taxes	119,190
Adjustments to expenditures for payroll and supply expenditures	(87,856)
Net change in fund balance (GAAP)	$ 45,902

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, 2013

	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	113,231	114,731	114,731	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	113,231	114,731	114,731	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	123,803	123,364	106,826	16,538
Capital outlay	1,000	2,940	1,935	1,005
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	124,803	126,304	108,761	17,543
Excess (deficiency) of revenues over expenditures	(11,572)	(11,573)	5,970	17,543
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	11,572	11,573	-	(11,573)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	11,572	11,573	-	(11,573)
Net change in fund balance	-	-	5,970	5,970
Fund balance - beginning of year	-	-	11,574	11,574
Fund balance - end of year	$ -	$ -	$ 17,544	$ 17,544

Net change in fund balance (non-GAAP budgetary basis)	$ 5,970
No adjustments to revenues	-
Adjustments to expenditures for supply expenditures	(6,474)
Net change in fund balance (GAAP)	$ (504)

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, 2013

	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	353,104	353,104	186,674	(166,430)
Federal capital grants	-	-	-	-
State operating grants	52,993	77,993	76,611	(1,382)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	406,097	431,097	263,285	(167,812)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	248,585	273,585	124,688	148,897
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	248,585	273,585	124,688	148,897
Excess (deficiency) of revenues over expenditures	157,512	157,512	138,597	(18,915)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	11,117	11,117	-	(11,117)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(168,629)	(168,629)	-	168,629
Total other financing sources (uses)	(157,512)	(157,512)	-	157,512
Net change in fund balance	-	-	138,597	138,597
Fund balance - beginning of year	-	-	136,900	136,900
Fund balance - end of year	$ -	$ -	$ 275,497	$ 275,497
Net change in fund balance (non-GAAP budgetary basis)				$ 138,597
Adjustments to revenues for federal and state grants				(81,538)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 57,059

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, 2013

	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	55,200	55,200	55,200	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	55,200	55,200	55,200	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	21,282	19,482	19,482	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	53,400	55,200	55,200	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	74,682	74,682	74,682	-
Excess (deficiency) of revenues over expenditures	(19,482)	(19,482)	(19,482)	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	19,482	19,482	-	(19,482)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	19,482	19,482	-	(19,482)
Net change in fund balance	-	-	(19,482)	(19,482)
Fund balance - beginning of year	-	-	19,482	19,482
Fund balance - end of year	$ -	$ -	$ -	$ -
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ -
Gross receipts	490,000	490,000	436,565	(53,435)
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	10,000	10,000	26,026	16,026
Investment income (loss)	-	-	268	268
Miscellaneous	63,500	63,500	37,981	(25,519)
Total revenues	563,500	563,500	500,840	(62,660)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	857,064	874,721	831,587	43,134
Capital outlay	170,618	152,961	144,480	8,481
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,027,682	1,027,682	976,067	51,615
Excess (deficiency) of revenues over expenditures	(464,182)	(464,182)	(475,227)	(11,045)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	9,182	9,182	-	(9,182)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	455,000	455,000	455,000	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	464,182	464,182	455,000	(9,182)
Net change in fund balance	-	-	(20,227)	(20,227)
Fund balance - beginning of year	-	-	24,381	24,381
Fund balance - end of year	$ -	$ -	$ 4,154	$ 4,154

Net change in fund balance (non-GAAP budgetary basis)	$ (20,227)
Adjustments to revenue for gross receipt taxes	(7,173)
Adjustments to expenditures for salaries, maintenance and repairs and insurance expenditures	72,543
Net change in fund balance (GAAP)	$ 45,143

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, 2013

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	82,154	82,154	9,469	72,685
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	82,154	82,154	9,469	72,685
Excess (deficiency) of revenues over expenditures	(82,154)	(82,154)	(9,469)	72,685
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	82,154	82,154	-	(82,154)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	82,154	82,154	-	(82,154)
Net change in fund balance	-	-	(9,469)	(9,469)
Fund balance - beginning of year	-	-	82,154	82,154
Fund balance - end of year	$ -	$ -	$ 72,685	$ 72,685
Net change in fund balance (non-GAAP budgetary basis)				$ (9,469)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (9,469)

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, 2013

	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 (loss)	350	350	259	(91)
Miscellaneous	-	-	-	-
Total revenues	350	350	259	(91)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,000	30,000	12,749	17,251
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	30,000	30,000	12,749	17,251
Excess (deficiency) of revenues over expenditures	(29,650)	(29,650)	(12,490)	17,160
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	29,650	29,650	-	(29,650)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	29,650	29,650	-	(29,650)
Net change in fund balance	-	-	(12,490)	(12,490)
Fund balance - beginning of year	-	-	53,821	53,821
Fund balance - end of year	$ -	$ -	$ 41,331	$ 41,331
Net change in fund balance (non-GAAP budgetary basis)				$ (12,490)
No adjustments to revenues				-
Adjustments to expenditures for monitoring expenditures				(215)
Net change in fund balance (GAAP)				$ (12,705)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-18

Otero County

CDBG Grants 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, 2013

	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	497,564	497,564	-	(497,564)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	497,564	497,564	-	(497,564)
Expenditures:				
Current:				
General government	497,564	537,855	4,784	533,071
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	497,564	537,855	4,784	533,071
Excess (deficiency) of revenues over expenditures	-	(40,291)	(4,784)	35,507
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(200,000)	(159,709)	-	159,709
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	200,000	200,000	10,000	(190,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	40,291	10,000	(30,291)
Net change in fund balance	-	-	5,216	5,216
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ 5,216	$ 5,216
Net change in fund balance (non-GAAP budgetary basis)				$ 5,216
No adjustments to revenues				-
Adjustments to expenditures for professional services expenditures				(3,305)
Net change in fund balance (GAAP)				$ 1,911

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Statement B-19

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, 2013

	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	56,000	56,000	47,781	(8,219)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	56,000	56,000	47,781	(8,219)
Expenditures:				
Current:				
General government	265,547	265,547	56,593	208,954
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	265,547	265,547	56,593	208,954
Excess (deficiency) of revenues over expenditures	(209,547)	(209,547)	(8,812)	200,735
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	209,547	209,547	-	(209,547)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	209,547	209,547	-	(209,547)
Net change in fund balance	-	-	(8,812)	(8,812)
Fund balance - beginning of year	-	-	243,223	243,223
Fund balance - end of year	$ -	$ -	$ 234,411	$ 234,411
Net change in fund balance (non-GAAP budgetary basis)				$ (8,812)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ (8,812)

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, 2013

	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 (loss)	-	-	107	107
Miscellaneous	251,200	2,186,642	90,622	(2,096,020)
Total revenues	251,200	2,186,642	90,729	(2,095,913)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	251,200	2,186,642	57,044	2,129,598
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	251,200	2,186,642	57,044	2,129,598
Excess (deficiency) of revenues over expenditures	-	-	33,685	33,685
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	-	-	33,685	33,685
Fund balance - beginning of year	-	-	14,309	14,309
Fund balance - end of year	$ -	$ -	$ 47,994	$ 47,994
Net change in fund balance (non-GAAP budgetary basis)				$ 33,685
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 33,685

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes:				
Property	$ 700	$ 700	$ 1,012	$ 312
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 (loss)	700	700	793	93
Miscellaneous	-	-	-	-
Total revenues	1,400	1,400	1,805	405
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	1,400	1,400	1,805	405
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(1,400)	(1,400)	-	1,400
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	(1,400)	(1,400)	-	1,400
Net change in fund balance	-	-	1,805	1,805
Fund balance - beginning of year	-	-	146,978	146,978
Fund balance - end of year	$ -	$ -	$ 148,783	$ 148,783
Net change in fund balance (non-GAAP budgetary basis)				$ 1,805
Adjustments to revenue for property taxes				(52)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 1,753

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, 2013

	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	450,000	450,000	452,565	2,565
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	3,200	3,200	813	(2,387)
Miscellaneous	-	-	-	-
Total revenues	453,200	453,200	453,378	178
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	25,000	63,800	46,226	17,574
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	825,000	786,200	275,288	510,912
Debt service:				
Principal	400,000	400,000	421,238	(21,238)
Interest	150,000	150,000	104,387	45,613
Total expenditures	1,400,000	1,400,000	847,139	552,861
Excess (deficiency) of revenues over expenditures	(946,800)	(946,800)	(393,761)	553,039
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	96,800	96,800	-	(96,800)
Proceeds from loans	700,000	700,000	631,093	(68,907)
Proceeds from sale of equipment	-	-	-	-
Transfers in	150,000	150,000	75,615	(74,385)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	946,800	946,800	706,708	(240,092)
Net change in fund balance	-	-	312,947	312,947
Fund balance - beginning of year	-	-	337,120	337,120
Fund balance - end of year	$ -	$ -	$ 650,067	$ 650,067
Net change in fund balance (non-GAAP budgetary basis)				$ 312,947
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				$ 312,947

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, 2013

	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	589,500	589,500	192,500	(397,000)
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	589,500	589,500	192,500	(397,000)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	240,000	240,000	233,606	6,394
Health and welfare	-	-	-	-
Capital outlay	347,000	347,000	-	347,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	587,000	587,000	233,606	353,394
Excess (deficiency) of revenues over expenditures	2,500	2,500	(41,106)	(43,606)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(2,500)	(2,500)	-	2,500
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	(2,500)	(2,500)	-	2,500
Net change in fund balance	-	-	(41,106)	(41,106)
Fund balance - beginning of year	-	-	247,500	247,500
Fund balance - end of year	$ -	$ -	$ 206,394	$ 206,394

Net change in fund balance (non-GAAP budgetary basis)	$ (41,106)
Adjustments to revenue for state grants revenues	42,496
Adjustments to expenditures for supply expenditures	(6,394)
Net change in fund balance (GAAP)	$ (5,004)

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, 2013

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	49,916	49,916	2,785	47,131
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	625,000	625,000	133,766	491,234
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	674,916	674,916	136,551	538,365
Excess (deficiency) of revenues over expenditures	(674,916)	(674,916)	(136,551)	538,365
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	7,025	7,025	-	(7,025)
Proceeds from loans	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	667,891	667,891	150,000	(517,891)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	674,916	674,916	150,000	(524,916)
Net change in fund balance	-	-	13,449	13,449
Fund balance - beginning of year	-	-	7,026	7,026
Fund balance - end of year	$ -	$ -	$ 20,475	$ 20,475
Net change in fund balance (non-GAAP budgetary basis)				$ 13,449
No adjustments to revenues				-
Adjustments to expenditures for capital outlay expenditures				60,503
Net change in fund balance (GAAP)				$ 73,952

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Otero County
Otero County Detention Center Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Operating revenues				
Charges for services	$ -	$ 40,000,000	$ 29,993,437	$ (10,006,563)
Total operating revenues	-	40,000,000	29,993,437	(10,006,563)
Operating expenses				
Contractual services	-	40,025,000	24,437,350	15,587,650
Total operating expenses	-	40,025,000	24,437,350	15,587,650
Operating income (loss)	-	(25,000)	5,556,087	5,581,087
Non-operating revenues (expenses)				
Proceeds from bonds	-	19,760,000	19,760,000	-
Interest expense	-	(3,800,000)	(2,413,535)	1,386,465
Principal expense	-	(21,455,000)	(21,495,000)	(40,000)
Interest income (loss)	-	84,000	13,220	(70,780)
Bond issuance costs	-	-	(456,400)	(456,400)
Total non-operating revenues (expenses)	-	(5,411,000)	(4,591,715)	819,285
Income (loss) before contributions and transfers	-	(5,436,000)	964,372	6,400,372
Transfers (out)	-	(600,000)	(480,824)	119,176
Change in net position	-	(6,036,000)	483,548	6,519,548
Designated cash (budgeted increase in cash)	-	6,036,000	-	(6,036,000)
Net position - beginning	-	-	7,664,211	7,664,211
Net position - end of year	$ -	$ -	$ 8,147,759	$ 8,147,759

Net change in net position (non-GAAP budgetary basis)	$ 483,548
Adjustments to revenues for charges for services	3,243,633
Adjustments to expenditures for contract servies, interest, depreciation and amortization	124,645
Net change in net position (GAAP)	$ 3,851,826

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 Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Operating revenues				
Charges for services	$ -	$ 40,000,000	$ 38,025,792	$ (1,974,208)
Total operating revenues	-	40,000,000	38,025,792	(1,974,208)
Operating expenses				
Contractual services	-	40,025,000	31,037,078	8,987,922
Total operating expenses	-	40,025,000	31,037,078	8,987,922
Operating income (loss)	-	(25,000)	6,988,714	7,013,714
Non-operating revenues (expenses)				
Proceeds from bonds	-	-	-	-
Interest expense	-	(3,300,000)	(3,282,713)	17,287
Principal expense	-	(1,980,000)	(1,980,000)	-
Interest income (loss)	-	20,000	-	(20,000)
Bond issuance costs	-	-	-	-
Total non-operating revenues (expenses)	-	(5,260,000)	(5,262,713)	(2,713)
Income (loss) before contributions and transfers	-	(5,285,000)	1,726,001	7,011,001
Transfers (out)	-	(600,000)	(448,755)	151,245
Change in net position	-	(5,885,000)	1,277,246	7,162,246
Designated cash (budgeted increase in cash)	-	5,885,000	-	(5,885,000)
Net position - beginning	-	-	9,344,347	9,344,347
Net position - end of year	$ -	$ -	$ 10,621,593	$ 10,621,593

Net change in net position (non-GAAP budgetary basis)	$ 1,277,246
Adjustments to revenues for charges for services	(504,591)
Adjustments to expenditures for contract servies, interest, depreciation and amortization	2,003,038
Net change in net position (GAAP)	$ 2,775,693

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Otero County
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2013

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value/ Par Value June 30, 2013
Bank 34				
	MBS GNMA II	04/20/34	36225CSFS	$ 345,666
	MBS FNMA ARM	07/01/36	31410N605	310,091
	Total Bank 34			655,757
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Irving, Texas 75063			
First American Bank				
	Los Lunas NM SCH DIST***	07/15/16	545562PC8	400,000
	Total First American Bank			400,000
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Irving, Texas 75063			
First National Bank of Alamogordo				
	FNMA Pool #AH8166	04/01/26	3138AACC3	1,342,223
	FNMA Pool #709835	06/01/18	31401JSY5	119,150
	FHLMC Pool #B10680	11/01/18	312962XH1	258,232
	FHLMC Pool #G12358	05/01/21	3128M1QK8	215,730
	FHLMC Pool #J14944	04/01/26	3128PUP55	1,138,391
	FNMA Pool #AB3163	06/01/31	31416YQR2	605,054
	FNMA Pool #MA3894	09/01/31	31418DKG6	1,879,088
	FNMA Pool #893271	08/01/26	31410PMU4	62,661
	FNMA Pool #AB4713	03/01/32	31417BGX9	1,086,261
	FNMA Pool #945117	08/01/37	31413GPA2	361,429
	Total First National Bank of Alamogordo			7,068,219
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Irving, Texas 75063			
Washington Federal Bank				
	FHLMC Gold PC A94288	10/01/40	3620E0NW2	17,672
	Total Washington Federal Bank			17,672
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Irving, Texas 75063			

***As per NMSA 2.2.2.10 (N) (4), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

See independent auditors' report

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value/ Par Value June 30, 2013
Western Bank				
	GNMA II #80204	06/01/28	36225CGN0	50,941
	SBAP 2012-20B-1	02/01/32	83162CUP6	476,299
	FNMA #879518	03/01/36	31409VDX8	141,843
	Total Western Bank			669,083

Name and location of safekeeper for above pledged collateral:
Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Irving, Texas 75063

Total Pledged Collateral	$ 8,810,731

STATE OF NEW MEXICO
Otero County
Schedule of Deposit and Investment Accounts
June 30, 2013

Bank Account Type/Name	Bank 34	First American Bank	First National Bank of Alamogordo	First Savings Bank
Certificate of Deposit - Interest Bearing	$ 500,000	$ -	$ -	$ -
Certificate of Deposit - Interest Bearing	-	100,000	-	-
Certificate of Deposit - Interest Bearing	-	100,000	-	-
Checking - Operational - Interest Bearing	-	-	2,611,120	-
Checking - Inmate Trust Fund - Non-interest Bearing	-	-	15,531	-
Money Market - Interest Bearing	-	-	2,226,733	-
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	-	-	491,338	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	491,503	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	467,741	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	589,990	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	289,476	-
Certificate of Deposit - Interest Bearing	-	-	-	250,000
Certificate of Deposit - Interest Bearing	-	-	-	-
Money Market Mutual Fund - Interest Bearing	-	-	-	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	-	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	-	-
Federal Home Loan Bank Bond - Interest Bearing	-	-	-	-
Federal Home Loan Bank Bond - 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	-	-	-	-
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**	-	-	-	-
Revenue Account - Series 2012 - Interest Bearing**	-	-	-	-
Bond Account - Series 2012 - Interest Bearing**	-	-	-	-
Redemption Account - Series 2012 - Interest Bearing**	-	-	-	-
Reserve Account - Series 2012 - Interest Bearing**	-	-	-	-
NMFA Reserve Account***	-	-	-	-
Total	500,000	200,000	8,684,132	250,000
Reconciling items	-	-	41,991	-
Reconciled balance	$ 500,000	$ 200,000	$ 8,726,123	$ 250,000

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

See independent auditors' report.

Washington Federal Bank	Wells Fargo Bank	Western Bank	US Bank	Bank of NY Mellon	Totals
$ -	$ -	$ -	$ -	$ -	$ 500,000
-	-	-	-	-	100,000
-	-	-	-	-	100,000
-	-	-	-	-	2,611,120
-	-	-	-	-	15,531
-	-	-	-	-	2,226,733
-	-	-	-	-	700
-	-	-	-	-	500,000
-	-	-	-	-	1,000,000
-	-	-	-	-	491,338
-	-	-	-	-	491,503
-	-	-	-	-	467,741
-	-	-	-	-	589,990
-	-	-	-	-	289,476
-	-	-	-	-	250,000
250,000	-	-	-	-	250,000
-	675,220	-	-	-	675,220
-	497,050	-	-	-	497,050
-	495,453	-	-	-	495,453
-	504,891	-	-	-	504,891
-	247,520	-	-	-	247,520
-	197,546	-	-	-	197,546
-	-	46,296	-	-	46,296
-	-	150,000	-	-	150,000
-	-	300,000	-	-	300,000
-	-	1,000,000	-	-	1,000,000
-	-	-	234,880	-	234,880
-	-	-	2,213,654	-	2,213,654
-	-	-	538,363	-	538,363
-	-	-	3,658,726	-	3,658,726
-	-	-	1,754,604	-	1,754,604
-	-	-	5,208,263	-	5,208,263
-	-	-	2,314,810	-	2,314,810
-	-	-	815,702	-	815,702
-	-	-	585,202	-	585,202
-	-	-	1,445,148	-	1,445,148
-	-	-	-	650,068	650,068
250,000	2,617,680	1,496,296	18,769,352	650,068	33,417,528
-	-	(1,355)	-	-	40,636
$ 250,000	$ 2,617,680	$ 1,494,941	$ 18,769,352	$ 650,068	$ 33,458,164

Plus: petty cash	1,125
Less: restricted cash and cash equivalents per Exhibit A-1	(302,184)
Less: agency funds cash per Exhibit D-1	(339,240)
Less: investments per Exhibit A-1	(9,097,729)
Less: restricted investments per Exhibit A-1	(19,117,236)
Less: outstanding warrants	(890,287)
Cash and cash equivalents per Exhibit A-1	$ 3,712,613

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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, 2013

Uncollected taxes, July 1, 2012	$ 2,344,143
Net taxes charged to treasurer for fiscal year	23,672,943
Current year tax collections	(23,373,733)
Adjustments	(17,942)
Uncollected taxes, June 30, 2013	$ 2,625,411

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

Statement of Net Position - Exhibit A-1	$ 953,753
Statement of Fiduciary Assets and Liabilities - Agency Funds - Exhibit D-1	1,671,658
Total property taxes receivable	$ 2,625,411

Property taxes receivable by year:

2003	$ 9,657
2004	12,368
2005	7,034
2006	9,214
2007	18,990
2008	35,410
2009	70,389
2010	141,153
2011	662,526
2012	1,658,670
Total property taxes receivable	$ 2,625,411

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2013

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 2003	929,485	16	928,960	16	-	-	-	525
P&I on Bonds 2004	652,391	18	651,980	18	-	-	-	411
P&I on Bonds 2005	844,259	34	843,928	33	-	-	10	331
P&I on Bonds 2006	917,553	95	917,078	95	-	-	10	475
P&I on Bonds 2007	952,990	790	952,089	811	-	-	15	901
P&I on Bonds 2008	1,033,409	1,290	1,031,642	1,448	-	-	38	1,766
P&I on Bonds 2009	986,694	2,413	983,361	2,553	-	-	63	3,333
P&I on Bonds 2010	1,384,929	28,379	1,375,986	27,359	-	-	4,747	8,944
P&I on Bonds 2011	1,289,663	43,311	1,253,355	43,149	-	-	1,858	36,308
P&I on Bonds 2012	1,349,491	1,259,767	1,259,767	1,256,623	-	-	21,253	89,723
Total P&I on Bonds	**10,340,863**	**1,336,113**	**10,198,147**	**1,332,105**	**-**	**-**	**27,993**	**142,716**
State Special Levies 2003	17,229	-	17,229	-	-	-	-	-
State Special Levies 2004	15,302	-	15,302	-	-	-	-	-
State Special Levies 2005	20,720	101	20,709	101	-	-	-	12
State Special Levies 2006	21,878	46	21,816	46	-	-	-	63
State Special Levies 2007	26,007	-	25,896	-	-	-	-	111
State Special Levies 2008	21,801	-	21,709	-	-	-	-	91
State Special Levies 2009	23,611	-	23,464	-	-	-	-	147
State Special Levies 2010	20,099	2,875	19,945	2,875	-	-	-	154
State Special Levies 2011	23,467	3,237	23,239	3,237	-	-	-	228
State Special Levies 2012	27,315	25,591	25,591	26,940	-	-	557	1,724
Total State Special Levies	**217,429**	**31,850**	**214,899**	**33,200**	**-**	**-**	**557**	**2,530**
Total State of New Mexico	**10,558,292**	**1,367,963**	**10,413,046**	**1,365,305**	**-**	**-**	**28,550**	**145,246**
Otero County								
General Advalorem 2003	5,260,701	76	5,256,877	76	-	-	-	3,824
General Advalorem 2004	5,534,103	124	5,529,808	124	-	-	-	4,295
General Advalorem 2005	5,862,732	247	5,860,252	247	-	-	-	2,480
General Advalorem 2006	6,215,638	639	6,212,394	639	-	-	-	3,244
General Advalorem 2007	6,683,585	6,638	6,677,514	6,638	-	-	-	6,071
General Advalorem 2008	7,225,239	10,023	7,213,499	10,023	-	-	-	11,740
General Advalorem 2009	7,623,396	20,305	7,598,188	20,305	-	-	-	25,208
General Advalorem 2010	7,740,620	167,330	7,690,955	167,330	-	-	-	49,665
General Advalorem 2011	8,110,383	279,829	7,869,450	279,829	-	-	-	240,933
General Advalorem 2012	8,509,236	7,905,573	7,905,573	7,905,573	-	-	-	603,662
Total General Advalorem	**68,765,631**	**8,390,783**	**67,814,510**	**8,390,783**	**-**	**-**	**-**	**951,121**
Debt Service P&I 2003	742,976	13	742,557	13	-	-	-	420
Debt Service P&I 2004	792,643	21	792,143	21	-	-	-	499
Debt Service P&I 2005	757,312	31	757,015	31	-	-	-	297
Debt Service P&I 2006	723,690	75	723,316	75	-	-	-	375
Debt Service P&I 2007	794,871	659	794,120	659	-	-	-	751
Debt Service P&I 2008	170,301	213	170,010	213	-	-	-	291
Debt Service P&I 2009	-	-	-	-	-	-	-	-
Debt Service P&I 2010	-	-	-	-	-	-	-	-
Debt Service P&I 2011	-	-	-	-	-	-	-	-
Debt Service P&I 2012	-	-	-	-	-	-	-	-
Total Debt Service	**3,981,793**	**1,011**	**3,979,160**	**1,011**	**-**	**-**	**-**	**2,632**
Total Otero County	**72,747,424**	**8,391,795**	**71,793,670**	**8,391,795**	**-**	**-**	**-**	**953,753**

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City of Alamogordo								
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	3	1,912,667	3	-	-	-	108
General Advalorem 2006	2,066,876	168	2,066,553	168	-	-	-	323
General Advalorem 2007	2,224,387	2,497	2,223,321	2,571	-	-	10	1,066
General Advalorem 2008	2,404,233	3,200	2,402,214	3,644	-	-	-	2,020
General Advalorem 2009	2,512,683	6,220	2,509,241	6,506	-	-	161	3,442
General Advalorem 2010	2,526,457	42,071	2,518,910	42,571	-	-	8,607	7,547
General Advalorem 2011	2,665,246	77,994	2,610,368	78,321	-	-	2,488	54,878
General Advalorem 2012	2,801,538	2,654,792	2,654,792	2,660,486	-	-	30,343	146,746
Total General Advalorem	**22,618,144**	**2,786,945**	**22,400,490**	**2,794,270**	**-**	**-**	**41,608**	**217,654**
Debt Service P&I 2003	804,768	-	804,705	-	-	-	-	64
Debt Service P&I 2004	815,957	-	815,428	-	-	-	-	529
Debt Service P&I 2005	794,057	1	794,007	1	-	-	-	50
Debt Service P&I 2006	792,407	67	792,279	67	-	-	-	128
Debt Service P&I 2007	895,447	850	895,021	880	-	-	4	427
Debt Service P&I 2008	722,867	869	722,251	1,034	-	-	-	616
Debt Service P&I 2009	642,885	1,430	641,973	1,512	-	-	43	912
Debt Service P&I 2010	688,916	11,054	686,810	11,053	-	-	2,162	2,106
Debt Service P&I 2011	713,137	20,223	699,272	20,399	-	-	591	13,865
Debt Service P&I 2012	726,854	690,937	690,937	692,459	-	-	7,402	35,918
Total Debt Service	**7,597,297**	**725,431**	**7,542,683**	**727,406**	**-**	**-**	**10,202**	**54,614**
Total City of Alamogordo	**30,215,441**	**3,512,376**	**29,943,174**	**3,521,676**	**-**	**-**	**51,810**	**272,267**
Alamogordo Public Schools								
General Advalorem 2003	166,354	-	166,266	-	-	-	-	88
General Advalorem 2004	175,976	-	175,876	-	-	-	-	101
General Advalorem 2005	186,461	5	186,429	5	-	-	-	32
General Advalorem 2006	198,296	12	198,236	12	-	-	-	60
General Advalorem 2007	212,646	203	212,524	208	-	-	1	122
General Advalorem 2008	229,010	292	228,776	320	-	-	6	234
General Advalorem 2009	239,141	644	238,667	667	-	-	16	474
General Advalorem 2010	241,263	4,562	240,288	4,554	-	-	910	974
General Advalorem 2011	254,073	7,545	248,205	7,462	-	-	331	5,869
General Advalorem 2012	265,854	251,592	251,592	252,169	-	-	3,149	14,262
Total General Advalorem	**2,169,074**	**264,855**	**2,146,858**	**265,398**	**-**	**-**	**4,413**	**22,217**
Debt Service P&I 2003	2,523,120	-	2,522,050	-	-	-	-	1,070
Debt Service P&I 2004	2,204,068	-	2,203,054	-	-	-	-	1,014
Debt Service P&I 2005	2,198,038	50	2,197,694	50	-	-	-	345
Debt Service P&I 2006	2,284,768	144	2,284,089	144	-	-	-	679
Debt Service P&I 2007	3,432,214	2,734	3,430,189	2,793	-	-	12	2,025
Debt Service P&I 2008	2,440,604	2,803	2,437,977	3,237	-	-	74	2,627
Debt Service P&I 2009	2,612,284	6,340	2,606,961	6,539	-	-	179	5,323
Debt Service P&I 2010	2,849,568	51,224	2,837,684	50,489	-	-	9,810	11,884
Debt Service P&I 2011	3,244,494	92,888	3,173,187	92,012	-	-	3,813	71,307
Debt Service P&I 2012	4,049,971	3,843,788	3,843,788	3,843,614	-	-	44,304	206,183
Total Debt Service	**27,839,129**	**3,999,972**	**27,536,673**	**3,998,878**	**-**	**-**	**58,191**	**302,456**

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Capital Improvements 2003	877,913	-	877,541	-	-	-	-	372
Capital Improvements 2004	908,894	-	908,476	-	-	-	-	418
Capital Improvements 2005	965,071	22	964,919	22	-	-	-	152
Capital Improvements 2006	1,025,020	65	1,024,715	65	-	-	-	305
Capital Improvements 2007	1,122,004	894	1,121,342	922	-	-	4	662
Capital Improvements 2008	1,185,616	1,362	1,184,339	1,492	-	-	36	1,276
Capital Improvements 2009	1,216,712	2,953	1,214,233	3,053	-	-	83	2,479
Capital Improvements 2010	1,227,965	22,050	1,222,841	22,058	-	-	4,219	5,124
Capital Improvements 2011	1,289,624	37,094	1,261,099	36,824	-	-	1,536	28,525
Capital Improvements 2012	1,347,465	1,278,397	1,278,397	1,281,214	-	-	14,896	69,068
Total Capital Improvements	**11,166,284**	**1,342,837**	**11,057,902**	**1,345,649**	**-**	**-**	**20,774**	**108,382**
Tech Debt 2003	277,859	-	277,741	-	-	-	-	118
Tech Debt 2004	725,297	-	724,963	-	-	-	-	334
Tech Debt 2005	853,264	19	853,130	19	-	-	-	134
Tech Debt 2006	871,265	55	871,007	55	-	-	-	259
Tech Debt 2007	-	-	-	27	-	-	-	-
Tech Debt 2008	1,153,599	1,325	1,152,358	1,290	-	-	35	1,242
Tech Debt 2009	1,134,587	2,754	1,132,276	2,854	-	-	78	2,312
Tech Debt 2010	1,092,598	19,641	1,088,041	19,821	-	-	3,761	4,557
Tech Debt 2011	857,737	24,557	838,886	24,675	-	-	1,008	18,851
Tech Debt 2012	237,657	225,558	225,558	234,624	-	-	2,600	12,099
Total Tech debt	**7,203,863**	**273,908**	**7,163,958**	**283,365**	**-**	**-**	**7,482**	**39,904**
Total Alamogordo Public Schools	**48,378,350**	**5,881,573**	**47,905,391**	**5,893,290**	**-**	**-**	**90,860**	**472,959**
Village of Cloudcroft								
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	-	38,664	-	-	-	-	24
General Advalorem 2007	42,695	4	42,695	4	-	-	-	-
General Advalorem 2008	47,293	4	47,290	4	-	-	-	3
General Advalorem 2009	50,159	42	50,132	42	-	-	-	27
General Advalorem 2010	51,745	3,085	51,696	3,520	-	-	13	49
General Advalorem 2011	52,831	2,508	50,552	2,552	-	-	-	2,278
General Advalorem 2012	54,322	49,571	49,571	48,659	-	-	1,764	4,751
Total General Advalorem	**438,859**	**55,214**	**431,680**	**54,781**	**-**	**-**	**1,777**	**7,179**
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	-	-	-	-	-	-	-	-
Debt Service P&I 2012	-	-	-	-	-	-	-	-
Total Debt Service	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Village of Cloudcroft	**438,859**	**55,214**	**431,680**	**54,781**	**-**	**-**	**1,777**	**7,179**

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Cloudcroft Public Schools								
General Advalorem 2003	27,311	-	27,300	-	-	-	-	11
General Advalorem 2004	28,850	1	28,832	1	-	-	-	18
General Advalorem 2005	30,712	0	30,692	0	-	-	-	20
General Advalorem 2006	32,967	2	32,938	2	-	-	-	29
General Advalorem 2007	35,848	22	35,803	22	-	-	-	45
General Advalorem 2008	38,748	64	38,672	70	-	-	-	75
General Advalorem 2009	41,446	102	41,250	109	-	-	1	196
General Advalorem 2010	42,783	1,090	42,427	1,188	-	-	82	356
General Advalorem 2011	44,333	1,610	42,802	1,634	-	-	19	1,531
General Advalorem 2012	46,427	43,102	43,102	42,479	-	-	1,369	3,325
Total General Advalorem	**369,425**	**45,993**	**363,819**	**45,506**	**-**	**-**	**1,471**	**5,605**
Debt Service P&I 2003	643,756	-	643,539	-	-	-	-	217
Debt Service P&I 2004	541,053	31	540,759	31	-	-	-	295
Debt Service P&I 2005	537,057	4	536,746	4	-	-	-	311
Debt Service P&I 2006	514,649	17	514,259	17	-	-	-	390
Debt Service P&I 2007	913,567	509	912,641	510	-	-	-	925
Debt Service P&I 2008	943,591	1,457	942,114	1,602	-	-	-	1,477
Debt Service P&I 2009	957,011	2,334	953,332	2,501	-	-	12	3,679
Debt Service P&I 2010	1,028,043	21,942	1,020,990	23,636	-	-	1,807	7,054
Debt Service P&I 2011	1,013,649	34,343	984,573	34,701	-	-	506	29,077
Debt Service P&I 2012	768,443	718,983	718,983	716,463	-	-	18,543	49,460
Total Debt Service	**7,860,821**	**779,621**	**7,767,936**	**779,466**	**-**	**-**	**20,869**	**92,885**
Capital Improvements 2003	209,658	-	209,588	-	-	-	-	71
Capital Improvements 2004	215,173	12	215,056	12	-	-	-	117
Capital Improvements 2005	227,522	2	227,389	2	-	-	-	132
Capital Improvements 2006	237,221	8	237,041	8	-	-	-	180
Capital Improvements 2007	264,610	148	264,342	148	-	-	-	268
Capital Improvements 2008	274,739	424	274,309	466	-	-	-	430
Capital Improvements 2009	286,702	699	285,599	748	-	-	4	1,102
Capital Improvements 2010	293,686	6,344	291,644	6,874	-	-	519	2,042
Capital Improvements 2011	302,170	10,300	293,351	10,401	-	-	149	8,818
Capital Improvements 2012	313,833	293,450	293,449	290,543	-	-	7,709	20,384
Total Capital Improvements	**2,625,313**	**311,386**	**2,591,769**	**309,201**	**-**	**-**	**8,381**	**33,544**
Total Cloudcroft Public Schools	**10,855,558**	**1,137,001**	**10,723,524**	**1,134,173**	**-**	**-**	**30,720**	**132,034**
Village of Tularosa								
General Advalorem 2003	108,196	-	108,088	-	-	-	-	108
General Advalorem 2004	113,554	-	113,546	-	-	-	-	9
General Advalorem 2005	119,118	-	119,086	-	-	-	-	31
General Advalorem 2006	128,053	-	128,030	-	-	-	-	23
General Advalorem 2007	141,119	14	141,048	14	-	-	-	71
General Advalorem 2008	152,108	60	151,967	60	-	-	-	141
General Advalorem 2009	166,300	264	165,468	288	-	-	-	832
General Advalorem 2010	169,212	4,450	167,683	4,648	-	-	949	1,529
General Advalorem 2011	179,100	7,151	170,525	6,914	-	-	513	8,574
General Advalorem 2012	182,100	164,350	164,350	157,150	-	-	10,173	17,750
Total General Advalorem	**1,458,860**	**176,289**	**1,429,792**	**169,074**	**-**	**-**	**11,635**	**29,068**

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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	-	-	-	-	-	-	-	-
Debt Service P&I 2012	-	-	-	-	-	-	-	-
Total Debt Service	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Village of Tularosa	**1,458,860**	**176,289**	**1,429,792**	**169,074**	**-**	**-**	**11,635**	**29,068**
Tularosa Public Schools								
General Advalorem 2003	18,009	-	18,001	-	-	-	-	8
General Advalorem 2004	18,954	-	18,946	-	-	-	-	8
General Advalorem 2005	20,267	2	20,256	2	-	-	-	10
General Advalorem 2006	21,631	6	21,621	6	-	-	-	10
General Advalorem 2007	23,513	30	23,488	29	-	-	1	25
General Advalorem 2008	26,747	31	26,707	32	-	-	-	40
General Advalorem 2009	30,921	43	30,770	46	-	-	1	151
General Advalorem 2010	32,023	548	31,618	584	-	-	113	405
General Advalorem 2011	33,201	1,081	31,972	1,061	-	-	56	1,229
General Advalorem 2012	34,291	31,574	31,574	30,577	-	-	1,341	2,718
Total General Advalorem	**259,556**	**33,316**	**254,953**	**32,337**	**-**	**-**	**1,513**	**4,603**
Debt Service P&I 2003	445,933	-	445,768	-	-	-	-	165
Debt Service P&I 2004	459,344	-	459,110	-	-	-	-	234
Debt Service P&I 2005	476,348	64	476,058	64	-	-	-	290
Debt Service P&I 2006	523,964	183	523,681	183	-	-	-	283
Debt Service P&I 2007	520,279	601	519,626	581	-	-	20	654
Debt Service P&I 2008	569,698	608	568,728	635	-	-	-	970
Debt Service P&I 2009	637,676	1,009	634,197	1,058	-	-	27	3,479
Debt Service P&I 2010	650,276	12,252	642,129	12,857	-	-	2,704	8,147
Debt Service P&I 2011	687,027	23,774	660,740	23,268	-	-	1,340	26,287
Debt Service P&I 2012	768,132	706,016	706,016	686,493	-	-	26,968	62,117
Total Debt Service	**5,738,677**	**744,507**	**5,636,051**	**725,138**	**-**	**-**	**31,058**	**102,626**
Capital Improvements 2003	92,513	-	92,478	-	-	-	-	35
Capital Improvements 2004	99,999	-	99,948	-	-	-	-	51
Capital Improvements 2005	107,043	14	106,978	14	-	-	-	65
Capital Improvements 2006	111,910	39	111,850	39	-	-	-	61
Capital Improvements 2007	122,070	141	121,917	137	-	-	5	153
Capital Improvements 2008	136,275	145	136,043	152	-	-	-	232
Capital Improvements 2009	152,226	241	151,396	253	-	-	6	830
Capital Improvements 2010	157,108	2,950	155,139	3,090	-	-	650	1,969
Capital Improvements 2011	162,828	5,609	156,613	5,495	-	-	314	6,215
Capital Improvements 2012	168,292	154,699	154,698	150,509	-	-	5,948	13,593
Total Capital Improvements	**1,310,264**	**163,838**	**1,287,061**	**159,689**	**-**	**-**	**6,923**	**23,204**
Total Tularosa Public Schools	**7,308,497**	**941,661**	**7,178,065**	**917,164**	**-**	**-**	**39,494**	**130,432**

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STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2013

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 2003	6,446	3	6,399	3	-	-	-	47
General Advalorem 2004	7,276	3	7,230	3	-	-	-	46
General Advalorem 2005	7,475	2	7,440	2	-	-	2	35
General Advalorem 2006	7,853	8	7,825	6	-	-	3	28
General Advalorem 2007	8,732	21	8,674	20	-	-	4	57
General Advalorem 2008	9,672	25	9,546	34	-	-	5	126
General Advalorem 2009	10,291	54	10,086	63	-	-	4	206
General Advalorem 2010	11,724	819	11,367	782	-	-	101	357
General Advalorem 2011	12,433	1,562	10,913	1,518	-	-	119	1,520
General Advalorem 2012	15,669	10,443	10,443	10,345	-	-	363	5,226
Total General Advalorem	**97,570**	**12,939**	**89,921**	**12,777**	**-**	**-**	**601**	**7,650**
Debt Service P&I 2003	275,921	155	274,401	155	-	-	-	1,521
Debt Service P&I 2004	323,453	157	321,924	157	-	-	-	1,528
Debt Service P&I 2005	307,291	108	306,090	122	-	-	108	1,201
Debt Service P&I 2006	321,965	237	320,674	246	-	-	103	1,291
Debt Service P&I 2007	376,288	804	373,479	847	-	-	115	2,808
Debt Service P&I 2008	333,784	783	328,568	1,404	-	-	143	5,216
Debt Service P&I 2009	322,118	1,615	314,727	1,951	-	-	86	7,391
Debt Service P&I 2010	340,957	23,612	329,314	22,752	-	-	3,082	11,643
Debt Service P&I 2011	362,984	45,628	319,030	44,371	-	-	3,508	43,954
Debt Service P&I 2012	516,850	356,203	356,203	351,848	-	-	12,393	160,647
Total Debt Service	**3,481,611**	**429,302**	**3,244,411**	**423,852**	**-**	**-**	**19,538**	**237,199**
Capital Improvements 2003	38,453	22	38,241	22	-	-	-	212
Capital Improvements 2004	45,175	22	44,962	22	-	-	-	213
Capital Improvements 2005	45,632	16	45,452	17	-	-	16	180
Capital Improvements 2006	47,645	35	47,454	36	-	-	15	191
Capital Improvements 2007	52,463	112	52,071	119	-	-	16	392
Capital Improvements 2008	56,804	133	55,917	215	-	-	24	888
Capital Improvements 2009	60,345	303	58,960	358	-	-	16	1,385
Capital Improvements 2010	66,154	4,581	63,895	4,400	-	-	598	2,259
Capital Improvements 2011	69,271	8,707	60,883	8,475	-	-	669	8,388
Capital Improvements 2012	82,203	56,653	56,653	56,216	-	-	1,971	25,550
Total Capital Improvements	**564,145**	**70,584**	**524,488**	**69,880**	**-**	**-**	**3,326**	**39,657**
Tech Debt 2003	-	-	-	-	-	-	-	-
Tech Debt 2004	-	-	-	-	-	-	-	-
Tech Debt 2005	27,995	10	27,885	-	-	-	10	109
Tech Debt 2006	19,702	15	19,623	18	-	-	6	79
Tech Debt 2007	-	-	-	10	-	-	-	-
Tech Debt 2008	73,476	172	72,328	141	-	-	31	1,148
Tech Debt 2009	110,913	556	108,368	619	-	-	30	2,545
Tech Debt 2010	133,763	9,264	129,196	8,819	-	-	1,209	4,568
Tech Debt 2011	133,607	16,795	117,428	16,387	-	-	1,291	16,179
Tech Debt 2012	72,174	49,741	49,741	50,969	-	-	1,731	22,433
Total Tech Debt	**571,629**	**76,552**	**524,569**	**76,963**	**-**	**-**	**4,308**	**47,061**
Total Gadsden School District	**4,714,955**	**589,377**	**4,383,389**	**583,472**	**-**	**-**	**27,773**	**331,567**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2013

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 2003	373,755	-	373,575	-	-	-	-	180
General Advalorem 2004	390,559	-	390,355	-	-	-	-	204
General Advalorem 2005	412,450	11	412,382	11	-	-	-	68
General Advalorem 2006	441,750	27	441,617	27	-	-	-	133
General Advalorem 2007	473,813	421	473,538	432	-	-	1	275
General Advalorem 2008	510,120	621	509,586	681	-	-	15	534
General Advalorem 2009	532,996	1,367	531,925	1,414	-	-	36	1,071
General Advalorem 2010	537,983	9,926	535,775	9,918	-	-	1,942	2,208
General Advalorem 2011	560,791	16,405	548,099	16,258	-	-	701	12,692
General Advalorem 2012	587,339	556,461	556,461	557,688	-	-	6,748	30,878
Total General Advalorem	**4,821,554**	**585,239**	**4,773,311**	**586,429**	**-**	**-**	**9,444**	**48,243**
Debt Service P&I 2003	345,926	8	345,706	8	-	-	-	221
Debt Service P&I 2004	369,223	8	368,979	8	-	-	-	244
Debt Service P&I 2005	379,469	14	379,344	15	-	-	6	124
Debt Service P&I 2006	407,610	38	407,422	38	-	-	6	188
Debt Service P&I 2007	187,577	175	187,334	190	-	-	6	243
Debt Service P&I 2008	474,243	545	473,733	594	-	-	14	510
Debt Service P&I 2009	486,688	1,181	485,696	1,221	-	-	33	992
Debt Service P&I 2010	512,050	9,205	509,915	9,133	-	-	1,763	2,135
Debt Service P&I 2011	536,570	15,362	524,777	15,259	-	-	631	11,793
Debt Service P&I 2012	560,838	532,286	532,286	533,449	-	-	6,135	28,552
Total Debt Service	**4,260,193**	**558,822**	**4,215,191**	**559,915**	**-**	**-**	**8,595**	**45,003**
Total NMSU - Alamogordo	**9,081,748**	**1,144,061**	**8,988,502**	**1,146,344**	**-**	**-**	**18,038**	**93,246**
NMSU - Dona Ana								
General Advalorem 2003	17,754	10	17,652	10	-	-	-	102
General Advalorem 2004	20,909	10	20,805	10	-	-	-	104
General Advalorem 2005	21,625	7	21,538	8	-	-	7	87
General Advalorem 2006	22,597	17	22,507	17	-	-	8	90
General Advalorem 2007	24,858	54	24,675	57	-	-	8	183
General Advalorem 2008	27,153	64	26,735	102	-	-	12	417
General Advalorem 2009	29,337	148	28,669	174	-	-	8	668
General Advalorem 2010	32,529	2,254	31,423	2,161	-	-	293	1,106
General Advalorem 2011	34,635	4,354	30,441	4,233	-	-	335	4,194
General Advalorem 2012	41,102	28,327	28,327	28,108	-	-	986	12,775
Total General Advalorem	**272,498**	**35,244**	**252,772**	**34,880**	**-**	**-**	**1,656**	**19,726**
Total NMSU - Dona Ana	**272,498**	**35,244**	**252,772**	**34,880**	**-**	**-**	**1,656**	**19,726**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2013

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 2003	303,043	-	302,882	-	-	-	-	161
Timberon Special Levy 2004	304,662	3	304,393	3	-	-	-	270
Timberon Special Levy 2005	311,237	95	310,830	95	-	-	-	408
Timberon Special Levy 2006	120,142	32	119,836	32	-	-	-	306
Timberon Special Levy 2007	128,332	209	127,577	209	-	-	-	755
Timberon Special Levy 2008	130,865	610	129,567	753	-	-	-	1,298
Timberon Special Levy 2009	134,768	1,108	132,561	1,271	-	-	-	2,207
Timberon Special Levy 2010	135,981	3,109	131,610	3,771	-	-	111	4,371
Timberon Special Levy 2011	138,491	9,592	129,459	9,824	-	-	336	9,032
Timberon Special Levy 2012	145,450	126,358	126,358	126,355	-	-	3,266	19,092
Total Timberon Water & Sanitation	**1,852,971**	**141,116**	**1,815,072**	**142,313**	**-**	**-**	**3,713**	**37,899**
Penasco S&W Conservation District								
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	-	30	-	-	-	-	-
Penasco Special Levy 2012	30	34	(2)	34	-	-	-	32
Total Penasco S&W Conservation Dist	**284**	**34**	**251**	**34**	**-**	**-**	**-**	**32**
Carlsbad Soil & Water Conservation District								
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	-	-	-	-	-
Carlsbad Special Levy 2011	65	-	65	-	-	-	-	-
Carlsbad Special Levy 2012	66	30	66	30	-	-	-	-
Total Carlsbad S&W Conservation District	**560**	**30**	**559**	**30**	**-**	**-**	**-**	**-**
Total Local Special Levies	**1,853,815**	**141,179**	**1,815,883**	**142,376**	**-**	**-**	**3,713**	**37,931**
Grand Totals	**$ 197,884,298**	**$ 23,373,733**	**$ 195,258,887**	**$ 23,354,331**	**$ -**	**$ -**	**$ 306,027**	**$ 2,625,410**

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
County Treasurer's Property Tax Schedule
June 30, 2013

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								
2003	16,242,073	303	16,232,415	303	-	-	-	9,657
2004	16,597,225	411	16,584,858	411	-	-	-	12,368
2005	17,461,837	864	17,454,803	868	-	-	159	7,034
2006	18,115,817	2,029	18,106,602	2,042	-	-	151	9,214
2007	19,660,035	18,530	19,641,045	18,838	-	-	220	18,990
2008	20,392,025	27,123	20,356,615	29,646	-	-	434	35,410
2009	21,001,979	54,123	20,931,591	56,104	-	-	885	70,389
2010	21,968,526	464,621	21,827,373	466,244	-	-	50,153	141,153
2011	22,771,838	791,456	22,109,312	788,258	-	-	22,114	662,526
2012	23,672,943	22,014,273	22,014,273	21,991,617	-	-	231,910	1,658,670
Grand Totals	**197,884,298**	**23,373,733**	**195,258,887**	**23,354,331**	**-**	**-**	**306,027**	**2,625,411**

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, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS				
Cash	$ 331,398	$ 17,358,408	$ 17,350,566	$ 339,240
Property taxes receivable	1,501,359	15,163,707	14,993,408	1,671,658
Total assets	$ 1,832,757	$ 32,522,115	$ 32,343,974	$ 2,010,898
LIABILITIES				
Deposits held in trust	$ 331,398	$ 17,358,408	$ 17,350,566	$ 339,240
Due to other taxing units	1,501,359	15,163,707	14,993,408	1,671,658
Total liabilities	$ 1,832,757	$ 32,522,115	$ 32,343,974	$ 2,010,898

See independent auditors' report.

STATE OF NEW MEXICO
Otero County
Schedule of Legislative Grants
For the year ended June 30, 2013

Project	Agency	Grant #	Effective Date	Reversion Date	Original Amount
Fairgrounds Grandstand	DFA	12-1460	N/A	06/30/16	$ 347,000
Twin Forks MDWCA water loss remediation project	Environment Dept	11-1172	12/05/12	06/30/13	190,000
Twin Forks MDWCA water loss remediation project	Environment Dept	12-1617	12/05/12	06/30/14	50,000
Water storage tanks	NM Fire Protection	N/A	11/26/12	06/30/14	25,920
PPE	NM Fire Protection	N/A	11/26/12	06/30/14	21,488
Grand Totals					$ 634,408

See independent auditors' report.

Arts in Public Places	Net Amount	Expenditures to Date	Reverted	Remaining
$ -	$ 347,000	$ -	$ -	$ 347,000
-	190,000	190,000	-	-
-	50,000	-	-	50,000
-	25,920	25,920	-	-
-	21,488	-	-	21,488
$ -	$ 634,408	$ 215,920	$ -	$ 418,488

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COMPLIANCE SECTION

Accounting & Consulting Group, LLP
Certified Public Accountants

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

Independent Auditors' Report

Hector H. 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of Otero County, New Mexico (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplementary information, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2013-003 to be a significant deficiency.

2700 San Pedro NE Albuquerque NM 87110 T: 505.883.2727 F: 505.884.6719 www.acgnm.com

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2013-002 and FS 2013-004.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 14, 2013

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FEDERAL FINANCIAL ASSISTANCE

Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited Otero County, New Mexico's (the County) compliance of with the types of compliance requirements described in the *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, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Otero County complied, in all material respects, with the types of 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, 2013.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, 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 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 14, 2013

STATE OF NEW MEXICO
Otero County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ Passthrough Grantor/ Program Title		Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture				
Schools and Roads - Grants to States - Title III**	(1)	N/A	10.665	$ 56,593
Schools and Roads - Grants to Counties - Title I**	(1)	N/A	10.666	8,546
Schools and Roads - Grants to Counties - Title II**	(1)	12-CA-11030800-012	10.666	290,096
Hazard Mitigation - Wildland Fire Mitigation		10-521-2301-0236	10.688	107,000
Total U.S. Department of Agriculture				462,235
Executive Office of the President				
High Intensity Drug Trafficking Area**		G102N0017A	95.001	18,892
High Intensity Drug Trafficking Area**		G11SN0017A	95.001	73,826
High Intensity Drug Trafficking Area**		G12SN0017A	95.001	220,019
Total Executive Office of the President				312,737
U.S Department of Energy				
Energy Efficiency and Conservation Block Grant Program - ARRA		2011-06	81.128	9,088
Energy Efficiency and Conservation Block Grant Program - ARRA		2012-08	81.128	102,900
Total U.S. Department of Energy				111,988
U.S. Department of Justice				
FY 2010 Justice Assistance Grant		2010-DJ-BX-0096	16.738	297
FY 2012 Justice Assistance Grant		2012-DJ-BX-0138	16.738	11,519
Total U.S. Department of Justice				11,816
U.S. Department of Homeland Security				
SAFER Grant		EMW-2010-FF-001-46	97.044	34,865
(Passed through the New Mexico Department of Public Safety)				
Operation Stonegarden		2009-SS-T0-0011	97.067	224,965
Total U.S. Department of Homeland Security				259,830
Total Federal Financial Assistance				$ 1,158,606

( ) 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	$ 1,158,606
Total expenditures funded by other sources	87,538,986
Total expenditures	$ 88,697,592

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STATE OF NEW MEXICO
Otero County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

1. Internal control over major programs:
   a. Material weaknesses identified? — No
   b. Significant deficiencies identified not considered to be material weaknesses? — 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
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 2013-001 – Recording of Revenues and Expenses (Material Weakness)

Condition: During our testwork over the County, we noted that the County has improperly posted revenues and expenditures during the year. The County double posted revenues and expenditures as well as posted revenue for items that were not revenues of the County and then posted expenditures for the payback of those instead of netting and removing the revenues originally recorded.

Criteria: Generally Accepted Accounting Principles (GAAP) defines revenues as actual or expected cash inflows that have occurred or will eventually occur as a result of the entity's major or central operations and defines expenses as outflows or other using of assets from delivering goods or services that constitute the entity's major or central operations.

Effect: The County could overstate revenues and expenditures during the year by recognizing items as revenues and expenditures that are not actually revenues or expenses of the County.

Cause: The County incorrectly accounted for the moving of funds from one US Bank account to another as revenue and expense during the year instead of the transfer of funds The County also budgets for all expenditures items and when revenues were received by the County that were not revenues of the County, the funds were receipted and then in a following month, they were remitted back to the agency from which they were paid.

Auditors' Recommendations: We recommend that the County track and review the US Bank activity on a monthly basis for accuracy and for recording of revenues and expenditures. We also recommend that the County develop a process for tracking items received and any related remittals of those funds and record them net of each other and not as revenues and expenditures of the County.

Agency's Response: The County has implemented procedures to ensure that revenues and expenditures are correctly classified at the time the bank statement activity is entered in preparation for the necessary journal entries.

Section II – Financial Statement Findings (continued)

FS 2013-002 – Open Meeting Act (Noncompliance)

Condition: The County had a quorum of Commissioners at the entrance conference of the County audit for June 30, 2013, held on July 29, 2013. The County also had a quorum of Commissioners at a meeting with DFA in order to discuss Legislative Funding on October 8, 2013. Neither of these meetings were held in a closed session or in an open meeting as required.

Criteria: Section 10-15-1 NMSA 1978 states that all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body of any state agency or any agency or authority of any county, municipality, district or political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or taking any action within the authority of or the delegated authority of any board, commission or other policymaking body are declared to be public meetings open to the public at all times, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act. No public meeting once convened that is otherwise required to be open pursuant to the Open Meetings Act shall be closed or dissolved into small groups or committees for the purpose of permitting the closing of the meeting. Also Section 2.2.2.10 J of the NM State Audit Rule requires that the IPA must hold an exit conference with the governing authority and top management and that if the County wishes to have a quorum of the governing board present at the exit conference will have to schedule the exit conference in a closed meeting in compliance with the Open Meeting Act in order to avoid disclosing audit information that is not yet public record. Pursuant to the Open Meetings Act, Section 10-15-1 to 10-5-4, NMSA 1978, any closed meetings shall be held only after reasonable notice to the public.

Effect: Noncompliance with the Open Meetings Act.

Cause: The County has three County Commissioners who are highly involved in the County operations; however, the County has not provided proper notice to the public of meetings or held meetings of quorum in closed session when appropriate.

Auditors' Recommendation: The County should adopt a policy of disclosing County Commission meetings of a quorum of Commission Members as and to hold necessary meetings either in open or closed session when appropriate.

Agency's Response: Management learned of this concern on November 12, 2013. An investigation was conducted to determine whether a quorum of Commissioners was present as is discussed above. In addition, management questioned staff to determine whether or not notices of any kind were posted for any of the dates specified.

No notices have been published for the July 29, 2013 entrance conference for the County audit for June 30, 2013 or the October 8, 2013 meeting with DFA. Because a quorum of County Commissioners attended, a properly noticed meeting should have been advertised.

The County Attorney has met with the Finance Director and the Commission Liaison who is responsible for advertising meetings and providing notice and we agreed to review our Open Meetings Act Resolution to explicitly address these suggestions.

Section II – Financial Statement Findings (continued)

FS 2013-003 – Unauthorized Opening of County Bank Account and Incorrect Cash Posting (Significant Deficiency)

Condition: During our testwork over the County's cash, we noted the following items:

- During the year, the County Sheriff opened a bank account in the County name without authorization of the County Treasurer's Office.
- During the year, the County incorrectly recorded a journal entry part of a cash deposit in the amount of $1,119 to June 30, 2013 that was received after the year end; however, the amount was not listed or outstanding on the County's Bank Reconciliation, nor was the amount tracked as a cleared deposit after June 30, 2013 leaving the County's bank reconciliation out of balance by $1,119 to the General Ledger.

Criteria: Section 6-10-8 NMSA 1978 states that the County Treasurer in each County of the State shall have supervision of the deposit and safekeeping of the public money of his/her County and all the money which may at any time come into or be in his/her possession as County Treasurer and ex-officio tax collector for the use and benefit of the state or of any county, municipality or district or of any subdivision of any county or of any state or public institution and by and with the advice and consent of the respective boards of finance having jurisdiction over the respective funds shall designate banks, savings and loan associations and credit unions, whose deposits are insured by an agency of the United States, to receive on deposit all moneys entrusted in his care.

Effect: The County may not be able to fully and properly exercise their control and monitoring over all Public Funds of the County.

Cause: The sheriff incorrectly received a wire transfer of money into a covert activity fund that should have been deposited into a US Bank account. In order to segregate the funds, the sheriff opened a new account in which to move this money, to keep the funds separate, without the County Treasurer approval. The County Treasurers' office also incorrectly recorded a deposit in June 30. 2013 but did not list it as outstanding as it was part of a larger deposit in the subsequent year.

Auditors' Recommendation: The County should verify and approve all bank accounts that are opened and operated in the County's name. The County shall also record transactions as they occur in their entirety in order to properly reconcile the County's cash at each period end.

Agency's Response: In the future, the Otero County Treasurer will verify with each local bank what accounts exist in the name of the County. This verification will take place twice annually. All departments will be advised that no bank accounts are to be opened without consent and cooperation from the County Treasurer. In this case, the Deputy Sheriff opened the account after having been instructed not to open the account. While he actually told the office he had done so, and then closed it soon thereafter, the possibility of someone opening an account and not telling the treasurer exists. Therefore, contacting the banks for verification of any accounts in the County's name will cause the existence of any unknown accounts to surface. Within the letter written for verification will be a reminder to all local banks that no accounts can opened in the name of Otero County without the written authorization of the Otero County Treasurer.

In the future the County Treasurer will ask for verification from the detention office for any outstanding deposits. In addition the County Treasurer will follow up with the detention office in verifying that the deposit was actually made and in the amount that was reported and verified to the treasurer's office. In this instance, the detention office called in the outstanding deposit to be sure it was included in the ending balance for June 30, 2013. Then, when actually making the outstanding deposit, added other funds to the amount of the deposit, making the amount outstanding impossible to track through the bank account statement.

Section II – Financial Statement Findings (continued)

FS 2013-004 – Fixed Asset Inventory Certification (Noncompliance)

Condition: During our testwork, we noted that the County did not obtain a Capital Asset Inventory Report that was certified by the County Commission.

Criteria: NMAC 2.20.1.16 states that at the end of each fiscal year, the agency shall conduct a physical inventory of its fixed assets and the results of the physical inventory shall be recorded in a written inventory report, certified as to the correctness and signed by the governing authority.

Effect: The County Commission is not certifying the accuracy of the County's capital assets as required.

Cause: The County was unaware as to the requirement to have the annual inventory report certified and signed by the County Commission.

Auditors' Recommendation: The County should conduct an annual inventory count and have the results of the County capital asset inventory report written and approved by the County Commission on an annual basis.

Agency's Response: The annual inventories are being conducted as required but, due to an oversight, have not been presented to the Board of County Commissioners for approval. The County will work toward completing the annual reconciliation of the capital assets inventory in a more timely manner thus expediting the required approval process.

Section III – Federal Awards Findings

FA 2013-001 – Compliance with Special Provision for Public Comment – (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

Condition: During our audit of the County's compliance with grants and applicable compliance requirements, we noted that the County did not allow for a 45-day public comment period prior to expending Title III County funds under the Forest Service Schools and Roads programs.

Criteria: The 2013 A-133 Compliance Supplement, released in March, 2013, stipulates the following:

1. A participating county may use Title III County funds only after a 45-day public comment period, at the beginning of which the participating County must –

    a. Publish in any publications of local record a proposal that describes the proposed use of the County funds; and

    b. Submit the proposal to any resource advisory committee established under 16 USC 7125 for the participating County (16 USC 7142(b)).

Questioned Costs: None

Effect: The County is not in compliance with this requirement and could be penalized by the United States Department of Agriculture.

Cause: Management was not aware of the requirement in order to observe a 45-day public comment period prior to expending Title III Funds.

Auditors' Recommendation: We recommend that the County implement internal controls in order to review all requirements of grants and agreements received to ensure County compliance with the applicable grants.

Agency's Response: The County is now aware of this requirement and will set the meeting at which the expenditures will be approved and advertise and accept public comment as required.

Section IV – Prior Year Audit Findings

FS 2009-1 – Lack of Adequate Internal Controls – Resolved

FS 2010-3 – Indigent Health Care Claims – Resolved

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

FS 2011-1 – Travel and Per Diem Payments – Resolved

FS 2011-2 – Missing Campaign Contribution Disclosure Forms – Resolved

FS 2012-1 – Recording of Business-Type Activities – Resolved

FS 2012-2 – Audit Report Submission to the New Mexico State Auditor – Resolved

FA 2012-1 – Late Data Collection Form Submission – Resolved

Other Disclosures

Exit Conference

An exit conference was held on November 14, 2013. In attendance were the following:

Representing Otero County:

Susan Flores, County Commissioner, Vice-Chairperson
Donna Brandon, County Finance Director
Catherine Prather, County Treasurer
Ginger Herndon, Purchasing Agent
Dawn Huffmon, Executive Assistant to the County Manager
Daniel Bryant, County Attorney

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.