

STATE OF NEW MEXICO  
COUNTY OF TORRANCE  
COMPREHENSIVE ANNUAL

AUDIT REPORT

JUNE 30, 1995

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

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STATE OF NEW MEXICO  
COUNTY OF TORRANCE

OFFICIAL ROSTER  
June 30, 1995

ELECTED OFFICIALS

Bill R. Williams	Chairman
Roy B. Spencer	Commissioner
Rodger E. Rayner	Commissioner
Carla Clayton	County Clerk
Marilyn Autrey	County Treasurer
James Ford	County Assessor
Donald Lyles	Sheriff
Woodrow Woodburn	Probate Judge

ADMINISTRATIVE OFFICIALS

Ted Reddinger	County Manager
Babette Berkshire	Administrative Assistant
Ruben Miranda	Finance Officer
Mary Jo Hopson	Senior Citizens Director

## INDEPENDENT AUDITOR'S REPORT

Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico  
and  
Board of County Commissioners  
County of Torrance  
Estancia, New Mexico

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the County of Torrance, State of New Mexico (County), as of and for the year ended June 30, 1995 as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and provisions of Office of Management and Budget (OMB) Circular A-128. Those standards and OMB A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
County of Torrance

Exhibit 1

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1995

	General Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Group		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long- Term Debt	
<b>ASSETS</b>									
Cash in bank	\$ 387,055	\$ 346,408	\$ 67,574	\$ 702,771	\$	\$ 68,498	\$	\$	1,572,306
Receivables (net, where applicable, of allowances for uncollectables)	844,335	31,131			3,983				879,449
Due from other funds	29,444	10,658	468	20,020					60,590
Bond Issuance Costs	7,856			26,300	12,213				46,369
Restricted cash			35,000						35,000
Fixed assets (net of accumulated depreciation, Note 3)					23,599		4,091,134		4,114,733
Amount to be provided for								2,334,450	2,334,450
Amount available for long-term debt								103,042	103,042
	<u>\$ 1,268,690</u>	<u>\$ 388,197</u>	<u>\$ 103,042</u>	<u>\$ 749,091</u>	<u>\$ 39,795</u>	<u>\$ 68,498</u>	<u>\$ 4,091,134</u>	<u>\$ 2,437,492</u>	<u>\$ 9,145,939</u>
<b>LIABILITIES</b>									
Cash in bank-overdraft	\$ 102,268	\$ 102,188	\$	\$	\$ 120,371	\$	\$	\$	324,827
Accounts payable	610,195	26,898			5,250				642,343
Accrued expenses	83,365	5,240			9,850				98,455
Due to outside entities						68,498			68,498
Due to other funds	57,772	2,350			468				60,590
Revenue bonds payable					315,000				315,000
General obligation bonds								1,225,000	1,225,000
Accrued compensated absences								29,677	29,677
Capital lease payables								1,182,815	1,182,815
Total liabilities	<u>853,600</u>	<u>136,676</u>	<u>0</u>	<u>0</u>	<u>450,939</u>	<u>68,498</u>	<u>0</u>	<u>2,437,492</u>	<u>3,947,205</u>
<b>FUND EQUITY</b>									
Investment in general fixed assets							4,091,134		4,091,134
Retained earnings (deficit) - unreserved					(411,144)				(411,144)
Fund balance:									0
Undesignated	415,090	251,521							666,611
Reserved and designated			103,042	749,091					852,133
Total fund equity	<u>415,090</u>	<u>251,521</u>	<u>103,042</u>	<u>749,091</u>	<u>(411,144)</u>	<u>0</u>	<u>4,091,134</u>	<u>0</u>	<u>5,198,734</u>
Total liabilities and fund equity	<u>\$ 1,268,690</u>	<u>\$ 388,197</u>	<u>\$ 103,042</u>	<u>\$ 749,091</u>	<u>\$ 39,795</u>	<u>\$ 68,498</u>	<u>\$ 4,091,134</u>	<u>\$ 2,437,492</u>	<u>\$ 9,145,939</u>

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance  
COMBINED STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
Year Ended June 30, 1995

Exhibit 3  
(1 of 2)

	General Fund			Special Revenue Funds		
			Variance favorable (unfavorable)			Variance favorable (unfavorable)
Revenues	Budget	Actual		Budget	Actual	
Taxes	\$ 2,294,264	\$ 2,221,008	\$ (73,256)	\$ 141,563	\$ 144,940	\$ 3,377
Intergovernmental	1,124,574	1,058,447	(66,127)	1,127,982	934,342	(193,640)
Charges for services	2,665,942	4,352,486	1,686,544			0
Miscellaneous	84,238	103,451	19,213	65,906	65,065	(841)
Total revenues	6,169,018	7,735,392	1,566,374	1,335,451	1,144,347	(191,104)
Expenditures						
Current operations:						
General government	1,101,549	998,688	102,861	31,762	25,927	5,835
Public Safety	3,399,779	5,197,837	(1,798,058)	276,416	242,523	33,893
Highways and streets	1,019,367	1,037,162	(17,795)			0
Health and welfare	34,316	32,538	1,778	932,262	700,949	231,313
Culture and recreation			0	20,000	20,000	0
Capital expenditures	291,929	302,849	(10,920)	271,727	137,510	134,217
Debt service			0			0
Total expenditures	5,846,940	7,569,074	(1,722,134)	1,532,167	1,126,909	405,258
Excess (deficiency) of revenues over expenditures	322,078	166,318	(155,760)	(196,716)	17,438	214,154
Other Financing Sources (Uses):						
Transfers in (out)		(81,231)	(81,231)		65,351	65,351
Cash balance available	(322,078)		322,078	196,716		(196,716)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 85,087	\$ 85,087	\$ 0	\$ 82,789	\$ 82,789

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance  
COMBINED STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
Year Ended June 30, 1995

Exhibit 3  
(2 of 2)

	Debt Service Funds			Capital Projects Fund		
			Variance favorable (unfavorable)			Variance favorable (unfavorable)
Revenues	Budget	Actual		Budget	Actual	
Taxes	\$	\$ 187,112	\$ 187,112	\$	\$	0
Intergovernmental			0			0
Charges for services			0			0
Miscellaneous		35,000	35,000		50,999	50,999
Total revenues	0	222,112	222,112	0	50,999	50,999
Expenditures						
Current operations:						
General government			0			0
Public Safety			0			0
Highways and streets			0			0
Health and welfare			0			0
Culture and recreation			0			0
Capital expenditures			0		168,749	(168,749)
Debt service	37,688	224,701	(187,013)			0
Total expenditures	37,688	224,701	(187,013)	0	168,749	(168,749)
Excess (deficiency) of revenues over expenditures	(37,688)	(2,589)	35,099	0	(117,750)	(117,750)
Other Financing Sources (Uses):						
Transfers in (out)		(16,647)	(16,647)			0
Cash balance available	37,688		(37,688)			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (19,236)	\$ (19,236)	\$ 0	\$ (117,750)	\$ (117,750)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

Exhibit 4

COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUNDS  
For the year ended June 30, 1995

Operating revenues:		
Charges for services	\$	30,633
Taxes		30,745
Miscellaneous		610
		-----
Total operating revenues		61,988
Operating expenses:		
Personal services		81,175
Operating expenses		1,377
Repairs & maintenance		5,162
Contract services		53,000
Depreciation		6,071
Amortization		1,325
Miscellaneous		777
		-----
Total operating expenses		148,887
		-----
Operating income (loss)		(86,899)
Non-operating income (expenses):		
Interest expense		(22,688)
Transfers in (out)		16,647
		-----
Net income (loss)		(92,940)
		-----
Retained earnings (deficit):		
Beginning of year 7/1/94		(318,204)
		-----
End of year 6/30/95		(411,144)
		=====

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

Exhibit 5

COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 1995

Cash flows from operating activities:	
Net income (loss)	\$ (92,940)
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	6,071
Amortization	1,325
Increase (decrease) in accounts receivable	(134)
(Increase) decrease in accounts payable	(131)
(Increase) decrease in accrued expenses	2,434
	-----
Net cash provided (used) by operating activities	(83,375)
Cash flows used by capital and related financing activities:	
Sale (Acquisition) of fixed assets	0
Issuance (payment) on long-term debt	(15,000)
	-----
Net cash provided (used) by capital activities	(15,000)
	-----
Net increase (decrease) in cash & cash equivalents	(98,375)
Cash and cash equivalents, July 1, 1994	(21,996)
	-----
Cash and cash equivalents, June 30, 1995	\$ (120,371)
	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Torrance is created by Section 4-30-1, New Mexico Statutes Annotated, 1978 Compilation. The powers of the County as a body politic and corporate are exercised by a Board of Commissioners who are elected. At each general election in the State of New Mexico a County Assessor, County Clerk, County Sheriff and County Treasurer are elected.

The County assesses, collects and distributes property taxes; records property and legal documents; provides ambulance service and law enforcement services and maintains County roads.

Except as described in Footnote 15, the accounting policies of the County of Torrance conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. REPORTING ENTITY**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Government Accounting Standards Board (GASB) Statement 18.

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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

A. REPORTING ENTITY (Cont.)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no component units identified or excluded from the reporting entity.

B. FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or disbursements, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and three broad fund categories as follows:

*GOVERNMENTAL FUNDS*

Government Funds are used to account for all or most of government's general activities, including the collection and disbursement of earmarked funds (special revenue funds).

General Fund - the General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

B. FUND ACCOUNTING (Cont.)

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds and Fiduciary Funds).

*FIDUCIARY FUNDS*

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*ENTERPRISE FUNDS*

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed primarily through user charges, or (b) where the governing body has decided that the determination of net income is appropriate.

C. FIXED ASSETS & LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

C. FIXED ASSETS & LONG-TERM LIABILITIES (Cont.)

Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Account Group.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, property, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenues when they are measurable and their validity seems certain. Except that federal grant reimbursements are recognized, when earned, on the accrual principle of accounting.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

- (1) long-term accumulated unpaid vacation which is shown in the long-term debt group of accounts
- (2) principal and interest on general long-term debt which is recognized when due.

Cash basis accounting is utilized in the governmental funds to assure effective budgetary control and accountability. This legally prescribed budgetary basis differs from generally accepted accounting principles in the respect that the former does not allow for year-end adjustments to be included in presentation in the statement of revenues, expenditures and changes in fund balance. This accounting principle has resulted in the following differences between revenues and expenditures detailed in Exhibit 2, "Statement of Revenues, Expenditures and Changes in Fund Balance" and Exhibit 3, "Statement of Revenues, Expenditures-Budget (Non GAAP Basis) and Actual".

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

D. BASIS OF ACCOUNTING (Cont.)

- a. Revenues per Exhibit 2 represent amounts earned during the current fiscal year. Expenditures per Exhibit 2 represent all liabilities incurred during the current fiscal year. The amount of these adjustments are detailed in footnote No. 9.
- b. Actual revenues per Exhibit 3 include only those amounts received during the current year. Actual expenditures per Exhibit 3 include only those amounts paid during the current year.

E. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the County submits a proposed budget to the Local Government Division of the Department of Finance and Administration;
2. The Local Government Division in relation to the County shall:
  - a. Examine each proposed budget, and on or before July 1 of each year, approve and certify for the County an operating budget for use pending approval of a final budget;
  - b. Hold public hearings on proposed budgets;
  - c. Make such corrections, revisions, and amendments to proposed budgets as may be necessary to meet the requirements of law;
  - d. Certify a final budget for the County prior to the first Monday in September of each year. Such budgets, when approved, shall be binding upon all tax officials of the state;



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

E. BUDGETS AND BUDGETARY ACCOUNTING (Cont.)

- e. Upon the approval of the director of the Department of Finance and Administration, authorize the transfer of funds from one budget item to another when such transfer is requested and an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of emergency necessitating the expenditure for item or items not provided for in the budget, upon approval of the director of the Department of Finance and Administration, the budget may be revised to authorize such expenditures;
- f. With written approval of the director of the Department of Finance and Administration and the Attorney General, increase the total budget of the County in the event the County undertakes an activity, service, project or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project or construction program will produce sufficient revenue to cover such increase in the budget or the County has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget;
- g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted, and that there will not be illegal expenditures.
- h. Prescribe the form for all budgets, books, records and accounts for the County; and

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

E. BUDGETS AND BUDGETARY ACCOUNTING (Cont.)

- i. With the approval of the director of the Department of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any manner relating to the financial affairs of the County.
3. The County Manager is authorized to transfer budgeted amounts between departments within any fund;
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Fund.  
  
Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Budgetary and actual comparisons presented for these funds in this report are on the non-GAAP (cash basis) budgetary basis.
5. Budgeted amounts are as originally adopted, or as amended by the County Commissioners and the Department of Finance and Administration. Individual amendments were not material in relation to the original budgets;
6. The level of classification detail at which expenditures may not legally exceed appropriation for budget is at the fund level: and
7. Appropriation of funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those funds in the subsequent year's budget. All annual appropriations lapse at fiscal year-end.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

F. CASH AND INVESTMENTS

The County follows the practice of pooling cash and investments of all funds. The County's deposits at year-end were entirely covered by federal depositing insurance or by collateral held by the County's custodial bank in the County's name. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as equity in pooled cash and investments.

The County's cash and investments at year-end are shown below:

	<u>Carrying Amount</u>	<u>Market Value</u>
State Treasurers Pool \$	500,000	\$ 500,000
Cash on Deposit	1,169,477	1,169,477
Certificate of Deposit	<u>150,000</u>	<u>150,000</u>
Total Cash	\$ 1,819,477 =====	\$ 1,819,477 =====

Deposits - All deposits with financial institutions must be collateralized in an amount equal to 50% of the funds on deposit in excess of the F.D.I.C. insurance. The collateral must be held by the pledging financial institution's trust department or the trust department of a correspondent bank. The collateral pledged at June 30, 1995 is more fully described in Note 12.

Investments - Statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. Agencies and banks within the County's jurisdiction. The funds held by Norwest Financial for the capital project are invested in U.S. Treasury bills and those held at Prudential Securities consist of certificate of deposits.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 1995, are recorded as prepaid items.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

H. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded, in order to reserve that portion of the applicable appropriation, is not employed by the County of Torrance.

I. INTERFUND TRANSACTIONS

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

J. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

K. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

L. METHOD OF PRESENTATION OF ACTIVITIES OF THE COUNTY  
TREASURER

The County Treasurer receives deposits of monies from and collects taxes for the various County funds and other governmental entities located within the County. These monies are deposited by the Treasurer in banks. In the accompanying financial statements monies held for other than County entities are presented as Agency Fund principles.

Taxes are collected directly from taxpayers by the County with the Treasurer acting as an employee of the County and as an agent for the entities for whom the collections are ultimately distributed.

The County property tax bills must be mailed by November 1st, the first half of the assessed tax is due November 10th and becomes delinquent December 10th, the second half of the assessed tax becomes due April 10th and becomes delinquent May 10th. When property taxes are delinquent three years, the property is transferred to the State Property Tax Department for public sale.

Articles 35 through 38, Chapter 7 New Mexico Statutes Annotated, 1978 is the Property Tax Code. The code provides for valuation, administration and enforcement of property taxes. The Department of Finance and Administration sets tax rates for the governmental units sharing in the tax.

The Constitution of the State of New Mexico provides the following maximum tax rates and restrictions concerning the use of tax proceeds.

"Taxes levied upon tangible property shall be in proportion to the value thereof, and taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

L. METHOD OF PRESENTATION OF ACTIVITIES OF THE COUNTY  
TREASURER (Cont.)

Taxes levied upon real or personal property for state revenue shall not exceed four mills annually on each dollar of the assessed valuation thereof except for the support of the educational, penal and charitable institutions of the state, payment of the state debt and interest thereon; and the total annual tax levy upon such property for all state purposes exclusive of necessary levies for the state debt shall not exceed ten mills; provided, however, that taxes levied upon real or personal tangible property for all purposes, except special levies on specific classes of property and except necessary levies for public debt, shall not exceed twenty mills annually on each dollar of the assessed valuation thereof, but laws may be passed authorizing additional taxes to be levied outside of such limitations when approved by at least a majority of the qualified electors of the taxing district who paid a property tax therein during the preceding year voting on such proposition."

M. COMPENSATED ABSENCES

Sick leave accumulates at the rate of one day per calendar month. Accrued sick leave is forfeited upon termination of the employee.

Vacation annual leave with pay is earned or accrued by classified employees based on one and one quarter (1 1/4) days per one hundred twenty eight (128) work hours, one and one half (1 1/2) days per one hundred forty-four (144) work hours, one and three quarter (1 3/4) days per one hundred sixty (160) work hours, with any fraction thereof prorated. No more than thirty (30) calendar days may be carried over to the next year. Upon termination, separation or dismissal, the employee shall be paid all accrued annual vacation leave at the pay rate last held.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

M. COMPENSATED ABSENCES (Cont.)

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 accordance with generally accepted accounting principles, an accrual for compensated absences is reflected in the accompanying general purpose financial statements as accrued expenses. Accrued expenses also include other payroll-related accruals. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group, respectively.

NOTE 2: CASH AND INVESTMENTS

Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within a year of the date acquired by the County. Investments are stated at cost and consist of certificates of deposits readily convertible to cash.

The County's practice is to limit deposits and investments to insured and collateralized demand accounts, money market accounts, and certificates of deposit.

Protection of the County's cash and investments is provided by the various federal deposit insurance corporations as well as qualified pledged securities by the institution holding the assets. The bank surety is further explained in Note 12.

All of the County's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured and are held in the County's name. All of the investments are of category 1 type.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 3: INVENTORY

Inventory is valued at cost (first-in, first-out). Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Any reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. There were no material inventories at June 30, 1995.

NOTE 4: RECEIVABLES

Taxes receivable by the County Treasurer are not considered available for distribution until collected. Therefore, the taxes are not accrued in the accompanying financial statements. The amount of taxes receivable at June 30, 1995 was \$358,332.

Receivables at June 30, 1995 consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
Intergovernmental	\$ 79,995	\$ 15,287	\$
Due from US Marshal	540,339		
Miscellaneous	143,446		
Taxes	<u>80,555</u>	<u>15,844</u>	<u>3,983</u>
Total	\$ 844,335 =====	\$ 31,131 =====	\$ 3,849 =====

NOTE 5: CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance June 30, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1995</u>
Land	\$ 58,941	\$ -	\$ -	\$ 58,941
Right-of-way	21,084	-	-	21,084
Buildings and improvements	1,191,911	-	-	1,191,911
Furniture and equipment	<u>2,605,696</u>	<u>213,502</u>	<u>-</u>	<u>2,819,198</u>
	\$ 3,877,632 =====	\$ 213,502 =====	\$ - =====	\$ 4,091,134 =====

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 5: CHANGES IN GENERAL FIXED ASSETS

*Investments in general fixed assets:*

	Balance June 30, 1994	Additions	Deletions	Balance June 30, 1995
Acquisitions prior to June 30, 1985 not identifiable by source	\$ 822,431	\$ -	\$ -	\$ 822,431
General Fund	1,414,021	32,964	-	1,446,985
Special Revenue Funds	1,364,316	180,538	-	1,544,854
Capital Project Funds	<u>276,864</u>	<u>-</u>	<u>-</u>	<u>276,864</u>
	\$ 3,877,632	\$ 213,502	\$ -	\$ 4,091,134
	=====	=====	=====	=====

NOTE 6: CHANGES IN LONG-TERM DEBT

During the year ended June 30, 1995, the following changes occurred in liabilities reported in the general long-term debt group of accounts:

	Balance June 30, 1994	Additions	Deletions	Balance June 30, 1995
Capital leases	\$1,084,315	\$ 254,422	\$ 155,922	\$ 1,182,815
Accrued compensated absence	52,672	29,677	52,672	29,677
General Obligation Bonds Payable	<u>1,300,000</u>	<u>-</u>	<u>75,000</u>	<u>1,225,000</u>
Total	\$2,436,987	\$ 284,099	\$ 283,594	\$ 2,437,492
	=====	=====	=====	=====

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 6: CHANGES IN LONG-TERM DEBT (Cont.)

A. Contracts Payable

At June 30, 1995 the County had the following purchase contracts payable.

		Original	Principal
		Amount	Balance
<u>Description</u>	<u>Date of Contract</u>		<u>June 30, 1995</u>
1. Caterpillar Equipment Co. 2 road graders 7.76% interest	February 1991	\$ 94,295	\$ 61,407
2. Norwest Bank Indian Hills Fire Station 11.75% interest	July 1985	37,946	0
3. McIntosh Comm. Assoc. McIntosh Fire Station 8% interest	July 1985	35,000	17,616
4. Caterpillar 140G Motor grader 6.5%	December 1990	188,226	125,464
5. First Security N.E. Torrance Fire Station 9.11%	December 1990	52,517	39,988
6. NM State Board of Finance Re-appraisal computer system No interest	July 1991	142,267	131,567
7. Norwest Bank 1983 Int'l Tanker	January 1992	44,492	0
8. Caterpillar 140G 2 Road Graders 6.5%	September 1990	215,492	159,334
9. Norwest Bank 5 police autos 6%	September 1993	50,505	30,865

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 6: CHANGES IN LONG-TERM DEBT (Cont.)

<u>Description</u>	<u>Date of Contract</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 1995</u>
10. Kansas Bank 5 police autos 7.66%	September 1993	95,612	95,612
11. Banc One 5 Graders 7.37%	March 1995	<u>\$ 533,315</u>	<u>\$ 520,961</u>
Total			<u>\$ 1,182,814</u> =====

The annual requirements to amortize to maturity in contracts payables are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1996	\$ 67,230	\$ 170,831	\$ 238,061
1997	62,063	154,667	216,730
1998	46,433	243,621	290,054
1999	35,857	134,197	170,054
2000	26,741	106,827	133,568
2001-2005	35,289	348,104	383,393
2006-2007	<u>0</u>	<u>24,567</u>	<u>24,567</u>
Total	<u>\$ 463,986</u> =====	<u>\$ 1,182,814</u> =====	<u>\$ 1,456,427</u> =====

General Obligation Bonds

During the fiscal year ended June 30, 1993, the County issued \$1,300,000 of General Obligation bonds to be used \$1,000,000 to design, construct, and acquire services and equipment for a regional landfill system and \$300,000 for construction and repairs to County roads. The bonds are secured by the full faith and credit of the County and are payable from taxes levied on all property located within the County.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 6: CHANGES IN LONG-TERM DEBT (Cont.)

The annual requirements to amortize to maturity in general obligation bonds are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1996	\$ 69,129	\$ 80,000	\$ 149,129
1997	64,129	90,000	154,129
1998	58,504	100,000	158,504
1999	52,504	120,000	172,504
2000	45,304	135,000	180,304
2001	38,284	150,000	188,284
2002	30,184	165,000	195,184
2003	20,944	185,000	205,944
2004	<u>11,000</u>	<u>200,000</u>	<u>211,000</u>
Total	\$ 389,982 =====	\$ 1,225,000 =====	\$ 1,514,982 =====

Environmental Revenue Bonds

In September 1992, the County issued \$350,000 of Environmental Revenue Bonds to be used to acquire, construct, and maintain landfill disposal facilities, transfer stations, resources recovery facilities incinerators and related equipment. The bonds are secured by the full faith and credit of the County and are payable from environmental gross receipt taxes (.125%) levied within the County.

The annual requirements to amortize to maturity in general obligation bonds are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1996	\$ 21,656	\$ 20,000	\$ 41,656
1997	20,281	25,000	45,281
1998	18,563	25,000	43,563
1999	16,844	35,000	51,844
2000	14,438	45,000	59,438
2001-2005	<u>23,375</u>	<u>165,000</u>	<u>188,375</u>
Total	\$ 115,157 =====	\$ 315,000 =====	\$ 430,157 =====



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 7: FUND DEFICITS

The following funds have deficit fund balances or retained earnings at June 30, 1995:

Recreation Fund	\$( 1,560)
Community Monitor Fund	\$( 3,449)
Senior Citizens Program Fund	\$( 27,409)
Maternal Health Care Fund	\$( 11,025)
Solid Waste System Fund	\$(411,144)
DWI Grant Fund	\$( 67,783)
Jail Fund	\$(113,304)
US Marshall Service	\$( 2,365)

It is expected that future revenue will be provided or transfers will be made from the General Fund.

Fund balance deficits occur when budgets are overspent, when receivables are not established, and when transfers are not timely made.

NOTE 8: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure as a part of the combined statements. Overview, of certain information concerning individual funds including:

- A. Summary of disclosures of debt service requirements to maturity for all types of outstanding debt. The requirement is met by Note 6.
- B. Summary disclosures of changes in general fixed assets by major class. The requirement is met by Note 5.
- C. Summary disclosure of changes in general long-term debt. This requirement is met by Note 6.
- D. Restatement of General Fund Balance - the General Fund balances has been restated for the following funds being transferred to the Special Revenue Funds:

Indigent Fund	\$65,217
Reappraisal Fund	\$56,357

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 8: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES  
(Cont.)

E. Individual fund interfund receivable and payable balances. Such balances at June 30, 1995 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 29,444	\$ 57,772
Fire funds	9,000	-
Farm and range fund	1,658	-
G.O. Bond Acq. fund	20,020	-
Solid waste system fund	-	468
Recreation fund	-	2,350
Solid waste debt svc fund	468	-
	<u>\$ 60,590</u>	<u>\$ 60,590</u>
	=====	=====

NOTE 9: INSURANCE COVERAGE

The County of Torrance is insured through the New Mexico County Insurance Authority. Coverage provided includes all-peril on buildings and contents; crime coverage; general liability; civil rights and personal injury; motor vehicle and fleet property damage and liability; school bus property damage and liability coverage; and statutory workmen's compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$200,000 each occurrence.

NOTE 10: SIGNIFICANT SOURCES OF GENERAL FUND REVENUES

CORRECTIONS CORPORATION OF AMERICA CONTRACT

Significant sources of general fund revenues are from care of prisoners under a management services contract with Corrections Corporation of America.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 10: SIGNIFICANT SOURCES OF GENERAL FUND REVENUES  
(Cont.)

This contract is between the County and Corrections Corporation of America for the period November 1, 1990 through October 31, 2010 and is based on an agreement to house adult federal prisoners.

The County has contracted with the U.S. Marshal Service to house federal inmates in the Torrance County Detention Facility, which is privately owned and operated by Corrections Corporation of America (CCA).

Torrance County receives billing from CCA and in turn bills the U.S. Marshall for services each month. CCA pays the County of Torrance \$440 per month for data processing time in handling of the billing.

Torrance County benefits from this arrangement by being able to monitor the facility by way of being involved in the agreements and by the jobs the facility provides in the County.

The estimated annual revenue and related expense to the County is \$2,500,000. The Corrections Corporation of America houses the prisoners and bills the United States Marshal's Service for the service through the County. The County receives the payment billed and expends the total received to the Corrections Corporation of America.

NOTE 11: RETIREMENT PLAN

*Retirement Plan*

Substantially all of the County of Torrance full-time employees participate in a defined benefit contributory retirement plan through the Public Employees' Retirement Act (PERA) of the State of New Mexico, a cost sharing multiple employer public employee retirement system. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting PERA's

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 12: BANK SURETY

The County's cash and investments at fiscal year-end consisted of deposits in financial institutions. At least 50% of these deposits were supposed to be covered by federal depository insurance and by collateral held by the financial institution or their agent in the District's name. Collateral is held under provisions of Section 6-10-17, NMSA, 1978. Pledged securities are stated at market value. A breakdown of deposits and collateral is as follows:

Name of Financial Institution

Norwest Bank

Total amount of deposit	\$ 563,400
Less F.D.I.C. coverage	<u>(100,000)</u>

Total uninsured public funds	\$ 463,400
	=====

50% collateral requirement	\$ 231,700
	=====

<u>Pledged collateral:</u>	<u>Maturity Date</u>	<u>Amount</u>
Capitan NM Municipal		
School District	07-15-00	\$ 130,638
Torrance County	10-01-96	41,187
Torrance County	10-01-97	31,523
Torrance County	10-01-98	<u>47,911</u>
		\$ 251,259
		=====
Over (under) collateralized		\$ 19,559
		=====

Location of pledged securities is Norwest Corporation, Minneapolis, Minnesota.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 12: BANK SURETY (Cont.)

Prudential Securities	
Three CD's at various banks	\$ 150,000
Less F.D.I.C. coverage	<u>150,000</u>
Total uninsured public funds	\$ 0
	=====

The amount pledged by each bank is in an aggregate amount more than one-half of the amount of public money on deposit.

NOTE 13: RETIREE HEALTH CARE

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the New Mexico Counties Insurance Authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act or the Magistrate Retirement Act or the Public Employees Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf unless that person retires on or before July 1, 1995, in which event the time period required for employee and employer contributions shall become the period of time between July 1, 1990, and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 13: RETIREE HEALTH CARE (Cont.)

Each participating employer makes contributions to the fund in the amount of one percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to one-half of one percent of the employee's annual salary. Each participating retiree pays a monthly premium of fifty-four dollars and sixty cents (\$54.60) for the basic single plan and an additional participation fee of five dollars (\$5.00) if eligible participant retired prior to July 1, 1990 and made no contributions to the plan.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The post employment benefit revenues and expenditures for the year ended June 30, 1995, consisted of premiums paid in the amount of \$15,911,889 and claims paid in the amount of \$23,749,531 for a total of \$39,661,420. Participant contributions were \$17,719,705; therefore, the net expenditures for the year were \$21,941,715.

For the fiscal year ended June 30, 1995, employers, employees and retirees remitted \$18,232,674, \$9,226,712, and \$17,719,705 respectively. The County of Torrance remitted \$14,378 in employer contributions and \$7,189 in employee contributions. As of June 30, 1995, 14,001 retirees were eligible to receive benefits.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 14: RECONCILIATION OF GAAP BASIS TO NON-GAAP BASIS

The budgetary basis is the cash basis. Under the cash basis, revenues are recognized when received and expenditures are recognized when paid. Counties are required to report on the cash basis to the Local Government Division of the New Mexico Department of Finance and Administration. The following is a reconciliation between the budgetary basis (Non-GAAP) amounts and financial statements on the GAAP basis by fund type.

General Fund

Revenues, GAAP Basis, Exhibit 2	\$ 8,417,795
Plus: Accounts receivable, prior year	161,932
Less: Accounts receivable, current year	<u>(844,335)</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ 7,735,392 =====
Expenditures, GAAP Basis, Exhibit 2	\$ 8,130,408
Plus: Prior year accounts payable	100,033
Prior year accrued expenses	69,461
Less: Current year accounts payable	(610,195)
Current year accrued expenses	(83,365)
Bond amortization	(639)
Less prior year's prepaid expenses	<u>(36,629)</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 7,569,074 =====

Special Revenue Funds

Revenues, GAAP Basis, Exhibit 2	\$ 1,121,313
Plus: Prior year accounts receivable	54,165
Less: Current year accounts receivable	<u>(31,131)</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ 1,144,347 =====

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 14: RECONCILIATION OF GAAP BASIS TO NON-GAAP BASIS

Special Revenue Funds

Expenditures, GAAP Basis, Exhibit 2	\$ 1,117,220
Plus: Prior year accounts payable	31,320
Prior year accrued expenses	10,507
Less: Current year accounts payable	(26,898)
Current year accrued expenses	<u>(5,240)</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 1,126,909 =====

Debt Service Funds

Revenues, GAAP Basis, Exhibit 2	\$ 218,971
Plus: Prior year accounts receivable	<u>3,141</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ 222,112 =====
Expenditures, GAAP Basis, Exhibit 2	\$ 187,699
Plus: Current year accrued expenses	<u>37,002</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 224,701 =====

Capital Projects Fund

Revenues, GAAP Basis, Exhibit 2	\$ <u>50,999</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ 50,999 =====
Expenditures, GAAP Basis, Exhibit 2	\$ 170,888
Plus: Current amortization	<u>(2,139)</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 168,749 =====

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 15: CLOSURE AND POSTCLOSURE COSTS OF LANDFILL

State and federal laws and regulations require that the County of Torrance place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County is in the process of acquiring and constructing the landfill site. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the current year.

The County has excluded accounting for the landfill costs in its Solid Waste Enterprise Fund. The effects of such an exclusion are addressed in the Independent Auditors' Report. Government Accounting Standards Board (GASB) Statement 18, which became effective for fiscal year 1993-1994, requires all municipal solid waste landfills to incur closure costs and postclosure care costs in its financial records and statements. Additional disclosures require below have not been addressed:

1. The nature and source of landfill closure and postclosure care requirements.
2. The recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date.
3. The reported liability for closure and postclosure care at the balance sheet date and the estimated total current cost of closure and postclosure care remaining to be recognized.
4. The percentage of landfill capacity used to date and estimated remaining landfill life in years.
5. How closure and postclosure care financial assurance requirements, if any, are being met. Also, any assets restricted for payment of closure and postclosure care costs.
6. The nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1995

NOTE 16: OPERATING TRANSFERS

Operating transfers for the year ended June 30, 1995 were:

<u>Amount</u>	<u>Transfers In</u>	<u>Transfers Out</u>
\$ 16,646	S.W. Enterprise	S.W. Debt Service
\$ 5,000	General	NE Torrance FD
\$ 5,000	General	Indian Hills FD
\$ 5,000	General	McIntosh FD
\$ 4,000	General	Duran FD
\$ 5,000	General	Torreón-Tajique FD
\$ 2,400	General	Indigent
\$ 11,165	Farm & Range	General
\$ 306	Recreation	General
\$152,511	Jail Fund	General
\$ 67,362	Senior Citizens	General
\$ 13,224	Civil Defense	General
\$ 12,238	Reappraisal	General
\$ 3,336	Emergency 911	General

NOTE 17: FINANCIAL STATEMENTS

The financial statements of the County of Torrance for the fiscal year ended June 30, 1995, were prepared by Emmons & Company, P.A.

NOTE 18: DEFERRED COMPENSATION

The County of Torrance did not participate in a deferred compensation plan for the fiscal year ended June 30, 1995.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*GENERAL FUND*

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Road Fund

To account for resources and expenditures of the County of Torrance Road Department. In the combined financial statements the Road Fund financial activity has been combined with the General Fund financial activity under the caption "General Fund". In the combining financial statements, the Road Fund activity has been separated and appropriately identified.

Jail Fund

To account for resources and expenditures of the County of Torrance Jail. In the combined financial statements, the Jail Fund financial activity has been combined with the General Fund financial activity under the caption "General Fund". In the combining financial statements, the Jail Fund activity has been separated and appropriately identified.

STATE OF NEW MEXICO  
County of Torrance

A-1

GENERAL FUND  
COMBINING BALANCE SHEET  
June 30, 1995

	General	Road	Jail	Total
ASSETS				
Current assets				
Cash and investments	\$ 360,025	\$ 27,030	\$	\$ 387,055
Accounts receivable	569,837	262,143	12,355	844,335
Due from other funds	29,444			29,444
Total current assets	959,306	289,173	12,355	1,260,834
Other assets:				
Bond Issuance Costs		7,856		7,856
Total Assets	\$ 959,306	\$ 297,029	\$ 12,355	\$ 1,268,690
LIABILITIES & FUND BALANCE				
Current liabilities:				
Cash overdraft	\$ 27,094	\$	\$ 75,174	\$ 102,268
Accounts payable	576,404	10,400	23,391	610,195
Accrued expenses	74,344	9,021		83,365
Due to other funds	10,658	20,020	27,094	57,772
Total liabilities	688,500	39,441	125,659	853,600
Fund balance (deficit), restated:				
Unreserved and undesignated	270,806	257,588	(113,304)	415,090
Total liabilities & fund balance	\$ 959,306	\$ 297,029	\$ 12,355	\$ 1,268,690

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

A-2

GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1995

	General	Road	Jail	Total
	-----	-----	-----	-----
Revenues:				
Taxes	\$ 1,765,972	\$ 438,773	\$	\$ 2,204,745
Intergovernmental	139,331	906,131	41,888	1,087,350
Charges for services	4,817,869		87,696	4,905,565
Miscellaneous	59,179	147,558	13,398	220,135
	-----	-----	-----	-----
Total revenue	6,782,351	1,492,462	142,982	8,417,795
	-----	-----	-----	-----
Expenditures:				
Current operations:				
General government	1,022,581			1,022,581
Public safety	5,467,496		287,699	5,755,195
Health & welfare	34,921			34,921
Highways and streets		1,008,617		1,008,617
Capital expenditures	124,805	184,289		309,094
	-----	-----	-----	-----
Total expenditures	6,649,803	1,192,906	287,699	8,130,408
	-----	-----	-----	-----
Excess (deficiency) of revenue over expenditures	132,548	299,556	(144,717)	287,387
Other financing sources (uses):				
Transfers (net)	(233,742)		152,511	(81,231)
	-----	-----	-----	-----
Excess (deficiency) of revenue and other sources over expenditures and other uses	(101,194)	299,556	7,794	206,156
Fund balance at beginning of the year, restated	372,000	(41,968)	(121,098)	208,934
	-----	-----	-----	-----
Fund balance at the end of the year	\$ 270,806	\$ 257,588	\$ (113,304)	\$ 415,090
	=====	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

A-3

General Fund - General Governmental Activity  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 192,669	\$ 160,265	\$ (32,404)
Taxes	1,879,564	1,775,206	(104,358)
Charges for services	2,578,391	4,277,145	1,698,754
Miscellaneous	36,350	57,311	20,961
Total revenues	4,686,974	6,269,927	1,582,953
Expenditures:			
Current operations:			
General government	1,101,549	998,688	102,861
Public safety	3,173,991	4,911,373	(1,737,382)
Health and welfare	34,316	32,538	1,778
Capital expenditures	3,634	118,577	(114,943)
Total expenditures	4,313,490	6,061,176	(1,747,686)
Excess (deficiency) of revenues over expenditures	373,484	208,751	(164,733)
Other Financing Sources (Uses):			
Transfers in (out)		(233,742)	(233,742)
Cash balance available	(373,484)		373,484
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (24,991)	\$ (24,991)

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

A-4

General Fund - Road Activity  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 876,619	\$ 842,896	\$ (33,723)
Taxes	414,700	445,802	31,102
Miscellaneous	6,000	4,252	(1,748)
Total revenues	1,297,319	1,292,950	(4,369)
Expenditures:			
Current operations:			
Highways and streets	1,019,367	1,037,162	(17,795)
Capital expenditures	288,295	184,272	104,023
Total expenditures	1,307,662	1,221,434	86,228
Excess (deficiency) of revenues over expenditures	(10,343)	71,516	81,859
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	10,343		(10,343)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 71,516	\$ 71,516

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

A-5

General Fund - Jail Activity  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 41,888	\$ 41,888	\$ 0
Charges for services	87,551	75,341	(12,210)
Miscellaneous	55,286	55,286	0
Total revenues	184,725	172,515	(12,210)
Expenditures:			
Current operations:			
Public safety	225,788	286,464	(60,676)
Capital expenditures			0
Total expenditures	225,788	286,464	(60,676)
Excess (deficiency) of revenues over expenditures	(41,063)	(113,949)	(72,886)
Other Financing Sources (Uses):			
Transfers in (out)		152,511	152,511
Cash balance available	41,063		(41,063)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 38,562	\$ 38,562

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

***SPECIAL REVENUE FUNDS***

CLERK'S EQUIPMENT FUND

To account for additional fees collected by the Clerk's office to pay for equipment/supplies for the Clerk's office. Authority is the Absentee-Early Voting Act.

FARM AND RANGE FUND

To account for the operations of farm and range activities, including soil and water conservation, predatory animal and insect control. Financing is provided from distributions made under the Taylor Grazing Act. Authority is NMSA 6-11-6.

RECREATION FUND

To account for the operations and maintenance of County owned recreational facilities. Financing is provided by state shared one-cent cigarette tax, which is required by state law to be used for recreation purposes. Authority is NMSA 7-12-15.

CIVIL DEFENSE FUND

To account for a grant from the State of New Mexico for the operation of the Civil Defense Unit.

LAW ENFORCEMENT FUND

To account for a grant from the State of New Mexico Correction Department through the Law Enforcement Protection Act. The funding is to be used for law enforcement improvements. Authority is NMSA 23-13-1.

FIRE DISTRICT FUNDS

To account for the operations of the five fire districts, which are accounted for by the area served. Financing is provided by state fire allotments. The individual fire districts are: Duran, Tajique-Torreon, McIntosh, Indian Hills, and Northeastern Torrance. Financing is provided from County's share of fire allotment issued by the State Fire Marshall under NMSA 59-53-1.

FAIR BOARD FUND

To account for the proceeds and expenditure of a special gross receipts tax. The purpose of the tax is to fund the annual county fair.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

***SPECIAL REVENUE FUNDS***

EMERGENCY MEDICAL SERVICES FUND

To account for a grant from the State of New Mexico to be used for the acquisition of emergency medical services to County residents. Sources of funds are the State of New Mexico Health and Environmental Department, Emergency Medical Services Bureau. Authority is NMSA 24-10A-1 to 24-10A-10.

U.S. WEST YOUTH PROGRAM FUND

To account for a grant from U.S. West to provide youth to assist the Senior Citizens program at various sites throughout the County.

SENIOR CITIZENS

To account the operations of various senior citizens centers funded by Eastern New Mexico Area Agency on Aging, fund raising income, and the County's contribution. Authorized by grant from Area Agency on Aging.

MATERNAL HEALTH CARE PROGRAM FUND

To account for a grant from the State of New Mexico to provide educational and counseling services to teenagers in the County.

D.W.I. GRANT FUND

To account for a grant from the State of New Mexico for D.W.I. detection and prevention.

COUNTY INDIGENT FUND

To account for expenditures incurred in providing services for the care of indigents. Financing is provided by the County's share of gross receipts tax and may be used only for that purpose. Authority is NMSA 24-10A-1.

REAPPRAISAL FUND

To account for the operations of a fund to help with reappraisal of County property to ensure valuation reflects current fair market value. Financing is provided by retainage of 1% of tax collections. Authority NMSA 7-38-38.1.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*SPECIAL REVENUE FUNDS*

COMMUNITY MONITOR GRANT FUND

To account for grant expenditures used to provide community monitoring.

FIRE POOL FUND

To account for expenditures incurred in providing services and equipment purchases for the fire districts. Financing is provided by the County's share of gross receipts tax and may be used only for that purpose.

EMERGENCY 911 GRANT FUND

To account for grant funds that are to be used to pay for a 911 system. Financing is provided by a grant from New Mexico Department of Finance and Administration pursuant NMSA 63-9D-1, "Enhanced 911 Act".

STATE OF NEW MEXICO  
County of Torrance

B-1  
(1 of 3)

Special Revenue Fund  
Combining Balance Sheet  
June 30, 1995

	Clerk's Equipment	Farm & Range	Recreation	Civil Defense	Law Enf. Protection	N.E. Torrance Fire Dist.	Indian Hills Fire District
<b>ASSETS</b>							
Cash in bank	\$ 3,702	\$	\$ 790	\$ 2,941	\$	\$ 13,987	\$ 6,626
Accounts receivable	50					1,153	858
Due from other funds		1,658					2,250
Total Assets	\$ 3,752	\$ 1,658	\$ 790	\$ 2,941	\$ 0	\$ 15,140	\$ 9,734
<b>LIABILITIES AND FUND BALANCE</b>							
Current Liabilities:							
Cash overdraft	\$	\$	\$	\$	\$	\$	\$
Accounts payable						218	342
Accrued expenses				625			
Due to other funds			2,350				
Total Liabilities	0	0	2,350	625	0	218	342
Fund balance (deficit):							
Reserved and designated for subsequent years' expenditures							
Unreserved and undesignated	3,752	1,658	(1,560)	2,316		14,922	9,392
Total fund balance (deficit)	3,752	1,658	(1,560)	2,316	0	14,922	9,392
Total Liabilities and Fund Balance	\$ 3,752	\$ 1,658	\$ 790	\$ 2,941	\$ 0	\$ 15,140	\$ 9,734

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-1  
(2 of 3)

Special Revenue Fund  
Combining Balance Sheet  
June 30, 1995

		Duran Fire District	McIntosh Fire District	Tajique- Torreon Fire Dist.	Fair Board	EMS	US West Youth	Senior Citizens
		-----	-----	-----	-----	-----	-----	-----
ASSETS								
Cash in bank	\$	48,185	\$ 18,514	\$ 79,933	\$	6,410	\$	
Accounts receivable			858		1,469			
Due from other funds		2,250	2,250	2,250				
		-----	-----	-----	-----	-----	-----	-----
Total Assets	\$	50,435	\$ 21,622	\$ 82,183	\$ 1,469	\$ 6,410	\$ 0	\$ 0
		=====	=====	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE								
Current Liabilities:								
Cash overdraft	\$		\$	\$	\$		\$	21,899
Accounts payable		54		1,217		1,109		3,194
Accrued expenses								2,316
Due to other funds								
		-----	-----	-----	-----	-----	-----	-----
Total Liabilities		54	0	1,217	0	1,109	0	27,409
		-----	-----	-----	-----	-----	-----	-----
Fund balance (deficit):								
Reserved and designated for subsequent years' expenditures								
Unreserved and undesignated		50,381	21,622	80,966	1,469	5,301		(27,409)
		-----	-----	-----	-----	-----	-----	-----
Total fund balance (deficit)		50,381	21,622	80,966	1,469	5,301	0	(27,409)
		-----	-----	-----	-----	-----	-----	-----
Total Liabilities and Fund Balance	\$	50,435	\$ 21,622	\$ 82,183	\$ 1,469	\$ 6,410	\$ 0	\$ 0
		=====	=====	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-1  
(3 of 3)

Special Revenue Funds  
Combining Balance Sheet  
June 30, 1995

	Maternal Health Care	DWI Grant	Indigent	Reappraisal	Community Monitor	Fire Pool	Emergency 911	Total (Memorandum Only)
<u>ASSETS</u>								
Cash in bank	\$	\$	\$ 129,525	\$ 32,786	\$	\$	\$ 3,009	\$ 346,408
Accounts receivable	15,237		9,791			1,715		31,131
Due from other funds								10,658
Total Assets	\$ 15,237	\$ 0	\$ 139,316	\$ 32,786	\$ 0	\$ 1,715	\$ 3,009	\$ 388,197
<u>LIABILITIES AND FUND BALANCE</u>								
Current Liabilities:								
Cash overdraft	\$ 11,627	\$ 66,219	\$	\$	\$ 2,443	\$	\$	\$ 102,188
Accounts payable	13,900		3,618		1,006		2,240	26,898
Accrued expenses	735	1,564						5,240
Due to other funds								2,350
Total Liabilities	26,262	67,783	3,618	0	3,449	0	2,240	136,676
Fund balance (deficit):								
Reserved and designated for subsequent years' expenditures								0
Unreserved and undesignated	(11,025)	(67,783)	135,698	32,786	(3,449)	1,715	769	251,521
Total fund balance (deficit)	(11,025)	(67,783)	135,698	32,786	(3,449)	1,715	769	251,521
Total Liabilities and Fund Balance	\$ 15,237	\$ 0	\$ 139,316	\$ 32,786	\$ 0	\$ 1,715	\$ 3,009	\$ 388,197

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-2  
(1 of 3)

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1995

	Clerk's Equipment Fund	Farm & Range	Recreation	Civil Defense	Law Enf. Protection	N.E. Torrance Fire District	Indian Hills Fire District
Revenues:							
Taxes \$	\$	\$	1,021 \$	\$	\$	3,903 \$	3,903
Intergovernmental		2,225		23,322	19,100	24,333	24,333
Miscellaneous	9,756					2,299	2,060
Total revenue	9,756	2,225	1,021	23,322	19,100	30,535	30,296
Expenditures:							
Current operations:							
General government							
Public safety				35,335		8,694	17,872
Health & welfare		13,500					
Culture & recreation			1,000				
Capital expenditures	6,004				15,919	15,869	17,777
Total expenditures	6,004	13,500	1,000	35,335	15,919	24,563	35,649
Excess (deficiency) of revenue over expenditures	3,752	(11,275)	21	(12,013)	3,181	5,972	(5,353)
Other financing sources (uses):							
Transfers (net)		11,165	306	13,224		(5,000)	(5,000)
Excess (deficiency) of revenue and other sources over expenditures and other uses	3,752	(110)	327	1,211	3,181	972	(10,353)
Fund balance at beginning of the year		1,768	(1,887)	1,105	(3,181)	13,950	19,745
Fund balance at the end of the year \$	3,752 \$	1,658 \$	(1,560) \$	2,316 \$	0 \$	14,922 \$	9,392

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-2  
(2 of 3)

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1995

	Duran Fire District	McIntosh Fire District	Tajique- Torreon Fire Dist.	Fair Board	EMS	US West Youth	Senior Citizens
Revenues:							
Taxes	\$	\$ 3,903	\$	\$ 20,469	\$	\$	
Intergovernmental	24,333	24,333	24,333		15,482		168,435
Miscellaneous	2,927	2,498	4,581			3,540	27,289
Total revenue	27,260	30,734	28,914	20,469	15,482	3,540	195,724
Expenditures:							
Current operations:							
General government							
Public safety	4,698	5,230	10,656		13,983		
Health & welfare						3,540	201,994
Culture & recreation				19,000			
Capital expenditures		29,783	6,298				6,110
Total expenditures	4,698	35,013	16,954	19,000	13,983	3,540	208,104
Excess (deficiency) of revenue over expenditures	22,562	(4,279)	11,960	1,469	1,499	0	(12,380)
Other financing sources (uses):							
Transfers (net)	(4,000)	(5,000)	(5,000)				67,362
Excess (deficiency) of revenue and other sources over expenditures and other uses	18,562	(9,279)	6,960	1,469	1,499	0	54,982
Fund balance at beginning of the year	31,819	30,901	74,006		3,802		(82,391)
Fund balance at the end of the year	\$ 50,381	\$ 21,622	\$ 80,966	\$ 1,469	\$ 5,301	\$ 0	\$ (27,409)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-2  
(3 of 3)

SPECIAL REVENUE FUND TYPES  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1995

	Maternal Health Care	DWI Grant	Indigent	Reappraisal	Community Monitor	Fire Pool	Emergency 911	Total (Memorandum Only)
Revenues:								
Taxes \$	\$	\$	\$ 95,408	\$ 13,857	\$	\$ 1,715	\$	144,179
Intergovernmental	485,579	63,744			3,737		8,856	912,145
Miscellaneous	261						9,778	64,989
Total revenue	485,840	63,744	95,408	13,857	3,737	1,715	18,634	1,121,313
Expenditures:								
Current operations:								
General government				25,049				25,049
Public safety		111,055			7,186		17,893	232,602
Health & welfare	465,982		22,527					707,543
Culture & recreation								20,000
Capital expenditures	6,249	3,400		24,617				132,026
Total expenditures	472,231	114,455	22,527	49,666	7,186	0	17,893	1,117,220
Excess (deficiency) of revenue over expenditures	13,609	(50,711)	72,881	(35,809)	(3,449)	1,715	741	4,093
Other financing sources (uses):								
Transfers (net)			(2,400)	12,238			3,336	81,231
Excess (deficiency) of revenue and other sources over expenditures and other uses	13,609	(50,711)	70,481	(23,571)	(3,449)	1,715	4,077	85,324
Fund balance at beginning of the year	(24,634)	(17,072)	65,217	56,357			(3,308)	166,197
Fund balance at the end of the year \$	(11,025) \$	(67,783) \$	135,698 \$	32,786 \$	(3,449) \$	1,715 \$	769 \$	251,521

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-3

Clerk's Equipment Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$	\$	\$ 0
Miscellaneous	6,000	9,706	3,706
Total revenues	6,000	9,706	3,706
Expenditures:			
Current operations:			
General government			0
Capital expenditures	6,000	6,004	(4)
Total expenditures	6,000	6,004	(4)
Excess (deficiency) of revenues over expenditures	0	3,702	3,702
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 3,702	\$ 3,702

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-4

Farm & Range Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 2,225	\$ 2,225	\$ 0
Miscellaneous			0
Total revenues	2,225	2,225	0
Expenditures:			
Current operations:			
Health and welfare	13,500	13,500	0
Capital expenditures			0
Total expenditures	13,500	13,500	0
Excess (deficiency) of revenues over expenditures	(11,275)	(11,275)	0
Other Financing Sources (Uses):			
Transfers in (out)		11,165	11,165
Cash balance available	11,275		(11,275)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (110)	\$ (110)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-5

Recreation Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 230	\$ 1,021	\$ 791
Miscellaneous			
Total revenues	230	1,021	791
Expenditures:			
Current operations:			
Culture and recreation	1,000	1,000	0
Total expenditures	1,000	1,000	0
Excess (deficiency) of revenues over expenditures	(770)	21	791
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	770		(770)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 21	\$ 21

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-6

Civil Defense Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 23,000	\$ 23,322	\$ 322
Miscellaneous			0
Total revenues	23,000	23,322	322
Expenditures:			
Current operations:			
Public safety	40,354	36,735	3,619
Total expenditures	40,354	36,735	3,619
Excess (deficiency) of revenues over expenditures	(17,354)	(13,413)	3,941
Other Financing Sources (Uses):			
Transfers in (out)		13,224	13,224
Cash balance available	17,354		(17,354)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (189)	\$ (189)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-7

Law Enforcement Protection Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$ 19,100	\$ 19,100	\$ 0
Miscellaneous			0
	-----	-----	-----
Total revenues	19,100	19,100	0
	-----	-----	-----
Expenditures:			
Current operations:			
Health and welfare			0
Capital expenditures	19,041	19,041	0
	-----	-----	-----
Total expenditures	19,041	19,041	0
	-----	-----	-----
Excess (deficiency) of revenues over expenditures	59	59	0
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(59)		59
	-----	-----	-----
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 59	\$ 59
	=====	=====	=====

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-8

N.E. Torrance District Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Taxes	10,052	4,225	(5,827)
Miscellaneous	450	2,003	1,553
Total revenues	34,835	30,561	(4,274)
Expenditures:			
Current operations:			
Public safety	17,901	11,166	6,735
Capital expenditures	17,414	15,731	1,683
Total expenditures	35,315	26,897	8,418
Excess (deficiency) of revenues over expenditures	(480)	3,664	4,144
Other Financing Sources (Uses):			
Transfers in (out)		(5,000)	(5,000)
Cash balance available	480		(480)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (1,336)	\$ (1,336)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-9

Indian Hills Fire District Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Taxes	10,052	4,224	(5,828)
Miscellaneous	5,178	2,060	(3,118)
Total revenues	39,563	30,617	(8,946)
Expenditures:			
Current operations:			
Public safety	17,650	18,148	(498)
Capital expenditures	20,656	17,777	2,879
Total expenditures	38,306	35,925	2,381
Excess (deficiency) of revenues over expenditures	1,257	(5,308)	(6,565)
Other Financing Sources (Uses):			
Transfers in (out)		(5,000)	(5,000)
Cash balance available	(1,257)		1,257
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (10,308)	\$ (10,308)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-10

Duran Fire District Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Miscellaneous	890	2,927	2,037
	-----	-----	-----
Total revenues	25,223	27,260	2,037
	-----	-----	-----
Expenditures:			
Current operations:			
Public safety	9,750	4,714	5,036
Capital expenditures	38,600		38,600
	-----	-----	-----
Total expenditures	48,350	4,714	43,636
	-----	-----	-----
Excess (deficiency) of revenues over expenditures	(23,127)	22,546	45,673
Other Financing Sources (Uses):			
Transfers in (out)		(4,000)	(4,000)
Cash balance available	23,127		(23,127)
	-----	-----	-----
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 18,546	\$ 18,546
	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-11

McIntosh Fire District Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Taxes	10,052	4,225	(5,827)
Miscellaneous	800	2,655	1,855
Total revenues	35,185	31,213	(3,972)
Expenditures:			
Current operations:			
Public safety	10,400	5,604	4,796
Capital expenditures	37,421	29,783	7,638
Total expenditures	47,821	35,387	12,434
Excess (deficiency) of revenues over expenditures	(12,636)	(4,174)	8,462
Other Financing Sources (Uses):			
Transfers in (out)		(5,000)	(5,000)
Cash balance available	12,636		(12,636)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (9,174)	\$ (9,174)

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-12

Torreon-Tajique Fire District Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Miscellaneous	2,010	4,581	2,571
Total revenues	26,343	28,914	2,571
Expenditures:			
Current operations:			
Public safety	20,140	9,746	10,394
Capital expenditures	51,800	6,298	45,502
Total expenditures	71,940	16,044	55,896
Excess (deficiency) of revenues over expenditures	(45,597)	12,870	58,467
Other Financing Sources (Uses):			
Transfers in (out)		(5,000)	(5,000)
Cash balance available	45,597		(45,597)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 7,870	\$ 7,870

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-13

Fair Board Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 19,000	\$ 19,000	\$ 0
Miscellaneous			0
Total revenues	19,000	19,000	0
Expenditures:			
Current operations:			
Culture and recreation	19,000	19,000	0
Total expenditures	19,000	19,000	0
Excess (deficiency) of revenues over expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-14

Emergency Medical Service Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$ 15,482	\$ 15,482	\$ 0
Miscellaneous			0
	-----	-----	-----
Total revenues	15,482	15,482	0
	-----	-----	-----
Expenditures:			
Current operations:			
Public safety	21,059	14,649	6,410
Capital expenditures			0
	-----	-----	-----
Total expenditures	21,059	14,649	6,410
	-----	-----	-----
Excess (deficiency) of revenues over expenditures	(5,577)	833	6,410
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	5,577		(5,577)
	-----	-----	-----
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 833	\$ 833
	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-15

U.S. West Youth Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$	\$	\$
Miscellaneous	3,540	3,540	0
Total revenues	3,540	3,540	0
Expenditures:			
Current operations:			
Health and welfare	3,540	3,540	0
Capital expenditures			0
Total expenditures	3,540	3,540	0
Excess (deficiency) of revenues over expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-16

Senior Citizens Program Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 215,010	\$ 172,651	\$ (42,359)
Miscellaneous	40,165	27,554	(12,611)
Total revenues	255,175	200,205	(54,970)
Expenditures:			
Current operations:			
Health and welfare	203,729	204,635	(906)
Capital expenditures	51,095	8,610	42,485
Total expenditures	254,824	213,245	41,579
Excess (deficiency) of revenues over expenditures	351	(13,040)	(13,391)
Other Financing Sources (Uses):			
Transfers in (out)		67,362	67,362
Cash balance available	(351)		351
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 54,322	\$ 54,322

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-17

Maternal Health Care Program Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 599,211	\$ 501,576	\$ (97,635)
Miscellaneous		261	261
Total revenues	599,211	501,837	(97,374)
Expenditures:			
Current operations:			
Health and welfare	594,211	460,365	133,846
Capital expenditures	5,000	6,249	(1,249)
Total expenditures	599,211	466,614	132,597
Excess (deficiency) of revenues over expenditures	0	35,223	35,223
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 35,223	\$ 35,223

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-18

D.W.I. Grant Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 117,493	\$ 63,744	\$ (53,749)
Miscellaneous			0
Total revenues	117,493	63,744	(53,749)
Expenditures:			
Current operations:			
Public safety	117,493	117,973	(480)
Capital expenditures		3,400	(3,400)
Total expenditures	117,493	121,373	(3,880)
Excess (deficiency) of revenues over expenditures	0	(57,629)	(57,629)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (57,629)	\$ (57,629)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-19

Indigent Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 80,000	\$ 98,388	\$ 18,388
Miscellaneous			0
Total revenues	80,000	98,388	18,388
Expenditures:			
Current operations:			
Health and welfare	117,282	18,909	98,373
Capital expenditures			0
Total expenditures	117,282	18,909	98,373
Excess (deficiency) of revenues over expenditures	(37,282)	79,479	116,761
Other Financing Sources (Uses):			
Transfers in (out)		(2,400)	(2,400)
Cash balance available	37,282		(37,282)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 77,079	\$ 77,079

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-20

Reappraisal Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
	-----	-----	-----
Revenues:			
Taxes	\$ 12,177	\$ 13,857	\$ 1,680
Miscellaneous			0
	-----	-----	-----
Total revenues	12,177	13,857	1,680
	-----	-----	-----
Expenditures:			
Current operations:			
General government	31,762	25,927	5,835
Capital expenditures	24,700	24,617	83
	-----	-----	-----
Total expenditures	56,462	50,544	5,918
	-----	-----	-----
Excess (deficiency) of revenues over expenditures	(44,285)	(36,687)	7,598
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	44,285		(44,285)
	-----	-----	-----
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (36,687)	\$ (36,687)
	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-21

Community Monitor Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 9,600	\$ 3,737	\$ (5,863)
Miscellaneous			0
Total revenues	9,600	3,737	(5,863)
Expenditures:			
Current operations:			
Public safety	9,600	6,180	3,420
Capital expenditures			0
Total expenditures	9,600	6,180	3,420
Excess (deficiency) of revenues over expenditures	0	(2,443)	(2,443)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (2,443)	\$ (2,443)

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-22

Fire Pool Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$	\$	\$ 0
Miscellaneous			0
Total revenues	0	0	0
Expenditures:			
Current operations:			
Public safety			0
Capital expenditures			0
Total expenditures	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 0	\$ 0

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-23

Emergency 911 Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 5,196	\$ 10,840	\$ 5,644
Miscellaneous	6,873	9,778	2,905
Total revenues	12,069	20,618	8,549
Expenditures:			
Current operations			
Public safety	12,069	17,608	(5,539)
Capital expenditures			0
Total expenditures	12,069	17,608	(5,539)
Excess (deficiency) of revenues over expenditures	0	3,010	3,010
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 3,010	\$ 3,010

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

**DEBT SERVICE FUNDS**

DEBT SERVICE FUNDS - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

GENERAL OBLIGATION BOND FUND - To accumulate monies for payment of the 1994 General Obligation Serial bonds. The County is authorized to levy ad valorem taxes and other funds for the payment of principal and interest.

SOLID WASTE REVENUE BOND - To accumulate monies for payment of the 1992 Environmental Gross Receipts Tax Bonds. Bond interest and principal is payable from a 1/8 cent gross receipts tax as authorized by Section 7-1-6, NMSA 1978, and from landfill fees.

STATE OF NEW MEXICO  
County of Torrance

C-1

Debt Service Funds  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the year ended June 30, 1995

	Solid Waste Revenue Bond Fund	General Obli- gation Bond Fund	Total (Memorandum Only)
<hr/>			
ASSETS			
<hr/>			
Current assets:			
Cash in bank	\$ 468	\$ 67,574	\$ 67,574
Due from other funds	468		468
	<hr/>	<hr/>	<hr/>
Total current assets	468	67,574	68,042
	<hr/>	<hr/>	<hr/>
Restricted assets:			
Restricted Cash	35,000		35,000
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 35,468	\$ 67,574	\$ 103,042
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND FUND BALANCE			
<hr/>			
Liabilities:			
Accrued expenses	\$	\$	\$ 0
	<hr/>	<hr/>	<hr/>
Total liabilities	0	0	0
	<hr/>	<hr/>	<hr/>
Fund Balance (Deficit):			
Reserved and designated for subsequent year's expenditures	35,468	67,574	103,042
	<hr/>	<hr/>	<hr/>
Total fund balance (deficit)	35,468	67,574	103,042
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance \$	\$ 35,468	\$ 67,574	\$ 103,042
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

C-2

Debt Service Funds  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the year ended June 30, 1995

	Solid Waste Revenue Bond Fund	General Obli- gation Bond Fund	Total (Memorandum Only)
Revenues:			
Taxes	\$ 10,365	\$ 173,606	\$ 183,971
Miscellaneous	35,000		35,000
Total revenues	45,365	173,606	218,971
Expenditures:			
Debt service:			
Principal paid		75,000	75,000
Interest paid		111,006	111,006
Bank service charges		1,693	1,693
Total expenditures	0	187,699	187,699
Excess (deficiency) of revenues over expenditures	45,365	(14,093)	31,272
Other Financing Sources (Uses):			
Transfers in (out)	(16,647)		(16,647)
Fund balance, beginning of year	6,750	81,667	88,417
Fund balance, end of year	\$ 35,468	\$ 67,574	\$ 103,042

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

C-3

Solid Waste Revenue Bond Debt Service Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$	\$ 13,506	\$ 13,506
Miscellaneous		35,000	35,000
Total revenues	0	48,506	48,506
Expenditures:			
Debt service:			
Principal paid			0
Interest paid	37,688	37,002	686
Total expenditures	37,688	37,002	686
Excess (deficiency) of revenues over expenditures	(37,688)	11,504	49,192
Other Financing Sources (Uses):			
Transfers in (out)		(16,647)	(16,647)
Cash balance available	37,688		(37,688)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (5,143)	\$ (5,143)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

C-4

General Obligation Bond Debt Service Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$	\$ 173,606	\$ 173,606
Miscellaneous			0
Total revenues	0	173,606	173,606
Expenditures:			
Debt service:			
Principal paid		75,000	(75,000)
Interest paid		111,006	(111,006)
Bank service charges		1,693	(1,693)
Total expenditures	0	187,699	(187,699)
Excess (deficiency) of revenues over expenditures	0	(14,093)	(14,093)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (14,093)	\$ (14,093)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

***ENTERPRISE FUND***

SOLID WASTE SYSTEM FUND - To account for the provision of solid waste disposal services to the residents of the County.

STATE OF NEW MEXICO  
County of Torrance

D-1

Solid Waste System - Enterprise Fund  
Balance Sheet  
June 30, 1995

ASSETS

-----		
Current Assets:		
Accounts receivable	\$	3,983
		-----
Total current assets		3,983
		-----
Other Assets:		
Bond issuance costs (net)	\$	12,213
		-----
Total other assets		12,213
		-----
Property, Plant & Equipment:		
Furniture, fixtures & equip.		36,658
Less accumulated depreciation		(13,059)
		-----
Net property, plant & equipment		23,599
		-----
Total assets	\$	39,795
		=====

LIABILITIES AND RETAINED EARNINGS

-----		
Current liabilities:		
Cash overdraft	\$	120,371
Accounts payable		5,250
Accrued expenses		9,850
Due to other funds		468
Current portion of long-term debt		15,000
		-----
Total current liabilities		150,939
Long-term liabilities:		
Revenue bonds payable		300,000
		-----
Total liabilities		450,939
Fund equity (deficit):		
Retained earnings - unreserved		(411,144)
		-----
Total fund equity (deficit)		(411,144)
		-----
Total liabilities and fund equity		39,795
		=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

D-2

Solid Waste System - Enterprise Fund  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
For the year ended June 30, 1995

Operating revenues:		
Charges for services	\$	30,633
Taxes		30,745
Miscellaneous		610
		-----
Total operating revenues		61,988
Operating expenses:		
Personal services		81,175
Operating expenses		1,377
Repairs & maintenance		5,162
Contract services		53,000
Depreciation		6,071
Amortization		1,325
Miscellaneous		777
		-----
Total operating expenses		148,887
		-----
Operating income (loss)		(86,899)
Non-operating income (expenses):		
Interest expense		(22,688)
Transfers in (out)		16,647
		-----
Net income (loss)		(92,940)
Retained earnings, beginning of year		(318,204)
		-----
Retained earnings, end of year	\$	(411,144)
		=====

See accompanying notes to financial statements.



## COMMINGLING OF FUNDS

### Condition

When a taxpayer over (or under) pays their tax bill by less than one dollar (\$1.00), a receipt is made for the amount of the tax bill. The difference is put into (or taken out of) the Treasurer's office coffee money.

### Criteria

The New Mexico Constitution Article 14 states that the County cannot donate public monies to benefit one individual.

### Effect

The County could be in violation with New Mexico Constitution.

### Cause

The County did not realize they could be in violation with the New Mexico Constitution.

### Recommendation

We recommend that establish a fund for over/under payments and use that money strictly for tax bill payments and maintain their coke money separately.

### Response

We will establish two separate funds for the coke money and the property tax over and under payments.

## INDEPENDENT CONTRACTORS

### Condition

The might be in violation with Federal and State Employment laws regarding non-employee status.

### Criteria

Federal and State Employment laws require the employer to make a reasonable determination of independent contractor status based on the twenty common law points.

### Effect

The County could be liable for back FICA and Medicare taxes and back PERA plus possible penalty and interest if independent contractor is designated as an employee.

### Cause

The County has thirteen (13) contractors that could be reclassified as employees if the County was not able to justify the non-employee status.

### Recommendation

We recommend that the County designate someone to review all contractor and contracts. This person should be knowledgeable in the IRS common law and state employment law. In addition, a determination should be made and all supporting documentation should be kept with the contract.

### Response

We will establish policies and procedures to ensure that contractors have an independent status and are not treated as employees.

## **PAYROLL CONTROLS**

### Condition

Our audit of payroll files and terminated employee files noted the following:

1. Two instances where the leave accrual rate was incorrect for the hours worked.

2. Eight instances where the I-9 forms were not completed correctly.
3. Three instances where there was no acknowledgement of the Drug Free workplace on file.
4. One instance where termination checklist was not on file.
5. One instance where PERA was not withheld on the final regular hours paid.

These conditions were found in the following funds/departments:

<u>Fund</u>	<u>Dept</u>	<u>#1</u>	<u>#2</u>	<u>#3</u>	<u>#4</u>	<u>#5</u>	<u>Total</u>
401	81	1	1	1			3
605	10	1	1				2
401	05		1				1
402	10/11		3		1		4
401	80		1	1			2
602	10		1				1
401	10					1	1
401	50			<u>1</u>			<u>1</u>
		<u>2</u>	<u>8</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>15</u>
		==	==	==	==	=	==

### Criteria

Proper internal controls and compliance with laws and regulations require that I-9 forms be completed properly, PERA be withheld on all regular wages, leave accrual rates should agree to personnel policy, all federal requirements be met and termination procedures should be developed and followed.

### Effect

The County is not complying with PERA regulations, the Federal immigration and Naturalization Act or the Federal Drug Free Workplace Act.

### Cause

The County has not allocated resources to ensure that complete employee files are maintained and that required regulations are followed. Without adequate support it is hard to make employees or supervisors comply with payroll rules and regulations that they find inconvenient.

### Recommendation

We recommend that the County provide adequate resources and support to the payroll system by developing and enforcing procedures to ensure that payroll related regulations are followed. We further suggest that more time is allocated to the preparation of the payroll to allow for compliance issues to be dealt with.

### Response

We will take into consideration the auditor's suggestions and will complete all I-9 forms; ensure that accrual rates are accurate; that Drug Free Workplace statements are signed; and ensure that we are in compliance with PERA regulations.

## **LANDFILL CLOSURE AND POSTCLOSURE COSTS**

### Condition

The County does not have closure and postclosure cost figures for the County's landfill.

### Criteria

Government Accounting Standards Board (GASB) Statement 18 states that the County must accrue a portion of postclosure cost of the County's landfill each year the landfill is in use.

### Effect

The County is in violation of GASB Statement 18.

### Cause

GASB Statement 18 is a recent pronouncement and the County was unaware of the rule.

### Recommendation

We suggest that the County obtain the recommended closure and postclosure cost estimates by a licensed engineer and begin complying with GASB Statement 18.



## PROCUREMENT POLICY

### Condition

The County was unable to locate some bids/quotes for services/goods purchased by the County.

### Criteria

The New Mexico State Procurement Code and the County's own purchasing policy requires that the County obtain quotes and bids for any purchase over \$250.

### Effect

The County is in violation of their own purchasing policy and in some cases, the New Mexico State Procurement Code.

### Cause

It is undeterminable if the quote/bid was unable to be located or if the quote/bid was never obtained.

### Recommendation

We recommend that the County obtain a quote/bid, when required, and attached those items to the voucher.

### Response

We will obtain all necessary quotes/bids in the future and attached those items to the voucher.

This report is intended for the information of the management and the State Auditor. However, this report is a matter of public record and its distribution is not limited.

*Emmons & Company, P.A.*

October 27, 1995



INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico  
and  
Board of County Commissioners  
County of Torrance  
Estancia, New Mexico

We have audited the general purpose financial statements and the combining, and individual fund and account group financial statements of County of Torrance, State of New Mexico, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 27, 1995.

Except as discussed in the following paragraphs, we conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

We were unable audit the financial statements supporting the financial activities of the Fixed Asset Group of Accounts because the County's records of fixed assets are incomplete. Those financial activities are included in the Fixed Assets Account Group and represent 100 percent of the assets of that account type.

The County of Torrance has also excluded accounting for landfill closure and postclosure costs for its county landfill in the enterprise fund's balance sheet, statement of revenues, expenditures and changes in retained earnings which should be included in order to conform with generally accepted accounting principles as required by Government Accounting Standards Board (GASB) Statement 18. The effects of not including the landfill costs as described above in the financial statements as they relate to the enterprise fund is not determinable.

In planning and performing our audit for the year ended June 30, 1995, we considered the internal control structure of the County of Torrance in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the County of Torrance and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated October 27, 1995.

The management of County of Torrance, New Mexico is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

1. Cycles of the Entity's Activity

- \* Treasury
- \* Revenue/receipts
- \* Expenditures/disbursements
- \* Expenditures/payroll
- \* External financial reporting
- \* Property and equipment

2. Controls Used in Administering Federal Programs

General Requirements:

- \* Political activity
- \* Davis-Bacon Act
- \* Civil rights
- \* Cash management
- \* Relocation assistance and real property acquisition
- \* Federal financial reports
- \* Allowable costs/cost principles
- \* Drug-free workplace
- \* Administrative requirements

Specific Requirements

- \* Types of service
- \* Matching
- \* Reporting
- \* Special tests and provisions
- \* Eligibility
- \* Cost allocation

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

### Criteria

The purchase order is an authorization to incur an expenditure and obligation of the County within certain limits. The purchase of items in excess of the purchase order should obtain the same approvals as the original purchase order.

### Effect

The County is incurring obligations in excess of the proper authorization.

### Cause

The County does not have a written policy or procedure to handle these situations.

### Recommendation

We recommend that the County adopt a policy and procedure to obtain the necessary approvals when purchases exceed the original purchase order.

### Response

The commission will follow the auditor's recommendation and investigate a new policy for these type of expenditures.

## CURRENT YEAR FINDINGS

### CANCELLATION OF INVOICES

#### Condition

During our tests of expenditures we noted a significant number of instances where the County did not cancel the invoices subsequent to payment.

#### Criteria

The cancellation of invoices is a proper internal control procedure to prevent the double payment of an invoice.

### Effect

The invoice could enter the County's payable system twice and go unnoticed within a reasonable period of time.

### Cause

The County does not have a written policy or procedures to cancel invoices subsequent to payment.

### Recommendation

We recommend that the County adopt a policy and procedures to cancel all invoices subsequent to payment.

### Response

The commission investigate a new policy to cancel invoices subsequent to payment.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal controls structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of the County of Torrance, New Mexico, with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1995, and this report does not affect our report thereon dated October 27, 1995.



## **FIXED ASSETS**

### Condition

Our review of the controls and records of fixed assets revealed the following:

1. There are no formal written policies covering fixed assets;
2. There is not a detailed listing of fixed assets with amounts for each asset which includes additions and deletions for the past two years; and
3. Accessories, parts, repairs and small equipment are charged to fixed assets.

### Criteria

Good accounting control requires the following safeguards:

1. Establishing written policies for controlling and recording fixed assets;
2. Ensuring that all fixed asset records contain adequate and appropriate data;
3. Accounting for fixed assets in the general ledger; and
4. Reconciling property listings to the accounting records.

### Effect

Without the above safeguards, errors or irregularities could occur in the fixed asset records and not be detected. Therefore, the records will not adequately reflect the existence or value of fixed assets, consequently, the financial statements will not be fairly presented.

### Cause

The County was not aware that the above conditions created weaknesses.

### Recommendation

We recommend that the County:

1. Establish policies for recording and controlling fixed assets and documenting them;
2. Ensure fixed asset records contain adequate and appropriate data including:
  - a. Property listings, including additions, contain data that is compatible with the financial records. The two records should agree;
  - b. All fixed assets are included on the property listings and that the property listings do not include fixed assets no longer maintained by the County;
  - c. Using the actual date the fixed asset was acquired for the acquisition date;
  - d. Using the invoice amount for recording the fixed asset's value; and
  - e. Acquisition document number (voucher, warrant, etc.).
3. Accounting for the fixed assets in the general ledger, and
4. Reconciling the property listings to the financial records.

### Response

We agree with the auditor's recommendation and have been preparing a detailed fixed asset inventory as time allows.

This report is intended for the information of management and the State Auditor. However, this report which is a matter of public record and its distribution is not limited.

*Emmons & Company, P.A.*

October 27, 1995

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico  
and  
Board of County Commissioners  
County of Torrance  
Estancia, New Mexico

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of County of Torrance, State of New Mexico, as of and for the year ended June 30, 1995, and have issued our report thereon dated October 5, 1995.

We have applied procedures to test County of Torrance's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1995:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements



Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement or Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on County of Torrance's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow the general requirements that caused us to conclude that the misstatements resulting from those failures are material to the programs listed on Schedule 1. The results of our tests of compliance disclosed the following material instances of noncompliance.

#### **FIXED ASSETS**

##### Condition

Our review of the controls and records of fixed assets revealed the following:

1. There are no formal written policies covering fixed assets;
2. There is not a detailed listing of fixed assets with amounts for each asset which includes additions and deletions for the past two years; and
3. Accessories, parts, repairs and small equipment are charged to fixed assets.

##### Criteria

Good accounting control requires the following safeguards:

1. Establishing written policies for controlling and recording fixed assets;
2. Ensuring that all fixed asset records contain adequate and appropriate data;
3. Accounting for fixed assets in the general ledger; and
4. Reconciling property listings to the accounting records.

### Effect

Without the above safeguards, errors or irregularities could occur in the fixed asset records and not be detected. Therefore, the records will not adequately reflect the existence or value of fixed assets, consequently, the financial statements will not be fairly presented.

### Cause

The County was not aware that the above conditions created weaknesses.

### Recommendation

We recommend that the County:

1. Establish policies for recording and controlling fixed assets and documenting them;
2. Ensure fixed asset records contain adequate and appropriate data including:
  - a. Property listings, including additions, contain data that is compatible with the financial records. The two records should agree;
  - b. All fixed assets are included on the property listings and that the property listings do not include fixed assets no longer maintained by the County;
  - c. Using the actual date the fixed asset was acquired for the acquisition date;
  - d. Using the invoice amount for recording the fixed asset's value; and
  - e. Acquisition document number (voucher, warrant, etc.).
3. Accounting for the fixed assets in the general ledger, and
4. Reconciling the property listings to the financial records.

### Response

We agree with the auditor's recommendation and have been preparing a detailed fixed asset inventory as time allows.



We considered these instances of noncompliance in forming our opinion on whether the County of Torrance, State of New Mexico's 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 27, 1995.

Except as described above, the results of our procedures to determine compliance indicate that, with respect to the items tested, County of Torrance, complied, in all material respects, with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that County of Torrance, had not complied, in all material respects, with those requirements. However, the results of our procedures also disclosed the following immaterial instances of noncompliance with those requirements:

#### **DRUG FREE WORKPLACE**

##### Condition

The County is not complying with the Federal Drug Free Workplace Act by not having all employees sign a Drug Free Workplace acknowledgement.

##### Criteria

The Federal Drug Free Workplace Act requires signed acknowledgement of a Drug Free Workplace policy.

##### Effect

The County could lose federal funding for noncompliance with federal laws.

##### Cause

The County was not aware that the Drug Free Workplace statements had not been signed.

SINGLE AUDIT REPORT ON COMPLIANCE WITH SPECIFIC  
REQUIREMENTS APPLICABLE TO NON-MAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS TRANSACTIONS

Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico  
and  
Board of County Commissioners  
County of Torrance  
Estancia, New Mexico

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the County of Torrance, State of New Mexico, as of and for the year ended June 30, 1995 as listed in the table of contents and have issued our report thereon dated October 27, 1995.

We were unable audit the financial statements supporting the financial activities of the Fixed Asset Group of Accounts because the County's records of fixed assets are incomplete. Those financial activities are included in the Fixed Assets Account Group and represent 100 percent of the assets of that account type.

The County of Torrance has also excluded accounting for landfill closure and postclosure costs for its county landfill in the enterprise fund's balance sheet, statement of revenues, expenditures and changes in retained earnings which should be



included in order to conform with generally accepted accounting principles as required by Government Accounting Standards Board (GASB) Statement 18. The effects of not including the landfill costs as described above in the financial statements as they relate to the enterprise fund is not determinable.

In connection with our audit of the general purpose financial statements of County of Torrance, New Mexico, and with our consideration of County of Torrance, New Mexico's, internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility; that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on County of Torrance, New Mexico, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that County of Torrance, New Mexico, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, and the State Auditor. However, this report is a matter of public record and its distribution is not limited.

*Emmons & Company, P.A.*

October 27, 1995

whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable audit the financial statements supporting the financial activities of the Fixed Asset Group of Accounts because the County's records of fixed assets are incomplete. Those financial activities are included in the Fixed Assets Account Group and represent 100 percent of the assets of that account type.

The County of Torrance has also excluded accounting for landfill closure and postclosure costs for its county landfill in the enterprise fund's balance sheet, statement of revenues, expenditures and changes in retained earnings which should be included in order to conform with generally accepted accounting principles as required by Government Accounting Standards Board (GASB) Statement 18. The effects of not including the landfill costs as described above in the financial statements as they relate to the enterprise fund is not determinable.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of County of Torrance, New Mexico taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Emmons & Company, P.A.*

October 27, 1995



STATE OF NEW MEXICO  
County of Torrance  
Schedule of Federal Financial Assistance  
For the year ended June 30, 1995

Schedule 1

Federal Grantee/ Program Title	Federal CFDA Number	Program or Award Amount	Accrued/ (Deferred) Revenue 07/01/94	Revenue Recognized and Transfers	Amount Expended and Transfers	Accrued/ (Deferred) Revenue 06/30/95
<hr/>						
U.S. Department of Human Resources						
<hr/>						
Passed through New Mexico State Agency on Aging: Older Americans Act Title III B and C	93.633	\$ 37,757	\$ (59,334)	\$ 48,525	\$ 107,859	\$ 0
Total US Dept of Human Resources		37,757	(59,334)	48,525	107,859	0
<hr/>						
U.S. Department of Agriculture						
<hr/>						
Passed through New Mexico State Agency on Aging: Cash in Lieu of Commodities Main Street Grant	10.570	15,646 7,890	0 0	19,605 7,415	19,605 7,415	0 0
Total US Dept of Agriculture		23,536	0	27,020	27,020	0
<hr/>						
U.S. Federal Emergency Management Agency						
<hr/>						
Passed through Office of Military Affairs: Civil Defense Division	83.053	23,000	0	23,322	23,322	0
Total US F.E.M.A.		23,000	0	23,322	23,322	0
Total Federal Assistance	\$	\$ 84,293	\$ (59,334)	\$ 98,867	\$ 158,201	\$ 0
<hr/>						
Per Financial Statements:						
Senior Citizens, B-2 Title III B & C			\$ (59,334)	\$ 48,525	\$ 107,859	\$ 0
Cash in lieu of commodities			0	19,605	19,605	0
Other revenues/expenditures			25,055	127,594	80,640	(21,899)
Total Senior Citizens			\$ (34,279)	\$ 195,724	\$ 208,104	\$ (21,899)
<hr/>						
Civil Defense, B-2 Federal Grant			\$ 0	\$ 23,322	\$ 23,322	\$ 0
Other revenues/expenditures			3,128	187		2,941
Total Civil Defense			\$ 3,128	\$ 23,509	\$ 23,322	\$ 2,941
<hr/>						



STATE OF NEW MEXICO  
County of Torrance

Schedule 2

Reconciliation of Tax Rolls  
For the Year Ended June 30, 1995

Uncollected taxes, July 1, 1994		\$	409,910
Plus: Taxes assessed, current year			2,902,534
Adjustment to prior year's assessments			(9,705)
Less: Taxes collected			(2,944,407)
			<hr/>
Uncollected taxes, June 30, 1995		\$	358,332
			<hr/>
Undistributed taxes, July 1, 1994		\$	136,843
Taxes collected			2,944,407
Reappraisal fee collected			13,857
Taxes paid in advance			16,789
			<hr/>
Taxes available for distribution			3,111,896
Undistributed taxes, June 30, 1995			(136,072)
			<hr/>
Taxes distributed		\$	2,975,824
			<hr/>
Detail of taxes distributed:			
County general fund		\$	1,491,781
Municipalities:			
Williard	816		
Estancia	7,528		
Moriarty	24,603		
Mountainair	25,055		
Encino	797		
	<hr/>		58,799
Special Districts:			
Claunch-Pinto Soil & Water	9,498		
Carrizozo Soil & Water	8		
Edgewood Soil & Water	29,149		
	<hr/>		38,655
State:			
State levy	136,249		
Cattle levy	33,421		
Dairy & Hogs levy	866		
Sheep levy	1,869		
	<hr/>		172,405
Schools:			
Operational	47,445		
Debt service	947,230		
Capital improvements	219,509		
	<hr/>		1,214,184
			<hr/>
Total taxes distributed		\$	2,975,824
			<hr/>

STATE OF NEW MEXICO  
County of Torrance

D-3

Solid Waste System - Enterprise Fund  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 1995

Cash flows from operating activities:	
Net income (loss)	\$ (92,940)
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	6,071
Amortization	1,325
Increase (decrease) in accounts receivable	(134)
(Increase) decrease in accounts payable	(131)
(Increase) decrease in accrued expenses	2,434
	-----
Net cash provided (used) by operating activities	(83,375)
	-----
Cash flows used by capital and related financing activities:	
Sale (Acquisition) of fixed assets	0
Issuance (payment) on long-term debt	(15,000)
	-----
Net cash provided (used) by capital activities	(15,000)
	-----
Net increase (decrease) in cash & cash equivalents	(98,375)
Cash and cash equivalents, July 1, 1994	(21,996)
	-----
Cash and cash equivalents, June 30, 1995	\$ (120,371)
	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

***CAPITAL PROJECT FUNDS***

To account for financial resources to be used for the acquisition or construction of the following major capital facilities:

GENERAL OBLIGATION BOND ACQUISITION CAPITAL PROJECT FUND - To account for the acquisition and construction of solid waste landfill costs funded by a \$1,000,000 bond issue and to account for improvements to the County road system funded by a \$300,000 bond issue.

STATE OF NEW MEXICO  
County of Torrance

E-1

General Obligation Bond Acquisition  
Capital Projects Fund  
Balance Sheet  
June 30, 1995

ASSETS

-----		
Current Assets:		
Cash	\$	702,771
Due from other funds		20,020
Total current assets		----- 722,791
Other assets:		
Bond issuance costs (net)		26,300
Total assets	\$	----- 749,091 =====

LIABILITIES AND FUND BALANCE

-----		
Current Liabilities:		
Accounts payable	\$	----- 0
Total liabilities		-----
Fund balance (deficit):		
Reserved and Designated		749,091
Total fund balance (deficit)		----- 749,091 -----
Total liabilities & fund balance	\$	----- 749,091 =====

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

E-2

General Obligation Bond Acquisition Capital Projects Fund  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
For the year ended June 30, 1995

Revenues:		
Intergovernmental	\$	
Miscellaneous		50,999
		-----
Total revenues		50,999
		-----
Expenditures:		
Current operations:		
Health and welfare		2,139
Capital expenditures		168,749
		-----
Total expenditures		170,888
		-----
Excess (deficiency) of revenues over expenditures		(119,889)
Other Financing Sources (Uses):		
Transfers in (out)		
Fund balance, beginning of year		868,980
		-----
Fund balance, end of year	\$	749,091
		=====

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
County of Torrance

E-3

General Obligation Bond Acquisition Capital Projects Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1995

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$	\$	\$ 0
Miscellaneous		50,999	50,999
Total revenues	0	50,999	50,999
Expenditures:			
Capital expenditures:			
Capital outlay		168,749	(168,749)
Total expenditures	0	168,749	(168,749)
Excess (deficiency) of revenues over expenditures	0	(117,750)	(117,750)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (117,750)	\$ (117,750)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
County of Torrance

F-1

COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

Year Ended June 30, 1995

		Balance July 1, 1994		Additions		Deductions		Balance June 30, 1995
		-----		-----		-----		-----
ASSETS								
-----								
Cash and investments:	\$	55,371	\$	1,508,373	\$	(1,495,246)	\$	68,498
		-----		-----		-----		-----
TOTAL ASSETS	\$	55,371	\$	1,508,373	\$	(1,495,246)	\$	68,498
		=====		=====		=====		=====
LIABILITIES								
-----								
Due to other entities	\$	46,003	\$		\$	(531)	\$	45,472
Taxes paid in advance		9,368		1,508,373		(1,494,715)		23,026
		-----		-----		-----		-----
TOTAL LIABILITIES	\$	55,371	\$	1,508,373	\$	(1,495,246)	\$	68,498
		=====		=====		=====		=====

See accompanying notes to financial statements

INDEPENDENT AUDITOR'S  
REPORT ON INTERNAL CONTROL STRUCTURE BASED  
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico  
and  
Board of County Commissioners  
County of Torrance  
Estancia, New Mexico

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the County of Torrance, New Mexico for the period ended June 30, 1995, and have issued our report thereon dated October 27, 1995.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

We were unable audit the financial statements supporting the financial activities of the Fixed Asset Group of Accounts because the County's records of fixed assets are incomplete. Those financial activities are included in the Fixed Assets Account Group and represent 100 percent of the assets of that account type.



The County of Torrance has also excluded accounting for landfill closure and postclosure costs for its county landfill in the enterprise fund's balance sheet, statement of revenues, expenditures and changes in retained earnings which should be included in order to conform with generally accepted accounting principles as required by Government Accounting Standards Board (GASB) Statement 18. The effects of not including the landfill costs as described above in the financial statements as they relate to the enterprise fund is not determinable.

The management of the County of Torrance, State of New Mexico, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of County of Torrance, State of New Mexico, for the year ended June 30, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express an opinion.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Cycles of the Entity's Activity

- \* Treasury
- \* Revenue/receipts
- \* Expenditures/disbursements
- \* Expenditures/payroll
- \* Financial reporting
- \* Property and equipment

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Prior Year Comments Which Were Resolved and are not Applicable at June 30, 1995.

1. Summer Food Service Program

Prior Year Comments Which Were not Resolved and are Applicable at June 30, 1995.

**EXPENDITURES IN EXCESS OF PURCHASE ORDER**

Condition

During our tests of expenditures we noted several instances where the actual invoice and expenditure exceeded the amount of the purchase order.

Criteria

The purchase order is an authorization to incur an expenditure and obligation of the County within certain limits. The purchase of items in excess of the purchase order should obtain the same approvals as the original purchase order.



### Effect

The County could be over or underpaying employees because of incorrect timesheets. Also, the County could be held liable for back wages should proof that changes to the time sheet were not done correctly.

### Cause

The County has not allocated resources to ensure that complete employee files are maintained.

### Recommendation

We recommend that the County provide adequate resources and support to the payroll system by developing and enforcing procedures to ensure that proper payroll related internal controls are followed.

### Response

We will take into consideration the auditor's suggestions and obtain all required supervisor's signatures prior to time sheets being issued to the payroll department. In addition, we will obtain all required authorizing time sheet changes.

## **GASOLINE PURCHASES**

### Condition

During our expenditure examination, we noted that a majority of the gasoline purchase receipts did not contain notation that the vehicle was a governmental issued vehicle.

### Criteria

Proper internal controls suggest that for all automobile related purchases a notation of the vehicle license plate or other type of identification be used to ensure that purchases are being made solely for governmental vehicles.

### Effect

Without proper internal controls, errors or irregularities could occur and go unnoticed within a reasonable time period.

### Cause

Policies and procedures were not in place to ensure that license plate numbers are placed on gasoline purchases.

### Recommendation

We suggest that the County have all employees ensure that license plate numbers, at a minimum, are placed on all gasoline receipts.

### Response

Policies and procedures are being placed to ensure that all employees are responsible for making sure that the license plate numbers and any other pertinent information are being placed on the appropriate receipts.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as described above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statement of the County of Torrance, State of New Mexico, for the year ended June 30, 1995.



INDEPENDENT AUDITOR'S  
REPORT ON COMPLIANCE BASED ON AN AUDIT  
OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico  
and  
Board of County Commissioners  
County of Torrance  
Estancia, New Mexico

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the County of Torrance, New Mexico as of and for the year ended June 30, 1995, and have issued our report thereon dated October 27, 1995.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States and provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We were unable audit the financial statements supporting the financial activities of the Fixed Asset Group of Accounts because the County's records of fixed assets are incomplete. Those financial activities are included in the Fixed Assets Account Group and represent 100 percent of the assets of that account type.

Cause

Purchases were approved in excess of available budget or budget adjustments were not approved to cover the expenditures approved.

Recommendation

We recommend that purchases not be approved which would cause the budget to be exceeded.

Response

These types of overexpenditures are handled by doing budget adjustments approved by the commission.

**STALE DATED WARRANTS**

Condition

The County has one outstanding warrant on their books that is over a year old.

Criteria

New Mexico State Statute 6-10-57 states that all warrants over a year old should be voided from the County's records.

Effect

The County is in noncompliance with New Mexico State Statute 6-10-57.

Cause

The County was unaware that this was a violation of a state statute.

Recommendation

We recommend that at least once a year, the County void all checks that are over a year old.

### Response

We agree with the auditor's suggestion and will implement procedures to ensure that all stale dated warrants are voided from the County's records.

### TAX ROLL ADJUSTMENTS

#### Condition

The "change forms" authorizing property valuation changes to the tax rolls are not always filled out by the Assessor's office. In addition, adjustments to the tax rolls are not always made by the Treasurer's office.

#### Criteria

Property Tax Division rules and New Mexico State Statute 7-38-77 require that only the Treasurer's office can made changes to the property tax schedules once the schedules have been delivered to the Treasurer's office.

#### Effect

The County is in violation with the Property Tax Division rules and New Mexico State Statute 7-38-77.

#### Cause

There were no policies and procedures in place to ensure that all property tax roll changes are authorized by the Assessor and the Treasurer and made by the Treasurer's office.

#### Recommendation

We recommend that the County have the "correction to tax roll" forms be attached to documentation for the change and signed by both the Assessor and Treasurer. In addition, all changes should be made by an appointed person in the Treasurer's office.



### Response

Policies and procedures are being developed to ensure that all changes have proper authorization and made by the appropriate personnel.

## *SALE OF FIXED ASSETS*

### Condition

The County performed a private sale of a handgun without a motion by the Commission nor an auction or a bidding procedure.

### Criteria

New Mexico State Statute 13-6-1 states that the County must give at least a thirty (30) day notice and must be a motion by the County Commission to perform a sale of County property. In addition, a sale to a private individual must be done by a competitive bid or an auction.

### Effect

The County is in violation with New Mexico State Statute 13-6-1.

### Cause

The County did not realize they were in noncompliance with the state statutes.

### Recommendation

We recommend that the County comply with all necessary statutes regarding the future sale of County property.

### Response

Policies and procedures are being developed to ensure that all sale of county property have competitive bids and are approved by the Commission.

## TRAVEL AND PER DIEM

### Condition

There is a lack of controls over travel and per diem expenditures. During our testwork we noted the following:

- \* Vouchers were not always being authorized by a supervisor or attested that the employee made the travel. However, it should be noted that all vouchers are approved by the Commission at the meetings.
- \* Mileage reimbursements were not always calculated correctly.
- \* The time and date of arrival/departure were not always indicated on the voucher.
- \* Partial days were not being calculated correctly, if at all.
- \* Sometimes no supporting documentation regarding the attendance to a seminar or meeting was attached to the voucher.

### Criteria

The County follows New Mexico Department of Finance and Administration (DFA) Rule 92-1 which states that among other items, the above should be included on the voucher.

### Effect

The County is in violation with New Mexico DFA Rule 92-1.

### Cause

The County does not have policies or procedures in effect to approve and review travel vouchers for accuracy and completeness.

### Recommendation

We recommend that all travel vouchers are approved and reviewed by an individual, who is familiar with DFA Rule 92-1, prior to the voucher be reimbursed.