

**STATE OF NEW MEXICO
COUNTY OF TORRANCE
COMPREHENSIVE ANNUAL
AUDIT REPORT
JUNE 30, 1996**



State of New Mexico
Office of the State Auditor

PERA BUILDING, ROOM 302
Santa Fe, N. M. 87503

ROBERT E. VIGIL, CPA
STATE AUDITOR

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Bill R. Williams, Chairman
Members of the County Commission
County of Torrance
Citizens of the State of New Mexico

Transmitted herein is the annual financial and compliance audit report of the County of Torrance for the fiscal year ended June 30, 1996; the audit was performed by Emmons and Company, Certified Public Accountants, under the authority granted the State Auditor of New Mexico by the Audit Act, Section 12-6-3.A NMSA 1978, "Annual and special audits," which states in part:

"The financial affairs of every agency shall be thoroughly examined and audited each year by the state auditor, personnel of his office designated by him or by independent auditors approved by him."

The Office of the State Auditor (Office) approved the contract between the above mentioned firm and your agency. The audit was conducted in accordance with requirements promulgated by the Office as authorized by the Audit Act, Section 12-6-12 NMSA 1978, "Regulations," which states:

"The state auditor shall promulgate reasonable regulations necessary to carry out the duties of his office, including regulations required for conducting audits in accordance with generally accepted auditing standards. The regulations become effective upon filing in accordance with the State Rules Act."

This letter of transmittal is intended solely for informational purposes. Unless other arrangements are made with this Office, this report will become public record ten days from the date of the State Auditor release letter. Copies of the release letter should be attached to all copies of the audit report.

The Office welcomes any comments or questions concerning this audit report.

A handwritten signature in cursive script that reads "Robert E. Vigil".

ROBERT E. VIGIL, CPA
STATE AUDITOR

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COUNTY OF TORRANCE

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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, 1996 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 paragraph regarding the General Fixed Asset Account Group, 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 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.

We were unable audit the financial statements supporting the financial activities of the General 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 excluded accounting for landfill closure and postclosure care costs for its county landfill in the enterprise fund's balance sheet, statement of revenues, expenses and changes in retained earnings and statement of cash flows, 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 general purpose financial statements as they relate to the enterprise fund is not determinable.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the financial statements of the General Fixed Assets Group of Accounts, and except for the effect of the accrual of the current portion of closure and post closure care costs, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of County of Torrance, State of New Mexico as of June 30, 1996 and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County of Torrance, State of New Mexico, as of June 30, 1996, and the results of operations of such funds and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and the accompanying financial information presented on Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements of County of Torrance, State of New Mexico. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Emmons & Company, P.A.
Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 1996 on our consideration of the County of Torrance's internal control structure and a report dated September 4, 1996 on its compliance with laws and regulations.

Emmons & Company P.A.

September 4, 1996


Emmons & Company, P.A.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
County of Torrance

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1996

	General Fund				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	
ASSETS									
Cash and investments	\$ 713,342	\$ 435,540	\$ 106,439	\$ 534,493	\$	\$ 78,926	\$	\$	\$ 1,868,740
Receivables (net, where applicable, of allowances for uncollectables)	1,006,472	85,849	7,743		0				1,100,064
Due from other funds	29,444	10,658	468	20,020					60,590
Bond Issuance Costs	7,266			24,323	11,018				42,607
Prepaid expenses	26,396	83							26,479
Fixed assets (net of accumulated depreciation, Note 3)					17,528		4,117,197		4,134,725
Amount to be provided for long-term debt								2,061,857	2,061,857
Amount available for long-term debt								78,926	78,926
	<u>\$ 1,782,920</u>	<u>\$ 532,130</u>	<u>\$ 114,650</u>	<u>\$ 578,836</u>	<u>\$ 28,546</u>	<u>\$ 78,926</u>	<u>\$ 4,117,197</u>	<u>\$ 2,140,783</u>	<u>\$ 9,373,988</u>
LIABILITIES									
Cash in bank-overdraft	\$ 271,979	\$ 118,283	\$	\$	\$ 185,395	\$	\$	\$	\$ 575,657
Accounts payable	960,587	40,720			0				1,001,307
Accrued expenses	93,522	16,013			14,409				123,944
Due to outside entities						78,926			78,926
Due to other funds	57,772	2,350			468				60,590
Revenue bonds payable					295,000				295,000
General obligation bonds								1,145,000	1,145,000
Accrued compensated absences									0
Capital lease payables								995,783	995,783
Total liabilities	<u>1,383,860</u>	<u>177,366</u>	<u>0</u>	<u>0</u>	<u>495,272</u>	<u>78,926</u>	<u>0</u>	<u>2,140,783</u>	<u>4,276,207</u>
FUND EQUITY									
Investment in general fixed assets							4,117,197		4,117,197
Retained earnings (deficit) - unreserved					(466,726)				(466,726)
Fund balance:									0
Unreserved and undesignated	359,328	(18,316)							341,012
Reserved and designated for subsequent expenditures	39,732	373,080	114,650	578,836					1,106,298
Total fund equity	<u>399,060</u>	<u>354,764</u>	<u>114,650</u>	<u>578,836</u>	<u>(466,726)</u>	<u>0</u>	<u>4,117,197</u>	<u>0</u>	<u>5,097,781</u>
Total liabilities and fund equity	<u>\$ 1,782,920</u>	<u>\$ 532,130</u>	<u>\$ 114,650</u>	<u>\$ 578,836</u>	<u>\$ 28,546</u>	<u>\$ 78,926</u>	<u>\$ 4,117,197</u>	<u>\$ 2,140,783</u>	<u>\$ 9,373,988</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 1996

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memoandum Only)
Revenues:					
Taxes	\$ 2,209,700	\$ 218,508	\$ 189,686	\$	\$ 2,617,894
Intergovernmental	677,513	1,103,456			1,780,969
Charges for services	5,422,224				5,422,224
Miscellaneous	158,092	57,628	7,743	30,170	253,633
Total Revenue	8,467,529	1,379,592	197,429	30,170	10,074,720
Expenditures:					
Current operations:					
General government	1,048,325	10,242			1,058,567
Public safety	6,413,985	255,162			6,669,147
Highways and streets	713,956				713,956
Health & welfare	72,727	819,986		1,978	894,691
Culture and recreation		25,167			25,167
Capital expenditures	215,227	185,131		198,447	598,805
Debt service			150,821		150,821
Total expenditures	8,464,220	1,295,688	150,821	200,425	10,111,154
Excess (deficiency) of revenue over expenditures	3,309	83,904	46,608	(170,255)	(36,434)
Other financing sources (uses):					
Transfers (net)	(19,339)	19,339	(35,000)		(35,000)
Excess (deficiency) of revenue and other sources over expenditures and other uses	(16,030)	103,243	11,608	(170,255)	(71,434)
Fund balance:					
Beginning of year	415,090	251,521	103,042	749,091	1,518,744
End of year	\$ 399,060	\$ 354,764	\$ 114,650	\$ 578,836	\$ 1,447,310

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, 1996

General Fund

Special Revenue Funds

Revenues	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Taxes	\$ 2,279,598	\$ 2,298,950	\$ 19,352	\$ 176,174	\$ 205,840	\$ 29,666
Intergovernmental	1,128,798	785,323	(343,475)	1,263,007	1,063,002	(200,005)
Charges for services	5,306,942	5,067,428	(239,514)			0
Miscellaneous	70,000	153,691	83,691	25,951	56,032	30,081
Total revenues	8,785,338	8,305,392	(479,946)	1,465,132	1,324,874	(140,258)
Expenditures						
Current operations:						
General government	1,184,206	1,086,606	97,600	29,673	10,242	19,431
Public Safety	6,038,278	6,053,732	(15,454)	331,199	260,409	70,790
Highways and streets	952,693	707,751	244,942			0
Health and welfare	98,874	72,960	25,914	859,994	816,814	43,180
Culture and recreation			0	27,040	25,167	1,873
Capital expenditures	231,507	209,019	22,488	429,653	158,545	271,108
Debt service			0			0
Total expenditures	8,505,558	8,130,068	375,490	1,677,559	1,271,177	406,382
Excess (deficiency) of revenues over expenditures	279,780	175,324	(104,456)	(212,427)	53,697	266,124
Other Financing Sources (Uses):						
Transfers in (out)		(19,339)	(19,339)		19,339	19,339
Cash balance available	(279,780)		279,780	212,427		(212,427)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 155,985	\$ 155,985	\$ 0	\$ 73,036	\$ 73,036

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, 1996

	Debt Service Fund			Capital Projects Fund		
Revenues	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Taxes	\$	\$ 189,686	\$ 189,686	\$	\$	\$ 0
Intergovernmental			0			0
Charges for services			0			0
Miscellaneous			0		30,170	30,170
Total revenues	0	189,686	189,686	0	30,170	30,170
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		198,447	(198,447)
Debt service	41,657	150,821	(109,164)			0
Total expenditures	41,657	150,821	(109,164)	0	198,447	(198,447)
Excess (deficiency) of revenues over expenditures	(41,657)	38,865	80,522	0	(168,277)	(168,277)
Other Financing Sources (Uses):						
Transfers in (out)		(35,000)	(35,000)			0
Cash balance available	41,657		(41,657)			0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 3,865	\$ 3,865	\$ 0	\$ (168,277)	\$ (168,277)

See accompanying notes to financial statements.

Exhibit 4

STATE OF NEW MEXICO
County of TorranceCOMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUNDS
For the year ended June 30, 1996

Operating revenues:		
Charges for services	\$ 14,223	
Taxes	43,511	
Miscellaneous	35,980	

Total operating revenues		93,714
Operating expenses:		
Personal services	117,821	
Operating expenses	1,301	
Repairs & maintenance	3,849	
Contract services	31,294	
Depreciation	6,071	
Amortization	1,195	
Miscellaneous	1,309	

Total operating expenses		162,840
Operating income (loss)		----- (69,126)
Non-operating income (expenses):		
Interest expense		(21,456)
Transfers in (out)		35,000

Net income (loss)		(55,582)
Retained earnings (deficit):		
Beginning of year		----- (411,114)
End of year		----- (466,696) =====

See accompanying notes to financial statements.

Exhibit 5

STATE OF NEW MEXICO
County of TarrantCOMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 1996

Cash flows from operating activities:	
Net income (loss)	\$ (55,582)
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	6,071
Amortization	1,195
(Increase) decrease in accounts receivable	3,983
Increase (decrease) in accounts payable	(5,250)
Increase (decrease) in accrued expenses	4,559
Net cash provided (used) by operating activities	(45,024)
Cash flows used by capital and related financing activities:	
Sale (Acquisition) of fixed assets	0
Issuance (payment) on long-term debt	(20,000)
Net cash provided (used) by capital activities	(20,000)
Net increase (decrease) in cash & cash equivalents	(65,024)
Cash and cash equivalents (overdraft), July 1, 1995	(120,371)
Cash and cash equivalents (overdraft), June 30, 1996	\$ (185,395)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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, 1996

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 six 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, 1996

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. ACCOUNT GROUPS

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

C. ACCOUNT GROUPS (Cont.)

financing sources) and decreases (expenditures and other financing uses) in net current assets. 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, 1996

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

C. ACCOUNT GROUPS (Cont.)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided for over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings	25 years
Machinery & Equipment	5 years

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

D. BASIS OF ACCOUNTING (Cont.)

- (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".

- 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. 14.
- 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:

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

E. BUDGETS AND BUDGETARY ACCOUNTING (Cont.)

- 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;
- 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;

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

E. BUDGETS AND BUDGETARY ACCOUNTING (Cont.)

- 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
 - 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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

E. BUDGETS AND BUDGETARY ACCOUNTING (Cont.)

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.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 1996, are recorded as prepaid items.

G. 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.

H. 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.

I. 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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

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

J. 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.

K. 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 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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

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

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

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.

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."

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

L. 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.

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.

M. FASB PRONOUNCEMENTS

The County has elected to apply all FASB pronouncements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 2: 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.

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.

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, 1996.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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, 1996 was \$431,277.

Receivables at June 30, 1996 consist of the following:

	<u>General</u>	<u>Special Revenue</u>
Intergovernmental	\$ 3,874	\$ 64,930
Due from US Marshal	894,440	
Miscellaneous	17,118	446
Taxes	<u>91,040</u>	<u>20,473</u>
Total	<u>\$ 1,006,472</u>	<u>\$ 85,849</u>

NOTE 5: CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance June 30, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1996</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>2,819,198</u>	<u>26,063</u>	<u>-</u>	<u>2,845,261</u>
	<u>\$ 4,091,134</u>	<u>\$ 26,063</u>	<u>\$ -</u>	<u>\$ 4,117,197</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 5: CHANGES IN GENERAL FIXED ASSETS (Cont.)

Investments in general fixed assets:

	Balance <u>June 30, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1996</u>
Acquisitions prior to June 30, 1985 not identifiable by source	\$ 822,431	\$ -	\$ -	\$ 822,431
General Fund	1,446,985	-	-	1,446,985
Special Revenue Funds	1,544,854	26,063	-	1,570,917
Capital Projects Funds	<u>276,864</u>	<u>-</u>	<u>-</u>	<u>276,864</u>
	<u>\$ 4,091,134</u>	<u>\$ 26,063</u>	<u>\$ -</u>	<u>\$ 4,117,197</u>

Summary of property, plant and equipment of the proprietary fund is as follows:

Plant & Equipment	\$ 36,658
Less: Accumulated Depreciation	<u>(19,130)</u>
Net Book Value	<u>\$ 17,528</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 6: CHANGES IN LONG-TERM DEBT

During the year ended June 30, 1996, the following changes occurred in liabilities reported in the general long-term debt group of accounts:

	Balance <u>June 30, 1995</u>	<u>Additions</u>	Balance <u>Deletions</u>	<u>June 30, 1996</u>
Capital leases	\$1,182,815	\$ 142,267	\$ 329,299	\$ 995,783
Accrued compensated absence	29,677		29,677	0
General Obligation Bonds Payable	<u>1,225,000</u>	<u>-</u>	<u>80,000</u>	<u>1,145,000</u>
Total	<u>\$ 2,437,492</u>	<u>\$ 142,267</u>	<u>\$ 438,976</u>	<u>\$ 2,140,783</u>

A. Contracts Payable

At June 30, 1996 the County had the following purchase contracts payable.

	<u>Description</u>	<u>Date of Contract</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 1996</u>
1.	Caterpillar Equipment Co. 2 road graders 7.76% interest	February 1991	\$ 94,295	\$ 53,400
2.	McIntosh Comm. Assoc. McIntosh Fire Station 8% interest	July 1985	35,000	-0-
3.	Caterpillar 140G Motor grader 6.5%	December 1990	188,226	105,367

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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, 1996</u>
4.	First Security Bank N.E. Torrance Fire Station 9.11%	December 1990	52,517	33,844
5.	NM State Board of Finance Re-appraisal computer system No interest	July 1991	142,267	120,867
6.	NM State Board of Finance Voting Machines No Interest	December 1994	142,267	121,943
7.	Caterpillar 140G 2 Road Graders 6.5%	September 1990	215,492	139,372
8.	Norwest Bank 5 police autos 6%	September 1993	50,505	15,882
9.	Kansas Bank 5 police autos 6.29-7.45%	June 1995	95,612	69,134
10.	Banc One 5 Graders 7.37%	May 1994	<u>\$ 681,495</u>	<u>\$ 335,974</u>
	Total			<u>\$ 995,783</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

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>
1997	\$ 61,786	\$ 174,991	\$ 236,777
1998	46,433	263,945	310,378
1999	35,857	154,521	190,378
2000	26,741	131,312	158,053
2001	20,360	179,732	200,092
2002-2006	14,987	77,415	92,402
2007	<u>0</u>	<u>13,867</u>	<u>13,867</u>
Total	<u>\$ 206,164</u>	<u>\$ 995,783</u>	<u>\$ 1,201,947</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, 1996

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>
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	\$ <u>320,853</u>	\$ <u>1,145,000</u>	\$ <u>1,365,853</u>

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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

The annual requirements to amortize to maturity of the environmental revenue bonds are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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	11,344	50,000	61,344
2002-2003	<u>12,031</u>	<u>115,000</u>	<u>127,031</u>
Total	\$ <u>93,501</u>	\$ <u>295,000</u>	\$ <u>388,501</u>

NOTE 7: FUND DEFICITS

The following funds have deficit fund balances or retained earnings at June 30, 1996:

Recreation Fund	\$26
Community Monitor Fund	\$1,539
Senior Citizens Program Fund	\$382
Emergency 911 Fund	\$54,838
Law Enforcement Protection Fund	\$26
Solid Waste System Fund	\$466,726
DWI Grant Fund	\$90,911
Jail Fund	\$312,839

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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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. Individual fund interfund receivable and payable balances. Such balances at June 30, 1996 were:

	Interfund <u>Receivable</u>	Interfund <u>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	<u>468</u>	<u>-</u>
	<u>\$ 60,590</u>	<u>\$ 60,590</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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.

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 \$3,000,000. 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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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 progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the state-wide level in a separately-issued audit report of the PERA.

Retirement Eligibility

PERA membership is a condition of employment with the County of Torrance, with certain exceptions. Examples of the exceptions are seasonal employees and independent contractors.

Eligibility for receiving the monthly benefit equal to the number of years of credited service x 2.5% of their final average monthly salary, the thirty-six consecutive months of credited service producing the largest average, is as follows:

Any age with 25 or more years of credited service; or age 60 or older with 20 or more years of credited service; or Age 61 or older with 17 or more years of credited service; or Age 62 or older with 14 or more years of credited service; or Age 63 or older with 11 or more years of credited service; or Age 64 or older with 8 or more years of credited service; or Age 65 or older with 5 or more years of credited service. Benefits vest after 5 years of credited service.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 11: RETIREMENT PLAN (Cont.)

Funding Policy

Covered employees are required by state statute to contribute 9.15 percent of their gross salary. The County is required by state statute to contribute 10 percent. The contribution requirement for the year ended June 30, 1996 was \$268,919 which consisted of \$137,756 from the County and \$131,163 from employees.

If a member's employment is terminated before the member is eligible for any other benefits under PERA, the member may receive a refund of the member's contribution and interest accrued based on rates established biannually by the retirement board.

The payroll for employees covered by PERA for the year ended June 30, 1996 was \$1,485,204; the total payroll for all employees of the County was \$1,534,473.

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	\$ 378,704
Less F.D.I.C. coverage	<u>(100,000)</u>
 Total uninsured public funds	 \$ <u>278,704</u>
 50% collateral requirement	 \$ <u>139,352</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 12: BANK SURETY (Cont.)

Pledged collateral:	<u>Maturity Date</u>	<u>Amount</u>
Bernalillo County	08-01-01	\$75,000
Capitan NM Municipal School District	07-15-00	135,000
Torrance County	10-01-96	40,000
Torrance County	10-01-97	30,000
Torrance County	10-01-98	<u>45,000</u>
		\$ <u>325,000</u>
Over (under) collateralized		\$ <u>185,648</u>
Prudential Securities		
Three CD's at various banks		\$ 150,000
Less F.D.I.C. coverage		<u>(150,000)</u>
Total uninsured public funds		\$ <u>0</u>

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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 13: RETIREE HEALTH CARE (Cont.)

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.

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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 13: RETIREE HEALTH CARE (Cont.)

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 \$14,967 in employer contributions and \$7,477 in employee contributions. As of June 30, 1995, 14,001 retirees were eligible to receive benefits.

As of the date of this audit report, the June 30, 1996 figures were not available.

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	\$ 8,467,529
Plus: Accounts receivable, prior year	844,335
Less: Accounts receivable, current year	<u>(1,006,472)</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ <u>8,305,392</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

Expenditures, GAAP Basis, Exhibit 2	\$ 8,464,220
Plus: Prior year accounts payable	610,195
Prior year accrued expenses	83,365
Current year prepaid expenses	26,396
Less: Current year accounts payable	(960,586)
Current year accrued expenses	<u>(93,522)</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ <u>8,130,068</u>

Special Revenue Funds

Revenues, GAAP Basis, Exhibit 2	\$ 1,379,592
Plus: Prior year accounts receivable	31,131
Less: Current year accounts receivable	<u>(85,849)</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ <u>1,324,874</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

Special Revenue Funds

Expenditures, GAAP Basis, Exhibit 2	\$ 1,295,688
Plus: Prior year accounts payable	26,898
Prior year accrued expenses	5,240
Current year prepaid expenses	83
Less: Current year accounts payable	(40,720)
Current year accrued expenses	<u>(16,012)</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ <u>1,271,177</u>

Debt Service Funds

Revenues, GAAP Basis, Exhibit 2	\$197,429
Less: Current year accounts receivable	<u>(7,743)</u>
Revenues, Non-GAAP Basis, Exhibit 3	\$ <u>189,686</u>
Expenditures, GAAP Basis, Exhibit 2	\$ <u>150,821</u>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ <u>150,821</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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

Capital Projects Fund

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

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 required 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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 15: CLOSURE AND POSTCLOSURE COSTS OF LANDFILL (Cont.)

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.

NOTE 16: OPERATING TRANSFERS

Operating transfers for the year ended June 30, 1996 were:

<u>Amount</u>	<u>Transfers In</u>	<u>Transfers Out</u>
\$ 35,000	S.W. Enterprise	S.W. Debt Service
\$ 4,846	General	NE Torrance FD
\$ 4,846	General	Indian Hills FD
\$ 4,846	General	McIntosh FD
\$ 3,846	General	Duran FD
\$ 4,846	General	Torreón-Tajique FD
\$ 14,775	Farm & Range	General
\$234,508	Jail Fund	General
\$ 15,010	Civil Defense	General
\$ 12,784	Reappraisal	General

NOTE 17: FINANCIAL STATEMENTS

The financial statements of the County of Torrance for the fiscal year ended June 30, 1996, were prepared by Emmons & Company, P.A.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 18: DEFERRED COMPENSATION

The County of Torrance did not participate in a deferred compensation plan for the fiscal year ended June 30, 1996.

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 the operations of the County Road Maintenance Department. Financing is provided by the County's share of State Motor Vehicle Tax and registrations.

Jail Fund

To account for the operations of the County jail. Financing is provided through charges for services of the care of prisoners.

STATE OF NEW MEXICO
County of Torrance

General Fund
Combining Balance Sheet
June 30, 1996

	General	Road	Jail	Total
ASSETS				
Current assets				
Cash and investments	\$ 542,940	\$ 170,402	\$	\$ 713,342
Accounts receivable	954,075	52,397		1,006,472
Due from other funds	29,444			29,444
Prepaid expenses	25,123	1,273		26,396
Total current assets	1,551,582	224,072	0	1,775,654
Other assets:				
Bond Issuance Costs		7,266		7,266
Total Assets	\$ 1,551,582	\$ 231,338	\$ 0	\$ 1,782,920
LIABILITIES & FUND BALANCE				
Current liabilities:				
Cash overdraft	\$ 27,094	\$	\$ 244,885	\$ 271,979
Accounts payable	913,602	6,125	40,860	960,587
Accrued expenses	61,737	31,785		93,522
Due to other funds	10,658	20,020	27,094	57,772
Total liabilities	1,013,091	57,930	312,839	1,383,860
Fund balance (deficit), restated:				
Reserved and designated for subsequent expenditures	39,732			39,732
Unreserved and undesignated	498,759	173,408	(312,839)	359,328
Total liabilities & fund balance	\$ 1,551,582	\$ 231,338	\$ 0	\$ 1,782,920

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

General Fund
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
For the year ended June 30, 1996

	General	Road	Jail	Total
	-----	-----	-----	-----
Revenues:				
Taxes	\$ 1,872,790	\$ 336,910	\$	\$ 2,209,700
Intergovernmental	209,261	443,438	24,814	677,513
Charges for services	5,353,773		68,451	5,422,224
Miscellaneous	142,240	14,592	1,260	158,092
	-----	-----	-----	-----
Total revenue	7,578,064	794,940	94,525	8,467,529
	-----	-----	-----	-----
Expenditures:				
Current operations:				
General government	1,048,325			1,048,325
Public safety	5,885,417		528,568	6,413,985
Health & welfare	72,727			72,727
Highways and streets		713,956		713,956
Capital expenditures	50,063	165,164		215,227
	-----	-----	-----	-----
Total expenditures	7,056,532	879,120	528,568	8,464,220
	-----	-----	-----	-----
Excess (deficiency) of revenue over expenditures	521,532	(84,180)	(434,043)	3,309
Other financing sources (uses):				
Transfers (net)	(253,847)		234,508	(19,339)
	-----	-----	-----	-----
Excess (deficiency) of revenue and other sources over expenditures and other uses	267,685	(84,180)	(199,535)	(16,030)
Fund balance (deficit) at beginning of the year	270,806	257,588	(113,304)	415,090
	-----	-----	-----	-----
Fund balance (deficit) at the end of the year	\$ 538,491	\$ 173,408	\$ (312,839)	\$ 399,060
	=====	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

General Fund - General Governmental Activity
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 215,788	\$ 199,839	\$ (15,949)
Taxes	1,864,598	1,858,035	(6,563)
Charges for services	5,236,648	4,998,113	(238,535)
Miscellaneous	67,500	137,839	70,339
Total revenues	7,384,534	7,193,826	(190,708)
Expenditures:			
Current operations:			
General government	1,184,206	1,086,606	97,600
Public safety	5,775,150	5,542,633	232,517
Health and welfare	98,874	72,960	25,914
Capital expenditures	59,132	54,865	4,267
Total expenditures	7,117,362	6,757,064	360,298
Excess (deficiency) of revenues over expenditures	267,172	436,762	169,590
Other Financing Sources (Uses):			
Transfers in (out)		(253,847)	(253,847)
Cash balance available	(267,172)		267,172
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 182,915	\$ 182,915

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

General Fund - Road Activity
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 879,510	\$ 549,179	\$ (330,331)
Taxes	415,000	440,915	25,915
Miscellaneous	2,500	14,592	12,092
Total revenues	1,297,010	1,004,686	(292,324)
Expenditures:			
Current operations:			
Highways and streets	952,693	707,751	244,942
Capital expenditures	172,375	154,154	18,221
Total expenditures	1,125,068	861,905	263,163
Excess (deficiency) of revenues over expenditures	171,942	142,781	(29,161)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(171,942)		171,942
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 142,781	\$ 142,781

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

General Fund - Jail Activity
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 33,500	\$ 36,305	\$ 2,805
Charges for services	70,294	69,315	(979)
Miscellaneous		1,260	1,260
Total revenues	103,794	106,880	3,086
Expenditures:			
Current operations:			
Public safety	263,128	511,099	(247,971)
Capital expenditures			0
Total expenditures	263,128	511,099	(247,971)
Excess (deficiency) of revenues over expenditures	(159,334)	(404,219)	(244,885)
Other Financing Sources (Uses):			
Transfers in (out)		234,508	234,508
Cash balance available	159,334		(159,334)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (169,711)	\$ (169,711)

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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SPECIAL REVENUE FUNDS

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.

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.

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.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SPECIAL REVENUE FUNDS

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.

COMMUNITY MONITOR GRANT FUND

To account for grant expenditures used to provide community monitoring. Financing is provided by a grant from the New Mexico Children, Youth & Families Department.

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".

MEDICAID TRANSPORTATION FUND

To account for service contract funds that are to be used to pay for non-emergency medical transportation services of Medicaid eligible clients through senior citizen transportation programs. Financing is provided by a Memorandum of Understanding with the New Mexico Human Services Department and the New Mexico State Agency on Aging.

ESTANCIA VALLEY CONTINUING EDUCATION

To account for continuing education classes provided through the University of New Mexico within the Estancia Valley. Funding is provided by tuition paid by students and a service contract with the University of New Mexico.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SPECIAL REVENUE FUNDS

MEDICAL SERVICES FUND

To account for expenditures incurred in providing medical services for indigents within the County. Financing is provided by a portion of the County's share of gross receipts tax. Authority is NMSA 24-10A-1.

STATE OF NEW MEXICO
County of Torrance

Special Revenue Fund
Combining Balance Sheet
June 30, 1996

	Clerk's Equipment	Farm & Range	Recreation	Civil Defense	Law Enf. Protection	N.E. Torrance Fire Dist.	Indian Hills Fire District	Duran Fire District
ASSETS								
Cash in bank	\$ 5,846	\$	741	\$	\$	18,800	\$ 70,526	\$ 69,460
Accounts receivable			70	4,116		1,610	1,843	
Due from other funds		1,658					2,250	2,250
Prepaid expenses								
Total Assets	\$ 5,846	\$ 1,658	\$ 811	\$ 4,116	\$ 0	\$ 20,410	\$ 74,619	\$ 71,710
LIABILITIES AND FUND BALANCE								
Current Liabilities:								
Cash overdraft	\$	\$ 639	\$	2,867	26	\$	\$	\$
Accounts payable				119		1,585	114	51
Accrued expenses				599				
Due to other funds			2,350					
Total Liabilities	0	639	2,350	3,585	26	1,585	114	51
Fund balance (deficit):								
Reserved and designated for subsequent years' expenditures	5,846						70,526	69,460
Unreserved and undesignated		1,019	(1,539)	531	(26)	18,825	3,979	2,199
Total fund balance (deficit)	5,846	1,019	(1,539)	531	(26)	18,825	74,505	71,659
Total Liabilities and Fund Balance	\$ 5,846	\$ 1,658	\$ 811	\$ 4,116	\$ 0	\$ 20,410	\$ 74,619	\$ 71,710

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Special Revenue Fund
Combining Balance Sheet
June 30, 1996

	McIntosh Fire District	Torreón- Tajique Fire Dist.	Fair Board	EMS	Medicaid Transportation	Senior Citizens	Maternal Health Care
ASSETS							
Cash in bank	\$ 14,554	\$ 46,850	\$	\$ 6,410	\$ 35,568	\$	\$ 8,885
Accounts receivable	1,843				13,020	6,636	33,415
Due from other funds	2,250	2,250					
Prepaid expenses							83
Total Assets	\$ 18,647	\$ 49,100	\$ 0	\$ 6,410	\$ 48,588	\$ 6,636	\$ 42,383
LIABILITIES AND FUND BALANCE							
Current Liabilities:							
Cash overdraft	\$ 327	\$ 2,759	\$	\$	\$	\$ 24,679	\$
Accounts payable						27,362	6,455
Accrued expenses					340	9,433	4,007
Due to other funds							
Total Liabilities	327	2,759	0	0	340	61,474	10,462
Fund balance (deficit):							
Reserved and designated for subsequent years' expenditures	14,554	46,341			35,568		8,883
Unreserved and undesignated	3,766			6,410	12,680	(54,838)	23,038
Total fund balance (deficit)	18,320	46,341	0	6,410	48,248	(54,838)	31,921
Total Liabilities and Fund Balance	\$ 18,647	\$ 49,100	\$ 0	\$ 6,410	\$ 48,588	\$ 6,636	\$ 42,383

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of TorranceSpecial Revenue Fund
Combining Balance Sheet
June 30, 1996

	DWI Grant	Indigent	Reappraisal	Community Monitor	Fire Pool	Emergency 911	Medical Service	Estancia Valley Cont. Education	Total (Memorandum Only)
ASSETS									
Cash in bank	\$	\$ 48,836	\$ 40,471	\$	\$ 21,503	\$	\$ 45,547	\$ 1,543	\$ 435,540
Accounts receivable		19,937			3,359				85,849
Due from other funds									10,658
Prepaid expenses									83
Total Assets	\$	0	\$ 68,773	\$ 40,471	\$	0	\$ 45,547	\$ 1,543	\$ 532,130
LIABILITIES AND FUND BALANCE									
Current Liabilities:	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash overdraft	88,279			382		1,411			118,283
Accounts payable	998					950			40,720
Accrued expenses	1,634								16,013
Due to other funds									2,350
Total Liabilities	90,911	0	0	382	0	2,361	0	0	177,366
Fund balance (deficit):									
Reserved and designated for subsequent years' expenditures		48,836	6,016		21,503		45,547		373,080
Unreserved and undesignated	(90,911)	19,937	34,455	(382)	3,359	(2,361)		1,543	(18,316)
Total fund balance (deficit)	(90,911)	68,773	40,471	(382)	24,862	(2,361)	45,547	1,543	354,764
Total Liabilities and Fund Balance	\$	0	\$ 68,773	\$ 40,471	\$	0	\$ 45,547	\$ 1,543	\$ 532,130

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (GAAP BASIS)
For the year ended June 30, 1996

	Clerk's Equipment Fund	Farm & Range	Recreation	Civil Defense	Law Enf. Protection	N.E. Torrance Fire District	Indian Hills Fire District	Duran Fire District
Revenues:								
Taxes	\$	\$	\$ 421	\$	\$	10,006	\$ 11,737	\$
Intergovernmental		1,586		20,882	20,300	24,333	84,333	24,333
Miscellaneous	11,007					4,040	2,511	6,045
Total revenue	11,007	1,586	421	20,882	20,300	38,379	98,581	30,378
Expenditures:								
Current operations:								
General government				37,677	3,491	12,127	26,288	5,254
Public safety		17,000						
Health & welfare			400					
Culture & recreation					16,835	17,503	2,334	
Capital expenditures	8,913							
Total expenditures	8,913	17,000	400	37,677	20,326	29,630	28,622	5,254
Excess (deficiency) of revenue over expenditures	2,094	(15,414)	21	(16,795)	(26)	8,749	69,959	25,124
Other financing sources (uses):								
Transfers (net)		14,775		15,010		(4,846)	(4,846)	(3,846)
Excess (deficiency) of revenue and other sources over expenditures and other uses	2,094	(639)	21	(1,785)	(26)	3,903	65,113	21,278
Fund balance (deficit) at beginning of the year	3,752	1,658	(1,560)	2,316	0	14,922	9,392	50,381
Fund balance (deficit) at the end of the year	\$ 5,846	\$ 1,019	\$ (1,539)	\$ 531	\$ (26)	\$ 18,825	\$ 74,505	\$ 71,659

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (GAAP BASIS)
For the year ended June 30, 1996

	McIntosh Fire District	Torreón- Tajique Fire Dist.	Fair Board	EMS	Medicaid Transportation	Senior Citizens	Maternal Health Care
Revenues:							
Taxes	\$ 11,737	\$	\$ 17,531	\$	\$	\$	\$
Intergovernmental	24,333	24,333		13,505	88,905	194,184	464,069
Miscellaneous	3,671	4,902				9,179	671
Total revenue	39,741	29,235	17,531	13,505	88,905	203,363	464,740
Expenditures:							
Current operations:							
General government							
Public safety	10,102	6,732		12,396			
Health & welfare					22,026	206,399	421,794
Culture & recreation			19,000				
Capital expenditures	28,095	52,282			18,631	24,393	
Total expenditures	38,197	59,014	19,000	12,396	40,657	230,792	421,794
Excess (deficiency) of revenue over expenditures	1,544	(29,779)	(1,469)	1,109	48,248	(27,429)	42,946
Other financing sources (uses):							
Transfers (net)	(4,846)	(4,846)					
Excess (deficiency) of revenue and other sources over expenditures and other uses	(3,302)	(34,625)	(1,469)	1,109	48,248	(27,429)	42,946
Fund balance (deficit) at beginning of the year	21,622	80,966	1,469	5,301	0	(27,409)	(11,025)
Fund balance (deficit) at the end of the year	\$ 18,320	\$ 46,341	\$ 0	\$ 6,410	\$ 48,248	\$ (54,838)	\$ 31,921

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of TorranceSPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (GAAP BASIS)
For the year ended June 30, 1996

	DWI Grant	Indigent	Reappraisal	Community Monitor	Fire Pool	Emergency 911	Medical Service	Estancia Valley Cont. Education	Total (Memorandum Only)
Revenues:									
Taxes	\$	\$ 83,239	\$ 15,143	\$	\$ 23,147	\$	\$ 45,547	\$	218,508
Intergovernmental	106,549			4,886		6,925			1,103,456
Miscellaneous		2,603				5,689		7,310	57,628
Total revenue	106,549	85,842	15,143	4,886	23,147	12,614	45,547	7,310	1,379,592
Expenditures:									
Current operations:									
General government			10,242						10,242
Public safety	123,532			1,819		15,744			255,162
Health & welfare		152,767							819,986
Culture & recreation								5,767	25,167
Capital expenditures	6,145		10,000						185,131
Total expenditures	129,677	152,767	20,242	1,819	0	15,744	0	5,767	1,295,688
Excess (deficiency) of revenue over expenditures	(23,128)	(66,925)	(5,099)	3,067	23,147	(3,130)	45,547	1,543	83,904
Other financing sources (uses):									
Transfers (net)			12,784						19,339
Excess (deficiency) of revenue and other sources over expenditures and other uses	(23,128)	(66,925)	7,685	3,067	23,147	(3,130)	45,547	1,543	103,243
Fund balance (deficit) at beginning beginning of the year	(67,783)	135,698	32,786	(3,449)	1,715	769	0	0	251,521
Fund balance (deficit) at the end of the year	\$ (90,911)	\$ 68,773	\$ 40,471	\$ (382)	\$ 24,862	\$ (2,361)	\$ 45,547	\$ 1,543	\$ 354,764

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$	\$	\$ 0
Miscellaneous	8,400	11,057	2,657
Total revenues	8,400	11,057	2,657
Expenditures:			
Current operations:			
General government			0
Capital expenditures	10,000	8,913	1,087
Total expenditures	10,000	8,913	1,087
Excess (deficiency) of revenues over expenditures	(1,600)	2,144	3,744
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	1,600		(1,600)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 2,144	\$ 2,144

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Farm & Range Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 2,225	\$ 1,586	\$ (639)
Miscellaneous			0
Total revenues	2,225	1,586	(639)
Expenditures:			
Current operations:			
Health and welfare	17,000	17,000	0
Capital expenditures			0
Total expenditures	17,000	17,000	0
Excess (deficiency) of revenues over expenditures	(14,775)	(15,414)	(639)
Other Financing Sources (Uses):			
Transfers in (out)		14,775	14,775
Cash balance available	14,775		(14,775)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (639)	\$ (639)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Recreation Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 500	\$ 351	\$ (149)
Miscellaneous			
Total revenues	500	351	(149)
Expenditures:			
Current operations:			
Culture and recreation	1,000	400	600
Total expenditures	1,000	400	600
Excess (deficiency) of revenues over expenditures	(500)	(49)	451
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	500		(500)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (49)	\$ (49)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Civil Defense Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,000	\$ 16,766	\$ (7,234)
Miscellaneous			0
Total revenues	24,000	16,766	(7,234)
Expenditures:			
Current operations:			
Public safety	41,951	37,584	4,367
Total expenditures	41,951	37,584	4,367
Excess (deficiency) of revenues over expenditures	(17,951)	(20,818)	(2,867)
Other Financing Sources (Uses):			
Transfers in (out)		15,010	15,010
Cash balance available	17,951		(17,951)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (5,808)	\$ (5,808)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 20,300	\$ 20,300	\$ 0
Miscellaneous			0
Total revenues	20,300	20,300	0
Expenditures:			
Current operations:			
Public Safety	3,465	3,491	(26)
Capital expenditures	16,835	16,835	0
Total expenditures	20,300	20,326	(26)
Excess (deficiency) of revenues over expenditures	0	(26)	(26)
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	\$ (26)	\$ (26)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Northeast Torrance Fire District Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Taxes	9,083	9,699	616
Miscellaneous	700	3,890	3,190
Total revenues	34,116	37,922	3,806
Expenditures:			
Current operations:			
Public safety	19,100	10,623	8,477
Capital expenditures	21,265	17,640	3,625
Total expenditures	40,365	28,263	12,102
Excess (deficiency) of revenues over expenditures	(6,249)	9,659	15,908
Other Financing Sources (Uses):			
Transfers in (out)		(4,846)	(4,846)
Cash balance available	6,249		(6,249)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 4,813	\$ 4,813

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 84,333	\$ 60,000
Taxes	9,083	10,752	1,669
Miscellaneous	900	2,511	1,611
Total revenues	34,316	97,596	63,280
Expenditures:			
Current operations:			
Public safety	32,083	26,516	5,567
Capital expenditures	62,334	2,334	60,000
Total expenditures	94,417	28,850	65,567
Excess (deficiency) of revenues over expenditures	(60,101)	68,746	128,847
Other Financing Sources (Uses):			
Transfers in (out)		(4,846)	(4,846)
Cash balance available	60,101		(60,101)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 63,900	\$ 63,900

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Miscellaneous	1,600	6,045	4,445
Total revenues	25,933	30,378	4,445
Expenditures:			
Current operations:			
Public safety	9,250	5,257	3,993
Capital expenditures	40,600		40,600
Total expenditures	49,850	5,257	44,593
Excess (deficiency) of revenues over expenditures	(23,917)	25,121	49,038
Other Financing Sources (Uses):			
Transfers in (out)		(3,846)	(3,846)
Cash balance available	23,917		(23,917)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 21,275	\$ 21,275

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Taxes	9,083	10,752	1,669
Miscellaneous	1,400	3,671	2,271
Total revenues	34,816	38,756	3,940
Expenditures:			
Current operations:			
Public safety	15,300	9,775	5,525
Capital expenditures	31,000	28,095	2,905
Total expenditures	46,300	37,870	8,430
Excess (deficiency) of revenues over expenditures	(11,484)	886	12,370
Other Financing Sources (Uses):			
Transfers in (out)		(4,846)	(4,846)
Cash balance available	11,484		(11,484)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (3,960)	\$ (3,960)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Tarrant

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 24,333	\$ 24,333	\$ 0
Miscellaneous	3,000	4,902	1,902
Total revenues	27,333	29,235	1,902
Expenditures:			
Current operations:			
Public safety	14,519	5,190	9,329
Capital expenditures	52,281	52,282	(1)
Total expenditures	66,800	57,472	9,328
Excess (deficiency) of revenues over expenditures	(39,467)	(28,237)	11,230
Other Financing Sources (Uses):			
Transfers in (out)		(4,846)	(4,846)
Cash balance available	39,467		(39,467)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (33,083)	\$ (33,083)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Fair Board Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	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 Tarrant

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 15,482	\$ 13,505	\$ (1,977)
Miscellaneous			0
Total revenues	15,482	13,505	(1,977)
Expenditures:			
Current operations:			
Public safety	13,505	13,505	0
Capital expenditures			0
Total expenditures	13,505	13,505	0
Excess (deficiency) of revenues over expenditures	1,977	0	(1,977)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(1,977)		1,977
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

Medicaid Transportation Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 25,000	\$ 75,885	\$ 50,885
Miscellaneous			0
Total revenues	25,000	75,885	50,885
Expenditures:			
Current operations:			
Health and welfare	19,497	21,686	(2,189)
Capital expenditures	42,253	18,631	23,622
Total expenditures	61,750	40,317	21,433
Excess (deficiency) of revenues over expenditures	(36,750)	35,568	72,318
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	36,750		(36,750)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 35,568	\$ 35,568

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 336,479	\$ 190,281	\$ (146,198)
Miscellaneous	5,000	6,446	1,446
Total revenues	341,479	196,727	(144,752)
Expenditures:			
Current operations:			
Health and welfare	210,920	195,693	15,227
Capital expenditures	112,160	3,815	108,345
Total expenditures	323,080	199,508	123,572
Excess (deficiency) of revenues over expenditures	18,399	(2,781)	(21,180)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(18,399)		18,399
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (2,781)	\$ (2,781)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 508,140	\$ 445,890	\$ (62,250)
Miscellaneous		672	672
Total revenues	508,140	446,562	(61,578)
Expenditures:			
Current operations:			
Health and welfare	428,577	426,050	2,527
Capital expenditures			0
Total expenditures	428,577	426,050	2,527
Excess (deficiency) of revenues over expenditures	79,563	20,512	(59,051)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(79,563)		79,563
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 20,512	\$ 20,512

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 196,298	\$ 106,549	\$ (89,749)
Miscellaneous			0
Total revenues	196,298	106,549	(89,749)
Expenditures:			
Current operations:			
Public safety	166,955	128,609	38,346
Capital expenditures	3,700		3,700
Total expenditures	170,655	128,609	42,046
Excess (deficiency) of revenues over expenditures	25,643	(22,060)	(47,703)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(25,643)		25,643
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (22,060)	\$ (22,060)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Community Monitor Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 5,863	\$ 4,886	\$ (977)
Miscellaneous			0
Total revenues	5,863	4,886	(977)
Expenditures:			
Current operations:			
Public safety	2,414	2,825	(411)
Capital expenditures			0
Total expenditures	2,414	2,825	(411)
Excess (deficiency) of revenues over expenditures	3,449	2,061	(1,388)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	(3,449)		3,449
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 2,061	\$ 2,061

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Fire Pool Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 27,225	\$ 21,503	\$ (5,722)
Miscellaneous			0
Total revenues	27,225	21,503	(5,722)
Expenditures:			
Current operations:			
Public safety			0
Capital expenditures	27,225		27,225
Total expenditures	27,225	0	27,225
Excess (deficiency) of revenues over expenditures	0	21,503	21,503
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	\$ 21,503	\$ 21,503

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Emergency 911 Special Revenue Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 7,555	\$ 5,689	\$ (1,866)
Miscellaneous	4,951	6,925	1,974
Total revenues	12,506	12,614	108
Expenditures:			
Current operations			
Public safety	12,657	17,034	(4,377)
Capital expenditures			0
Total expenditures	12,657	17,034	(4,377)
Excess (deficiency) of revenues over expenditures	(151)	(4,420)	(4,269)
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	151		(151)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (4,420)	\$ (4,420)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Estancia Valley Continuing Education
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$	\$	\$ 0
Miscellaneous		7,310	7,310
Total revenues	0	7,310	7,310
Expenditures:			
Current operations			
Culture & Recreation	7,040	5,767	1,273
Capital expenditures			0
Total expenditures	7,040	5,767	1,273
Excess (deficiency) of revenues over expenditures	(7,040)	1,543	8,583
Other Financing Sources (Uses):			
Transfers in (out)			0
Cash balance available	7,040		(7,040)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ 1,543	\$ 1,543

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Tarrant

Medical Service Fund
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
For the year ended June 30, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$	\$ 45,547	\$ 45,547
Miscellaneous			0
Total revenues	0	45,547	45,547
Expenditures:			
Current operations			
Health & welfare			0
Capital expenditures			0
Total expenditures	0	0	0
Excess (deficiency) of revenues over expenditures	0	45,547	45,547
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	\$ 45,547	\$ 45,547

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

Debt Service Funds
COMBINING BALANCE SHEET
June 30, 1996

	Solid Waste Revenue Bond Fund	General Obli- gation Bond Fund	Total (Memorandum Only)
	-----	-----	-----
ASSETS			

Current assets:			
Cash in bank	\$	\$ 106,439	\$ 106,439
Due from other funds	468		468
Accounts receivable	7,743		7,743
	-----	-----	-----
Total Assets	\$ 8,211	\$ 106,439	\$ 114,650
	=====	=====	=====
LIABILITIES AND FUND BALANCE			

Liabilities:			
Accrued expenses	\$	\$	\$ 0
	-----	-----	-----
Total liabilities	0	0	0
Fund Balance (Deficit):			
Reserved and designated for subsequent year's expenditures	8,211	106,439	114,650
	-----	-----	-----
Total fund balance (deficit)	8,211	106,439	114,650
	-----	-----	-----
Total liabilities and fund balance	\$ 8,211	\$ 106,439	\$ 114,650
	=====	=====	=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Debt Service Funds
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the year ended June 30, 1996

	Solid Waste Revenue Bond Fund	General Obli- gation Bond Fund	Total (Memorandum Only)
Revenues:			
Taxes	\$	\$ 189,686	\$ 189,686
Miscellaneous	7,743		7,743
Total revenues	7,743	189,686	197,429
Expenditures:			
Debt service:			
Principal paid		80,000	80,000
Interest paid		69,129	69,129
Bank service charges		1,692	1,692
Total expenditures	0	150,821	150,821
Excess (deficiency) of revenues over expenditures	7,743	38,865	46,608
Other Financing Sources (Uses):			
Transfers in (out)	(35,000)		(35,000)
Fund balance, beginning of year	35,468	67,574	103,042
Fund balance, end of year	\$ 8,211	\$ 106,439	\$ 114,650

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$	\$	\$ 0
Miscellaneous			0
Total revenues	0	0	0
Expenditures:			
Debt service:			
Principal paid			0
Interest paid	41,657		41,657
Total expenditures	41,657	0	41,657
Excess (deficiency) of revenues over expenditures	(41,657)	0	41,657
Other Financing Sources (Uses):			
Transfers in (out)		(35,000)	(35,000)
Cash balance available	41,657		(41,657)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 0	\$ (35,000)	\$ (35,000)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$	\$ 189,686	\$ 189,686
Miscellaneous			0
Total revenues	0	189,686	189,686
Expenditures:			
Debt service:			
Principal paid		80,000	(80,000)
Interest paid		69,129	(69,129)
Bank service charges		1,692	(1,692)
Total expenditures	0	150,821	(150,821)
Excess (deficiency) of revenues over expenditures	0	38,865	38,865
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	\$ 38,865	\$ 38,865

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

Solid Waste System - Enterprise Fund
Balance Sheet
June 30, 1996

ASSETS

Current Assets:			
Accounts receivable	\$		

Total current assets		\$	0

Other Assets:			
Bond issuance costs (net)	\$	11,018	

Total other assets			11,018

Property, Plant & Equipment:			
Furniture, fixtures & equip.		36,658	
Less accumulated depreciation		(19,130)	

Net property, plant & equipment			17,528

Total assets	\$		28,546
			=====

LIABILITIES AND RETAINED EARNINGS

Current liabilities:			
Cash overdraft	\$	185,395	
Accounts payable			
Accrued expenses		14,409	
Due to other funds		468	
Current portion of long-term debt		25,000	

Total current liabilities		\$	225,272
Long-term liabilities:			
Revenue bonds payable			270,000

Total liabilities			495,272
Fund equity (deficit):			
Retained earnings - unreserved	\$	(466,726)	

Total fund equity (deficit)			(466,726)

Total liabilities and fund equity	\$		28,546
			=====

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

Solid Waste System - Enterprise Fund
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the year ended June 30, 1996

Operating revenues:		
Charges for services	\$	14,223
Taxes		43,511
Miscellaneous		35,980
		<hr/>
Total operating revenues		93,714
Operating expenses:		
Personal services		117,821
Operating expenses		1,301
Repairs & maintenance		3,849
Contract services		31,294
Depreciation		6,071
Amortization		1,195
Miscellaneous		1,309
		<hr/>
Total operating expenses		162,840
		<hr/>
Operating income (loss)		(69,126)
Non-operating income (expenses):		
Interest expense		(21,456)
Transfers in (out)		35,000
		<hr/>
Net income (loss)		(55,582)
Retained earnings (deficit), beginning of year		(411,144)
		<hr/>
Retained earnings (deficit), end of year	\$	(466,726)
		<hr/> <hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance
Solid Waste System - Enterprise Fund
STATEMENT OF CASH FLOWS
For the year ended June 30, 1996

Cash flows from operating activities:	
Net income (loss)	\$ (55,582)
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	6,071
Amortization	1,195
(Increase) decrease in accounts receivable	3,983
Increase (decrease) in accounts payable	(5,250)
Increase (decrease) in accrued expenses	4,559

Net cash provided (used) by operating activities	(45,024)

Cash flows used by capital and related financing activities:	
Sale (Acquisition) of fixed assets	0
Issuance (payment) on long-term debt	(20,000)

Net cash provided (used) by capital activities	(20,000)

Net increase (decrease) in cash & cash equivalents	(65,024)
Cash and cash equivalents (overdraft), July 1, 1995	(120,371)

Cash and cash equivalents (overdraft), June 30, 1996	\$ (185,395)
	=====

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

General Obligation Bond Acquisition
Capital Projects Fund
Balance Sheet
June 30, 1996

ASSETS

Current Assets:

Cash	\$	534,493
Due from other funds		20,020
Total current assets		<u>554,513</u>

Other assets:

Bond issuance costs (net)		24,323
---------------------------	--	--------

Total assets	\$	<u>578,836</u>
--------------	----	----------------

LIABILITIES AND FUND BALANCE

Current Liabilities:

Accounts payable	\$	<u>0</u>
Total liabilities		<u>0</u>

Fund balance (deficit):

Reserved and Designated		578,836
Total fund balance (deficit)		<u>578,836</u>

Total liabilities & fund balance	\$	<u>578,836</u>
----------------------------------	----	----------------

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

General Obligation Bond Acquisition Capital Projects Fund
STATEMENT OF REVENUES AND EXPENDITURES,
AND CHANGES IN FUND BALANCE
June 30, 1996

Revenues:		
Intergovernmental	\$	
Miscellaneous		30,170
		<hr/>
Total revenues		30,170
		<hr/>
Expenditures:		
Current operations:		
Health and welfare		1,978
Capital expenditures		198,447
		<hr/>
Total expenditures		200,425
		<hr/>
Excess (deficiency) of revenues over expenditures		(170,255)
Other Financing Sources (Uses):		
Transfers in (out)		
Fund balance, beginning of year		749,091
		<hr/>
Fund balance, end of year	\$	578,836
		<hr/> <hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
County of Torrance

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, 1996

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$	\$	\$ 0
Miscellaneous		30,170	30,170
Total revenues	0	30,170	30,170
Expenditures:			
Capital expenditures:			
Capital outlay		198,447	(198,447)
Total expenditures	0	198,447	(198,447)
Excess (deficiency) of revenues over expenditures	0	(168,277)	(168,277)
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	\$ (168,277)	\$ (168,277)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

AGENCY FUND

To account for the collection of taxes and distribution to other taxing entities. The fund is custodial in nature and does not involve measurement of results of operations.

STATE OF NEW MEXICO
County of Torrance

COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

Year Ended June 30, 1996

		Balance July 1, 1995		Additions		Deductions		Balance June 30, 1996
		-----		-----		-----		-----
ASSETS								
<hr/>								
Cash and investments:	\$	68,498	\$	1,541,168	\$	(1,530,740)	\$	78,926
		-----		-----		-----		-----
TOTAL ASSETS	\$	68,498	\$	1,541,168	\$	(1,530,740)	\$	78,926
		=====		=====		=====		=====
 LIABILITIES								
<hr/>								
Due to other entities	\$	59,661	\$	1,530,651	\$	(1,530,740)	\$	59,572
Taxes paid in advance		8,837		10,517				19,354
		-----		-----		-----		-----
TOTAL LIABILITIES	\$	68,498	\$	1,541,168	\$	(1,530,740)	\$	78,926
		=====		=====		=====		=====

See accompanying notes to financial statements

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, 1996, 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, 1996.

1. Cancellation of Invoices
2. Fixed Assets at Indian Hills Fire Department
3. Payroll Controls

Prior Year Comments Which Were not Resolved and are Applicable at June 30, 1996.

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.

Cause

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

Effect

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

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.

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.

Current Year Findings:

COUNTY'S BANK ACCOUNTS

Condition

We noted several bank accounts that the County claims are not theirs, but are on the deposit/security statement from the County's financial institution.

Criteria

Proper internal control procedures require that the County know how many bank accounts are under their federal tax identification number.

Cause

The County did not realize the importance of researching these accounts to see who they belong to.

Effect

The County could be responsible for other bank accounts and not realize that the accounts exist.

Recommendation

We recommend that the County research these accounts and have them removed from their tax identification number, or if the account belongs to the County, then the transactions should be added to the County's records.

Response

The County will investigate these accounts and add them to the County's records, if needed.

RECONCILIATION OF THE TAX ROLLS

Condition

We were unable to reconcile the property tax rolls. We noted an unknown difference of \$ 14,530.

Criteria

Proper internal control procedures require that the property tax rolls are reconciled to the property taxes collected and distributed.

Cause

The cause of the difference is unknown.

Effect

Without proper reconciliations, errors or irregularities could occur and not be detected.

Recommendation

We recommend that the County ensure that the property tax rolls reconcile to that which is reported in the Treasurer's report.

Response

Policies and procedures will be put into place to ensure that which is reported on the Treasurer's report is reconcilable to the property taxes.

EXPENDITURE CONTROLS

Condition

Our audit of expenditures noted the following:

1. A few purchase orders were manually increased to cover the actual expense purchased.
2. Several instances where the purchase order was not completed or authorized.
3. A few instances where no supporting documentation could be located.
4. Two instances where bids could not be located.

Criteria

Proper internal controls require that, among other items, the above should not occur.

Cause

The cause of these occurrences is unknown.

Effect

Errors or irregularities could occur and go undetected within a reasonable time.

Recommendation

We recommend that the County provide adequate resources to ensure that proper expenditure related internal controls are followed.

Response

We will take into consideration the auditor's suggestions and implement policies and procedures to ensure controls exist over expenditures.

SEGREGATION OF DUTIES

Condition

There is a lack of segregation of duties under the expenditure cycle. The same person who authorizes purchase orders also makes out the warrants.

Criteria

Proper internal control procedures require that a separate person who approves purchases should not write warrants to pay for the purchases.

Cause

With changes made to the County's internal control structure, the County did not realize that they were creating a weakness in their internal control structure.

Effect

Without proper segregation of duties, errors or irregularities could occur and go unnoticed.

Recommendation

We recommend that the County establish policies and procedures to segregate the procedures of authorizing and the issuing of warrants.

Response

We will implement policies and procedures to segregate the authorization of purchase orders and the issuance of warrants.

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 matter involving the internal control structure and its operation that we consider to be a 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, 1996.

Prior Year Material Comments Which Were not Resolved and are Applicable at June 30, 1996.

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

Cause

The County has not been able to allocate adequate resources to update their fixed asset inventory listing.

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.

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 is a matter of public record and its distribution is not limited.

Exit Conference

The contents of this report were discussed with the following County officials on September 5, 1996: Ted Reddinger, County Manager, Tracy Sedillo, Administrative Assistant, Marilyn Autrey, County Treasurer, and Pam Hunter, CPA from Emmons & Company, PA.

Emmons & Company PA
September 4, 1996

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, 1996, and have issued our report thereon dated September 4, 1996.

Except as discussed in the following paragraph regarding the General Fixed Asset Account Group, 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.

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.

Compliance with laws, regulations, contracts, and grants applicable to County of Torrance, State of New Mexico is the responsibility of County of Torrance's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of County of Torrance's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failure to follow requirements, or violations of prohibitions, contained statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following instances of noncompliance that may be material to the general purpose financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the County of Torrance, State of New Mexico's 1996 financial statements.

Prior Year Comments Resolved and Not Applicable at June 30, 1996

1. Tax Roll Adjustments
2. Sale of Fixed Assets
3. Commingling of Funds
4. Payroll Controls
5. Long-term Lease Contracts

Prior Year Comments Not Resolved and Still Applicable at June 30, 1996

BUDGET OVEREXPENDITURES

Condition

The County incurred expenditures in excess of the approved budgets in the following funds:

<u>Fund</u>	<u>Approved Budget</u>	<u>Actual Expenditures</u>	<u>Amount Overexpended</u>
L.E.P.F.	\$ 20,300	\$ 20,326	\$ (26)
Emerg. 911	\$ 12,657	\$ 17,034	\$ (4,377)
Jail Fund	\$ 263,128	\$ 511,099	\$(247,971)
Comm. Monitor	\$ 2,414	\$ 2,825	\$ (411)

Criteria

A budget is a proposed plan of financial operations for a given period of time. The annual budget authorizes and provides the basis for control of financial operations during the fiscal year. The budget should be analyzed monthly to insure expenditures remain within the legally adopted budget and revisions should be made whenever necessary.

Cause

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

Effect

State statute may have been violated subjecting those responsible to the penalty provisions of the statute.

Recommendation

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

Response

Policies and procedures will be put into place to ensure that budget overruns will not occur in the future.

STALE DATED WARRANTS

Condition

The County had eleven outstanding warrants on their books at June 30, 1996 totalling \$798 that were 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 and reinstated to cash.

Cause

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

Effect

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

Recommendation

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

Response

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

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.
- * The time and date of arrival/departure were not always indicated on the voucher.
- * Partial days were not being calculated correctly, if at all.

Criteria

The County follows New Mexico Department of Finance and Administration (DFA) Rule 95-1 which states that among other items, the above should be included on the voucher.

Cause

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

Effect

The County is in violation with New Mexico DFA Rule 95-1.

Recommendation

We recommend that all travel vouchers are approved and reviewed by an individual, who is familiar with DFA Rule 95-1, prior to the voucher be reimbursed.

Response

We will implement a review process to ensure that all travel vouchers are in accordance with DFA Rule 95-1.

INDEPENDENT CONTRACTORS

Condition

The County 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.

Cause

The County has several independent contractors that could be reclassified as employees if the County was not able to justify the non-employee status.

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.

Recommendation

We recommend that the County designate someone to review all 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.

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.

Cause

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

Effect

The County is in violation of GASB Statement 18.

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.

Response

We will begin the process of obtaining the necessary information from a licensed engineer.

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 \$500.

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.

INDIGENT CLAIMS

Condition

Neither the County nor their Primary Care facilities are complying with the County's Indigent Ordinance in documenting the eligibility of an indigent applicant..

Criteria

The County Ordinance requires that all indigent claims must have an application that is signed and proof of residency is provided.

Cause

The individuals who are receiving indigent claims are known by County employees and the employees did not realize the importance of documenting the claimant's residency.

Effect

The County is in violation of their own Ordinance and persons may be receiving indigent funds who are not eligible to receive the funding.

Recommendation

We recommend that policies and procedures are put into place to ensure all applications are complete and documentation of residency is noted.

Response

In the future, we will implement procedures to ensure all appropriate documentation is with the claimant's file prior to payment.

PERA WITHHOLDING

Condition

The County is in violation of New Mexico State Statute 10-11-3 which requires PERA coverage of certain employees.

Criteria

New Mexico State Statute 10-11-3 requires all employees to be a member of PERA unless they are exempt under this Statute.

Cause

We noted one employee who was having PERA withheld, but then it stopped. It is uncertain why this occurred, but it seems to have been a computer problem.

Effect

The County could owe back PERA and the County is in violation of the Statute 10-11-3.

Recommendation

We recommend that the County investigate why this error occurred and implement procedures so it does not happen again.

Response

We will contact our computer programmer to determine why this occurred so it will not happen twice.

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.



September 4, 1996

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, 1996, and have issued our report thereon dated September 4, 1996.

Except as discussed in the following paragraph regarding the General Fixed Asset Group of Accounts, 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, 1996, 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 September 4, 1996.

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 regulation. 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.

During the year ended June 30, 1996, County of Torrance, New Mexico, had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under non-major federal financial assistance programs as shown on Schedule 1.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the County's non-major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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 County's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Prior Year Comments Resolved and No Longer Applicable at June 30, 1996:

1. Cancellation of Invoices

Prior Year Comments Not Resolved and Still Applicable at June 30, 1996:

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 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

EXPENDITURE CONTROLS

Condition

Our audit of expenditures, we noted the following:

1. A few purchase orders were manually increased to cover the acetal expense purchased.

2. Several instances where the purchase order was not completed or authorized.
3. A few instances where no supporting documentation could be located.
4. Two instances where no bids could be located.

Criteria

Proper internal controls require that, among other items, the above should not occur.

Cause

The cause of these occurrences is unknown.

Effect

Errors or irregularities could occur and go undetected within a reasonable time.

Recommendation

We recommend that the County provide adequate resources to ensure that proper expenditure related internal controls are followed.

Response

We will take into consideration the auditor's suggestions and implement policies and procedures to ensure controls exist over expenditures.

SEGREGATION OF DUTIES

Condition

There is a lack of segregation of duties under the expenditure cycle. The same person who authorizes purchase orders also makes out the warrants.

Criteria

Proper internal control procedures require that a separate person who approves purchases should not write warrants to pay for the purchases.

Cause

With changes made to the County's internal control structure, the County did not realize that they were creating a weakness in their internal control structure.

Effect

Without proper segregation of duties, errors or irregularities could occur and go unnoticed.

Recommendation

We recommend that the County establish policies and procedures to segregate the procedures of authorizing and the issuing of warrants.

Response

We will implement policies and procedures to segregate the authorization of purchase orders and the issuance of warrants.

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, 1996, and this report does not affect our report thereon dated September 4, 1996.

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.

Cause

The County has not been able to allocate adequate resources to update their fixed asset listing.

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.

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.

September 4, 1996

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, 1996, and have issued our report thereon dated September 4, 1996.

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, 1996:

- 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.

Prior Year Comments Resolved and No Longer Applicable at June 30, 1996:

1. Drug-Free Workplace

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.

September 4, 1996

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, 1996 as listed in the table of contents and have issued our report thereon dated September 4, 1996.

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, 1996. 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.

September 4, 1996

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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, 1996, and have issued our report thereon dated September 4, 1996. These financial statements are the responsibility of the County of Torrance, New Mexico's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as set forth in the following paragraph regarding the General Fixed Asset Group of Accounts, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States and the 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. 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.

September 4, 1996

STATE OF NEW MEXICO
County of Torrance
Schedule of Federal Financial Assistance
For the year ended June 30, 1996

Federal Grantee/ Program Title	Federal CFDA Number	Program or Award Amount	Accrued/ (Deferred) Revenue 07/01/95	Revenue Recognized and Transfers	Amount Expended and Transfers	Accrued/ (Deferred) Revenue 06/30/96
<u>U.S. Department of Human Resources</u>						
Passed through New Mexico State Agency on Aging: Older Americans Act Title III B and C	93.633	\$ 66,584	\$ 0	\$ 66,584	\$ 66,584	0
Total US Dept of Human Resources		66,584	0	66,584	66,584	0
<u>U.S. Department of Agriculture</u>						
Passed through New Mexico State Agency on Aging: Cash in Lieu of Commodities	10.570	15,646	0	16,804	16,804	0
Main Street Grant		7,890	0	1,633	1,633	0
Total US Dept of Agriculture		23,536	0	18,437	18,437	0
<u>U.S. Federal Emergency Management Agency</u>						
Passed through Office of Military Affairs: Civil Defense Division	83.053	23,000	0	20,882	24,998	4,116
Total U.S. F.E.M.A.		23,000	0	20,882	24,998	4,116
<u>U.S. Department of Justice</u>						
COPFAST	83.053	49,671	0	20,662	24,536	3,874
Total U.S. Department of Justice		49,671	0	20,662	24,536	3,874
Total Federal Assistance		\$ 162,791	\$ 0	\$ 126,565	\$ 134,555	\$ 7,990

STATE OF NEW MEXICO
County of Torrance
Reconciliation of Schedule of Federal Financial Assistance
To the Financial Statements
June 30, 1996

Per Financial Statements:

Senior Citizens, B-2

Title III B & C

Cash in lieu of commodities

Other revenues

\$	66,584	\$	66,584
	16,804		16,804
	119,975		119,975

Total Senior Citizens

\$	203,363	\$	203,363
=====		=====	

Civil Defense, B-2

Federal Grant

Other expenditures

\$	20,882	\$	24,998
			12,679

Total Civil Defense

\$	20,882	\$	37,677
=====		=====	

General Fund, A-2

Mainstreet Grant

Copsfast Grant

Other revenues/expenditures

\$	1,633	\$	1,633
	20,662		24,536
	186,966		7,030,363

Total General Fund

\$	209,261	\$	7,056,532
=====		=====	

Schedule 2

STATE OF NEW MEXICO
County of TorranceReconciliation of Tax Rolls
For the Year Ended June 30, 1996

Uncollected taxes, July 1, 1995	\$	358,332	
Plus: Taxes assessed, current year		3,102,299	
Adjustment to prior year's assessments		(8,552)	
Less: Taxes collected		(3,020,802)	
		=====	
Uncollected taxes, June 30, 1996	\$	431,277	
		=====	
Undistributed taxes, July 1, 1995	\$	126,579	
Taxes collected		3,020,802	
Unknown Difference		14,530	
		=====	
Taxes available for distribution		3,161,911	
Undistributed taxes, June 30, 1996		(161,188)	
		=====	
Taxes distributed	\$	3,000,723	
		=====	
Detail of taxes distributed:			
County general fund	\$	1,488,748	
Municipalities:			
Williard		838	
Estancia		8,213	
Moriarty		24,469	
Mountainair		26,527	
Encino		821	
		=====	
			60,868
Special Districts:			
Claunch-Pinto Soil & Water		9,219	
Carrizozo Soil & Water		8	
Edgewood Soil & Water		30,860	
		=====	
			40,087
State:			
State levy		149,486	
Cattle levy		32,635	
Dairy & Hogs levy		1,607	
Sheep levy		1,584	
		=====	
			185,312
Schools:			
Operational		49,130	
Debt service		948,801	
Capital improvements		227,777	
		=====	
			1,225,708
		=====	
Total taxes distributed	\$	3,000,723	
		=====	