

STATE OF NEW MEXICO  
*Office of the State Auditor*

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

Financial Statements and Schedules  
With  
Independent Auditor's Report Thereon

For the Fiscal Year Ended June 30, 1997



Robert E. Vigil, CPA  
State Auditor



State of New Mexico  
Office of the State Auditor

PERA BUILDING, ROOM 302  
Santa Fe, N.M. 87501

ROBERT E. VIGIL, CPA  
STATE AUDITOR

SANTA FE:  
(505) 827-4740 1-800-432-5517

Bill R. Williams, Chairman  
Members of the Board of County Commissioners  
Torrance County Courthouse  
Estancia, New Mexico 87106

Transmitted herein is the annual financial and compliance audit report of the County of Torrance for the fiscal year ended June 30, 1997. The audit was performed by the Office of the State Auditor 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 audited each year by the state auditor, personnel of his office designated by him or by independent auditors approved by him."**

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 black ink that reads "Robert E. Vigil". The signature is written in a cursive, flowing style.

ROBERT E. VIGIL, CPA, CGFM  
STATE AUDITOR

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

Financial Statements and Schedules  
With  
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For the Fiscal Year Ended June 30, 1997

Prepared by:

Office of the State Auditor

STATE OF NEW MEXICO  
COUNTY OF TORRANCE  
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Independent Auditor's Report Thereon

For the Fiscal Year Ended June 30, 1997

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## **INTRODUCTORY SECTION**

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

June 30, 1997

LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Bill R. Williams	Chairman
Roy B. Spencer	Commissioner
Rodger E. Rayner	Commissioner
Linda Lujan	County Clerk
Dorothy Sandoval	County Treasurer
James Ford	County Assessor
Donald Lyles	Sheriff
Woodrow Woodburn	Probate Judge

ADMINISTRATIVE OFFICIALS

Carla Clayton	County Manager
Tracy Sedillo	Administrative Assistant
Della Tapia	Senior Citizens Director

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**FINANCIAL SECTION**





State of New Mexico  
Office of the State Auditor

PERA BUILDING, ROOM 302  
Santa Fe, N.M. 87501

ROBERT E. VIGIL, CPA  
STATE AUDITOR

SANTA FE:  
(505) 827-4740 1-800-432-5517

**Independent Auditor's Report**

Bill R. Williams, Chairman,  
Members of the Board of County Commissioners and  
Babbette Berkshire, County Manager  
Torrance County Courthouse  
Estancia, New Mexico 87106

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of Torrance County (County), State of New Mexico, as of and for the year ended June 30, 1997, as listed in the table of contents. These general-purpose financial statements and the combining and individual fund and account group financial statements are the responsibility of Torrance County's management. Our responsibility is to express an opinion on these general-purpose financial statements and the combining and individual fund and account group financial statements based on our audit. We did not audit the financial statements of the Torrance County Solid Waste Authority, a component unit which reflects total assets and revenues constituting 2.3 percent and 5.7 percent, respectively, of the reporting entity totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Torrance County Solid Waste Authority, is based solely on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 and the report of the other auditors provides a reasonable basis for our opinion.

The County was unable to provide complete or accurate general fixed asset records. The County does not maintain an accurate detailed fixed asset listing that is updated to reflect current additions and deletions of fixed assets. The County's fixed asset records do not agree to its auditor prepared financial statements.

In our opinion, based on our audit and the report of the other auditors, except for the effects of such adjustments, if any, as may be required to the General Fixed Asset Account Group as discussed in the preceding paragraph, the general-purpose financial statements and the combining and individual fund and general long-term debt account group referred to above present fairly in all material respects, the financial position of Torrance County, New Mexico, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 1998 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements and the combining and individual fund and account group financial statements of the County taken as a whole. The accompanying schedules of tax roll reconciliation and pledged collateral by banks are presented for purposes of additional analysis as required by State Auditor Rule 2 NMAC 2.2, Requirements for Contracting and Conducting Audits of Agencies, and is not a required part of the general-purpose financial statements and the combining and individual fund and account group financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and the combining and individual and account group financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements and the combining and individual and account group financial statements taken as a whole.

*Office of the State Auditor*

Office of the State Auditor

January 6, 1998

**GENERAL - PURPOSE**  
**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
County of Torrance

Exhibit 1

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1997

	Governmental Fund Types				Fiduciary Fund Type	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit Solid Waste Authority	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	General Fixed Assets	General Long- Term Debt			
<b>Assets and other debits</b>										
<b>Assets:</b>										
Cash (Note III.A.)	\$ -	\$ 334,772	\$ 107,637	\$ -	\$ 95,191	\$ -	\$ -	\$ 537,600	\$ 75,427	\$ 613,027
Receivables (net, where applicable, of allowances for uncollectables) (Note III. B.)	119,815	583,030	5,123	-	-	-	-	707,968	109,209	817,177
Due from other funds (Note III.E.)	220,067	152,270	467	20,020	-	-	-	392,824	-	392,824
Prepaid items (Note I.C.3.)	46,008	10,329	-	-	-	-	-	56,337	-	56,337
Bond issuance costs	9,939	6,719	-	22,493	-	-	-	39,151	-	39,151
Restricted assets:										
Investments	-	-	-	459,533	-	-	-	459,533	-	459,533
Fixed assets (Net, where applicable, of accumulated depreciation) (Note III.D.)	-	-	-	-	-	4,682,400	-	4,682,400	21,360	4,703,760
<b>Other debits:</b>										
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	2,094,051	2,094,051	-	2,094,051
Amount available in debt service fund	-	-	-	-	-	-	111,274	111,274	-	111,274
<b>Total assets and other debits</b>	<b>\$ 395,829</b>	<b>\$ 1,087,120</b>	<b>\$ 113,227</b>	<b>\$ 502,046</b>	<b>\$ 95,191</b>	<b>\$ 4,682,400</b>	<b>\$ 2,205,325</b>	<b>\$ 9,081,138</b>	<b>\$ 205,996</b>	<b>\$ 9,287,134</b>
<b>Liabilities, equity and other credits</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 219,785	\$ 55,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,675	\$ 37,417	\$ 313,092
Accrued expenditures (note I.C.6.)	19,482	24,389	-	-	-	-	-	43,871	36,995	80,866
Due to outside entities	-	-	-	-	95,191	-	-	95,191	-	95,191
Due to other funds (Note III.E.)	11,125	379,746	1,953	-	-	-	-	392,824	-	392,824
Revenue bonds payable (Note III.F.)	-	-	-	-	-	-	270,000	270,000	-	270,000
General obligation bonds payable (Note III.F.)	-	-	-	-	-	-	1,055,000	1,055,000	-	1,055,000
Capital lease payables (Note III.F.)	-	-	-	-	-	-	880,325	880,325	-	880,325
<b>Total liabilities</b>	<b>250,392</b>	<b>460,025</b>	<b>1,953</b>	<b>-</b>	<b>95,191</b>	<b>-</b>	<b>2,205,325</b>	<b>3,012,886</b>	<b>74,412</b>	<b>3,087,298</b>
<b>Equity and other credits:</b>										
Investment in general fixed assets	-	-	-	-	-	4,682,400	-	4,682,400	-	4,682,400
Contributed capital	-	-	-	-	-	-	-	-	310,000	310,000
Retained earnings (deficit) - unreserved	-	-	-	-	-	-	-	-	(178,416)	(178,416)
<b>Fund balance:</b>										
Reserved:										
For prepaids	46,008	10,329	-	-	-	-	-	56,337	-	56,337
For bond issuance costs	9,939	6,719	-	22,493	-	-	-	39,151	-	39,151
For fire districts	-	43,562	-	-	-	-	-	43,562	-	43,562
Debt service	-	-	111,274	-	-	-	-	111,274	-	111,274
Capital Projects	-	-	-	479,553	-	-	-	479,553	-	479,553
Unreserved:										
Designated for subsequent year expenditures (Note I.C.8.)	89,490	89,238	-	-	-	-	-	178,728	-	178,728
Undesignated (Note I.C.8.)	-	477,247	-	-	-	-	-	477,247	-	477,247
<b>Total equity and other credits</b>	<b>145,437</b>	<b>627,095</b>	<b>111,274</b>	<b>502,046</b>	<b>-</b>	<b>4,682,400</b>	<b>-</b>	<b>6,068,252</b>	<b>131,584</b>	<b>6,199,836</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 395,829</b>	<b>\$ 1,087,120</b>	<b>\$ 113,227</b>	<b>\$ 502,046</b>	<b>\$ 95,191</b>	<b>\$ 4,682,400</b>	<b>\$ 2,205,325</b>	<b>\$ 9,081,138</b>	<b>\$ 205,996</b>	<b>\$ 9,287,134</b>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

Exhibit 2

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

For the fiscal year ended June 30, 1997

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$ 2,006,173	\$ 1,120,343	\$ 197,724	\$ -	\$ 3,324,240
Intergovernmental	111,828	1,689,642	-	-	1,801,470
Charges for services	293,664	-	-	-	293,664
Miscellaneous	56,129	77,835	-	31,963	165,927
Total Revenues	<u>2,467,794</u>	<u>2,887,820</u>	<u>197,724</u>	<u>31,963</u>	<u>5,585,301</u>
Expenditures:					
Current operations:					
General government	1,225,811	14,954	-	-	1,240,765
Public safety	1,244,071	428,703	-	-	1,672,774
Highways and streets	-	737,959	-	-	737,959
Health & welfare	52,978	845,686	-	1,829	900,493
Culture and recreation	-	21,879	-	-	21,879
Capital expenditures	-	739,925	-	106,924	846,849
Debt service	-	-	201,100	-	201,100
Total expenditures	<u>2,522,860</u>	<u>2,789,106</u>	<u>201,100</u>	<u>108,753</u>	<u>5,621,819</u>
Excess (deficiency) of revenue over expenditures	(55,066)	98,714	(3,376)	(76,790)	(36,518)
Other financing sources (uses):					
Operating transfers in	66,752	66,958	-	-	133,710
Operating transfers out	<u>(66,958)</u>	<u>(66,752)</u>	<u>-</u>	<u>-</u>	<u>(133,710)</u>
Total other financing sources (uses)	<u>(206)</u>	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	(55,272)	98,920	(3,376)	(76,790)	(36,518)
Fund Balance - Beginning of year - as previously reported	399,060	528,175	114,650	578,836	1,620,721
Restatement of Road Fund as a Special Revenue Fund (Note I.C.)	(173,408)	-	-	-	(173,408)
Restatement of Property Tax Revenue (Note I.C.)	<u>32,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,174</u>
Fund Balance - Beginning of period - as restated	257,826	528,175	114,650	578,836	1,479,487
Excess (Deficiency) of revenues and other sources over expenditures and other uses	(55,272)	98,920	(3,376)	(76,790)	(36,518)
Residual Equity Transfer from Discontinued Solid Waste Fund	<u>(57,117)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,117)</u>
Fund Balance - End of Year	<u>\$ 145,437</u>	<u>\$ 627,095</u>	<u>\$ 111,274</u>	<u>\$ 502,046</u>	<u>\$ 1,385,852</u>

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO  
County of Torrance

Exhibit 3  
(1 of 2)

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 1997

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual On Budgetary Basis	Variance favorable (unfavorable)	Budget	Actual On Budgetary Basis	Variance favorable (unfavorable)	Budget	Actual On Budgetary Basis	Variance favorable (unfavorable)
Revenues:									
Taxes	\$ 2,016,651	\$ 2,019,439	\$ 2,788	\$ 707,072	\$ 644,887	\$ (62,185)	\$ 45,282	\$ 200,343	\$ 155,061
Intergovernmental	115,840	64,239	(51,601)	2,244,867	1,714,393	(530,474)	-	-	-
Charges for services	294,967	293,615	(1,352)	-	-	-	-	-	-
Miscellaneous	265,580	61,512	(204,068)	63,700	83,750	20,050	-	-	-
Total revenues	<u>2,693,038</u>	<u>2,438,805</u>	<u>(254,233)</u>	<u>3,015,639</u>	<u>2,443,030</u>	<u>(572,609)</u>	<u>45,282</u>	<u>200,343</u>	<u>155,061</u>
Expenditures:									
Current operations:									
General government	1,279,875	1,228,493	51,382	29,672	14,878	14,794	-	-	-
Public Safety	1,054,146	1,145,109	(90,963)	795,904	408,643	387,261	-	-	-
Highways and streets	-	-	-	920,884	905,943	14,941	-	-	-
Health and welfare	101,382	52,638	48,744	873,758	859,745	14,013	-	-	-
Culture and recreation	-	-	-	29,543	21,879	7,664	-	-	-
Capital expenditures	-	-	-	884,825	600,809	284,016	-	-	-
Debt service	-	-	-	-	-	-	45,282	201,100	(155,818)
Total expenditures	<u>2,435,403</u>	<u>2,426,240</u>	<u>9,163</u>	<u>3,534,586</u>	<u>2,811,897</u>	<u>722,689</u>	<u>45,282</u>	<u>201,100</u>	<u>(155,818)</u>
Excess (deficiency) of revenues over expenditures	257,635	12,565	(245,070)	(518,947)	(368,867)	150,080	-	(757)	(757)
Other Financing Sources (Uses):									
Operating transfers in	94,052	94,052	-	206	206	-	-	-	-
Operating transfers out	(66,752)	(66,752)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>27,300</u>	<u>27,300</u>	<u>-</u>	<u>206</u>	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance available	-	-	-	409,667	-	(409,667)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 284,935</u>	<u>\$ 39,865</u>	<u>\$ (245,070)</u>	<u>\$ (109,074)</u>	<u>\$ (368,661)</u>	<u>\$ (259,587)</u>	<u>\$ -</u>	<u>\$ (757)</u>	<u>\$ (757)</u>

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
County of Torrance

Exhibit 3  
(2 of 2)

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 1997

	Capital Projects Fund			Totals (Memorandum Only)		
	Budget	Actual On Budgetary Basis	Variance favorable (unfavorable)	Budget	Actual On Budgetary Basis	Variance favorable (unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 2,769,005	\$ 2,864,669	\$ 95,664
Intergovernmental	-	-	-	2,360,707	1,778,632	(582,075)
Charges for services	-	-	-	294,967	293,615	(1,352)
Miscellaneous	-	26,865	26,865	329,280	172,127	(157,153)
Total revenues	-	26,865	26,865	5,753,959	5,109,043	(644,916)
Expenditures:						
Current operations:						
General government	-	-	-	1,309,547	1,243,371	66,176
Public Safety	-	-	-	1,850,050	1,553,752	296,298
Highways and streets	-	-	-	920,884	905,943	14,941
Health and welfare	-	-	-	975,140	912,383	62,757
Culture and recreation	-	-	-	29,543	21,879	7,664
Capital expenditures	-	106,923	(106,923)	884,825	707,732	177,093
Debt service	-	-	-	45,282	201,100	(155,818)
Total expenditures	-	106,923	(106,923)	6,015,271	5,546,160	469,111
Excess (deficiency) of revenues over expenditures	-	(80,058)	(80,058)	(261,312)	(437,117)	(175,805)
Other Financing Sources (Uses):						
Operating transfers in	-	-	-	94,258	94,258	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	94,258	94,258	-
Cash balance available	-	-	-	409,667	-	(409,667)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (80,058)	\$ (80,058)	\$ 242,613	\$ (342,859)	\$ (585,472)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

Exhibit 4

Combined Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Discretely Presented Component Unit  
For the Year Ended June 30, 1997

Operating Revenues:	
Charges for services	\$ 335,563
Miscellaneous income	<u>8,125</u>
Total operating revenues	<u>343,688</u>
Operating expenses:	
Salaries and benefits	169,469
Insurance	11,254
Landfill charges	25,680
License/permits	30
Shop and safety supplies	9,824
Contract hauling	106,772
Contract labor	388
Fuel and oil	16,493
Shop tools	456
Uniforms	2,004
Repairs and maintenance	36,592
Travel and schools	1,270
Depreciation	3,360
Telephone	2,902
Office supplies and postage	9,937
Miscellaneous expense	3,087
Ads and publications	986
Dues and memberships	1,458
Franchise	12,165
Professional services	3,875
Gross receipts taxes	14,692
Rent and lease expense	6,218
Billing expenses	874
Refunds	<u>429</u>
Total operating expenses	<u>440,215</u>
Net income (loss)	<u>(96,527)</u>
Retained earnings (deficit), beginning of year	(24,565)
Prior period adjustments	<u>(57,324)</u>
Retained earnings (deficit), beginning of year, as restated	<u>(81,889)</u>
Retained earnings (deficit), end of year	<u><u>\$ (178,416)</u></u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

Exhibit 5

Statement of Cash Flows  
Discretely Presented Component Unit  
For the Year Ended June 30, 1997

Net income (loss)	\$ (96,527)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	3,360
Increase in accounts receivable, net	(72,179)
Decrease in prepaid expenses	77
Increase in accounts payable	9,776
Increase in accrued expenses	36,995
Decrease in due to Torrance County	<u>(94,354)</u>
Net cash provided (used) by operating activities	<u>(212,852)</u>
Cash flows from investing activities:	
Purchases of equipment	<u>(24,000)</u>
Net cash provided (used) by investing activities	<u>(24,000)</u>
Cash flows from financing activities:	
Contributed capital	<u>310,000</u>
Net cash provided (used) by financing activities	<u>310,000</u>
Net increase (decrease) in cash	73,148
Cash at beginning of year	<u>2,279</u>
Cash at end of year	\$ <u><u>75,427</u></u>

The accompanying notes are an integral part of the financial statements.

**NOTES TO THE  
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

Notes to the Financial Statements

June 30, 1997

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STATE OF NEW MEXICO  
COUNTY OF TORRANCE

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**I. 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 three-member 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.

**A. Reporting Entity**

The financial statements of the County of Torrance (County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Governmental Accounting Standards Board Statement (GASBS) 14, "The Financial Reporting Entity," effective for periods beginning after December 15, 1992, establishes standards for defining and reporting on the financial reporting entity. GASBS 14 supersedes previous standards issued by the National Council on Governmental Accounting. The requirements of GASBS 14 apply at all levels to all state and local governments.

GASBS 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government." A primary government is any state government or general purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government.

In evaluating how to define the County, 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 14.

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.

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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 County and is generally available to citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of fiscal dependence, regardless of whether the government is able to exercise oversight responsibilities. In determining fiscal independence or dependence, a government entity is considered fiscally independent if it has the authority to do all three of the following:

- (a) Determine its budget without another government's having the authority to approve and modify that budget,
- (b) Levy taxes or set rates or changes without approval by another government, and
- (c) Issue bonded debt without approval by another government.

*Discretely presented component:* The Torrance County Solid Waste Authority (Authority) is responsible for providing solid waste disposal services within the County's jurisdiction and for several municipalities within the County. The eleven members of the Authority's governing board are appointed by the County (3) and by several municipalities (8), who are participants to the joint powers agreement establishing the Authority. Although the County does not appoint a majority of the Authority's board members, the Authority is fiscally dependent upon the County because the County must approve the solid waste fee charged by the Authority. The Authority is presented as a proprietary fund type.

Complete financial statements for the Authority may be obtained by writing to the following address:

Torrance County Solid Waste Authority  
P.O. Box 736  
Estancia, New Mexico 87015

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

STATE OF NEW MEXICO  
COUNTY OF TORRANCENOTES TO FINANCIAL STATEMENTS  
June 30, 1997

The County has the following fund types and account groups:

**Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decrease (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.

Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all property tax revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property tax and interest revenue are susceptible to accrual. Gross receipt taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

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

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

STATE OF NEW MEXICO  
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## NOTES TO FINANCIAL STATEMENTS

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*Fiduciary funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the County holds for others in an agency capacity.

*Account Groups.* The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

**C. Assets, Liabilities and Equity***1. Deposits and Investments*

The County's cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of one year or less from the date of acquisition. State statutes (Public Monies Act 6-10-1 through 6-10-63 NMSA 1978) authorize the County to invest in (1) bond or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or (2) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government. The County may also invest in repurchase agreements and in the State Treasurer's Investment Pool. Sections 6-10-16 and 6-10-17 NMSA 1978, requires that the deposit of public money be secured by securities of the United States, its agencies or instrumentalities or by securities of the state of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions or by securities that are guaranteed by the United States or the state of New Mexico equal to one-half the amount of public money on deposit.

*2. Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All property tax and intergovernmental receivables are deemed fully collectible and no allowance for uncollectibles is recorded.

STATE OF NEW MEXICO  
COUNTY OF TORRANCENOTES TO FINANCIAL STATEMENTS  
June 30, 1997*3. Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

*4. Restricted Assets*

Certain proceeds of the County's general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

*5. Fixed Assets*

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, street 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not included in the general fixed assets account group.

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The Fixed Asset account group is not fund. It is concerned with the measurement of financial position and is not involved with measurement of results of operations.

*6. Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Sick leave accumulates at the rate of 3.69 hours per pay period. Accrued sick leave is forfeited upon termination of employment.



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Full-time county employees accrue annual leave according to the following schedule:

<u>Hours Per Pay Period</u>	<u>Accrual Rate Per Pay Period</u>	<u>Years of Service</u>
32	2.46	Less than 3 years of service
32	2.95	3 or more but less than 7
32	3.68	7 or more but less than 11
32	4.43	11 or more but less than 15
32	4.92	15 or more years of service
36	2.77	Less than 3 years of service
36	3.32	3 or more but less than 7
36	4.15	7 or more but less than 11
36	4.99	11 or more but less than 15
36	5.54	15 or more years of service
40	3.08	Less than 3 years of service
40	3.69	3 or more but less than 7
40	4.61	7 or more but less than 11
40	5.54	11 or more but less than 15
40	6.15	15 or more years of service

Annual leave must be taken within the calendar year. Employees are only allowed to carry over forty (40) hours of annual leave to the next calendar year.

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. No expenditure is reported for these amounts. No expenses are accrued in the general long-term debt account group as the County expects to liquidate the vacation and other payroll-related accruals with available financial resources.

#### *7. Long-term Obligations*

The government reports long-term debt of governmental funds at face value in the general long-term debt account group. For governmental fund types, bond issuance costs are recognized during the current period.



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## NOTES TO FINANCIAL STATEMENTS

June 30, 1997

*8. Fund Equity*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Department of Finance and Administration Local Government Division requires all counties to establish and maintain a cash balance in the general fund equal to 3/12<sup>th</sup> (25%) of their budgeted expenditures and a 1/12<sup>th</sup> cash balance in the road fund which will help maintain an adequate cash flow until the next significant property tax collection. These cash balance requirements are classified as "unreserved designated for subsequent year expenditures" in the County's governmental fund type fund balances. There were no changes in the Authority's contributed capital during the year.

*9. Memorandum Only - Total Columns*

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

*10. Changes in Presentation*

Certain amounts presented in the prior year financial statement have been presented differently in this year's financial statement in order to present a more accurate reflection of the County's operations.

- (a) The County's Road Fund, originally classified and grouped as part of the County's general fund is now reported as a special revenue fund.
- (b) Under a management services contract with the Corrections Corporation of America (CCA), the County contracts with the U.S. Marshall Service and the State of New Mexico Department of Corrections (State) to house federal and state inmates in the Torrance County Detention Facility, which is privately owned and operated by CCA. The County processes payments received by the U.S. Marshall Service and the State for services provided by CCA and remits the payments to CCA. In prior years, the County recorded these payments as revenues and expenditures. These payments and distributions to CCA are now recorded in agency funds because they do not represent amounts earned and expended for County operations.

*11. Discontinued Operations*

At the June 26, 1996 County Commission meeting, the County Commissioners voted to eliminate the County Solid Waste department effective July 1, 1996. At the end of June 30, 1997, a negative fund balance of \$57,117 remained in the County's discontinued Solid Waste department

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NOTES TO FINANCIAL STATEMENTS  
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(enterprise fund). A residual equity transfer of 57,117 was made to the General Fund to close out this discontinued fund. The outstanding debt associated with the County's Environmental Gross Receipts Tax Revenue Bond which was previously reported in the County's discontinued Enterprise fund is now reported in the General Long-Term Debt Account Group. The unamortized bond issuance costs are recorded in the County's General Fund.

*12. Prior Period Adjustments*

A prior year adjustment for \$32,174 was made to the general fund to record property tax revenues in accordance with the modified accrual measurement focus.

**D. Property Taxes**

The County Treasurer receives deposits of monies from and collect 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 1<sup>st</sup>, the first half of the assessed tax is due November 10<sup>th</sup> and becomes delinquent December 10<sup>th</sup>, the second half of the assessed tax becomes due April 10<sup>th</sup> and becomes delinquent May 10<sup>th</sup>. The applicable property is subject to lien and penalties and interest is assessed when property taxes become delinquent. When property taxes are delinquent three years, the property is transferred to the State Property Tax Department for public sale.

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

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

Taxes levied upon tangible property shall be in proportion to the value thereof, and taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent. The legislature shall provide by law for the valuation of residential property for property taxation purposes in a manner that limits annual increases in valuation of residential property. The limitation may be applied to classes of residential property taxpayers based on owner-occupancy,

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age or income. The limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions under which the limitation is applied. Any valuation limitations authorized as a local jurisdiction option shall provide for applying statewide or multi-jurisdictional property tax rates to the value of the property as if the evaluation increase limitation did not apply.

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.

## **II. Stewardship, Compliance and Accountability**

### **A. Budgetary Information**

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

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



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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, increase the total budget of the County in the event the County undertakes an activity, service, project or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project or construction program will produce sufficient revenue to cover such increase in the budget or the County has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget;
  - g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted, and that there will not be illegal expenditures;
  - h. Prescribe the form for all budgets, books, records and accounts for the County; and
  - 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 matter 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. The County did not adopt a budget for the General Obligation Bond Debt Service Fund, General Obligation Bond Acquisition Capital Projects Fund, Mountainair Clinic Grant Special Revenue Fund, and the Legislative Appropriations Special Revenue 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) 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 in which expenditures may not legally exceed appropriation for budget is at the fund level; and

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7. Appropriation of funds unused during the fiscal year may not 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.

**B. Budget/GAAP Reconciliation**

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 III. H.
- 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.

**C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 1997, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Approved Budget</u>	<u>Actual Expenditures</u>	<u>Amount Overexpended</u>
Maternal Health Care	346,890	401,348	54,458
COPS Fast Grant	18,589	18,877	228

Over expenditures in the Maternal Health Care and COPS Fast Grant funds were funded by borrowing funds from the County General Fund.

**D. Deficit Fund Equity**

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

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The following funds have deficit fund balances or retained earnings at June 30, 1997:

Recreation Fund	\$ 2,221
Senior Citizens Program Fund	76,759
Civil Defense Fund	54
DWI Grant Fund	10,940
Community Monitor Fund	381
COPS More Grant	6,282
COPS Fast Grant	12,606
Universal Hiring Grant	22,842
Emergency 911 Fund	11,178

It is expected that future revenue will be provided or transfers will be made from the General Fund to liquidate these negative fund balances.

**E. Encumbrance Accounting**

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.

**III. Detailed Notes on All Fund and Account Groups**

**A. Cash and Investments**

The County follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as equity in pooled cash and investments.

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

The County's policy is to invest all public money not immediately necessary for the public use of the County and with respect to all public money not invested or deposited in qualified Banks and Savings and Loan Associations within the County to invest such money in negotiable securities of the United States pursuant to state statute 6-10-10, NMSA 1978.

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.



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All of the County's cash and investments are categorized to give an indication of the level of risk assumed at year-end. Cash is categorized into three categories of credit risk.

1. Insured or collateralized with securities held by the entity or by the agent in the entity's name.
2. Collateralized with securities held by the pledging financial institutions trust department or agent in the entity's name.
3. Uncollateralized.

Bank Balance	Category			
	1	2	3	Totals
Cash in Bank	\$ 285,890	\$ 40,585	\$ -	\$ 326,475
State Investment Pool	-	-	400,000	400,000
Certificates of Deposit	127,559	-	50,000	177,559
Total Cash	<u>\$ 413,449</u>	<u>\$ 40,585</u>	<u>\$ 450,000</u>	<u>904,034</u>
Cash on Hand				300
Returned Check				355
Deposit in Transit				9,413
Outstanding Checks:				
Manager's Office				(134,440)
Treasurer's Office				(242,062)
Total Cash per Balance Sheet (Exhibit 1)				<u>\$ 537,600</u>

The Authority's cash balance of \$75,427 is insured and held in the Authority's name (Category 1).

Investments are categorized into these three categories of credit risk.

1. Insured or registered or securities held by the entity or its agent in the entity's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

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	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Government securities	\$ 277,297	\$ -	\$ -	\$ 277,297	\$ 277,297
Liquid Asset Trust - Treasury	-	182,236	-	182,236	182,236
Total Investments	\$ <u>277,297</u>	\$ <u>182,236</u>	\$ <u>-</u>	\$ <u>459,533</u>	\$ <u>459,533</u>

**B. Receivables**

Receivables at June 30, 1997 consist of the following:

	General	Special Revenue	Debt Service	Total
Intergovernmental	\$ 63,164	\$ 506,220	\$ -	\$ 569,384
Miscellaneous	955	60	-	1,015
Property Taxes	32,087	-	-	32,087
Other Taxes	23,609	76,750	5,123	105,482
Total	\$ <u>119,815</u>	\$ <u>583,030</u>	\$ <u>5,123</u>	\$ <u>707,968</u>

The County's Component Unit accounts receivable represent unpaid billings to service recipients. The receivables from the service recipients are provided an allowance for uncollectible accounts based on the status of the receivables as follows: 2% for current accounts; 15% for accounts which have been notified by certified letter as being past due; and 75% for accounts which have been turned over to a collection agency. The collection agency takes a 40% fee for all collections and, therefore, the accounts that have been turned over to the collection agency have also been provided with the 40% allowance for the collection agency fees.

Accounts receivable consisted of the following at June 30, 1997:

Receivables	\$ 138,354
Less allowance for collectible accounts	<u>(29,145)</u>
Net receivables	<u>\$ 109,209</u>

**C. Inventory**

There were no material inventories at June 30, 1997.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

**D. Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Land	\$ 58,941	\$ 1,800	\$ -	\$ 60,741
Right-of-way	21,084	-	-	21,084
Buildings and improvements	1,191,911	108,552		1,300,463
Furniture and equipment	2,845,261	454,851	-	3,300,112
Total	\$ <u>4,117,197</u>	\$ <u>565,203</u>	\$ <u>-</u>	\$ <u>4,682,400</u>

*Investments in general fixed assets:*

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Acquisition prior to June 30, 1985 not identifiable by source	\$ 822,432	\$ -	\$ -	\$ 822,432
General Fund	1,446,985	170,020	-	1,617,005
Special Revenue Funds	1,570,917	330,236	-	1,901,153
Capital Projects Funds	276,864	64,946	-	341,810
Total	\$ <u>4,117,198</u>	\$ <u>565,202</u>	\$ <u>-</u>	\$ <u>4,682,400</u>

The County's Component Unit fixed assets are recorded by the Authority at cost. Depreciation of all exhaustible fixed assets used by the Authority is charged as an expense against the operations. Accumulated depreciation is reported on the Authority's balance sheet. Depreciation has been provided for over the estimated useful lives using the straight-line method. The estimated useful lives range from five to ten years.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

A summary of changes in the Authority's property, plant, and equipment is as follows:

	June 30, 1996	Additions (Deletions)	June 30, 1997
Equipment	\$ 900	\$ 24,000	\$ 24,900
Less accumulated depreciation	(180)	(3,360)	(3,540)
Net equipment	<u>\$ 720</u>	<u>\$ 20,640</u>	<u>\$ 21,360</u>

**E. Interfund Receivables and Payables**

The composition of due to/ from other fund balances as of June 30, 1997:

Receivable Fund	Payable Fund	Amount
General	Recreation	\$ 2,350
G.O. Bond Acquisition	Road	20,020
Fire Funds	General	9,000
Farm and Range	General	1,658
Solid Waste Debt Service	General	467
General	Various Special Revenue and Solid Waste Revenue Bond	217,717
Indian Hills Fire District	Various Special Revenue	70,806
Duran Fire District	Various Special Revenue	70,806
Total		<u>\$ 392,824</u>

At June 30, 1997, several special revenue funds and the Solid Waste Revenue Bond fund had overdrawn their share of pooled cash by \$359,329. The overdrafts of pooled cash are reported as "due to" in the liability section of the combined balance sheet. The offsetting "due from" is recorded in the General, Indian Hills Fire District, and Duran Fire District funds, because these were the only funds with large enough cash balances to cover the pooled cash overdrafts.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

**F. Changes in Long-term Debt**

During the year ended June 30, 1997, the following changes occurred in liabilities reported in the general long-term debt group of accounts;

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Capital leases	\$ 995,783	\$ 144,544	\$ 260,002	\$ 880,325
Revenue Bonds Payable	-	295,000	25,000	270,000
General Obligation Bonds Payable	1,145,000	-	90,000	1,055,000
Total	\$ 2,140,783	\$ 439,544	\$ 375,002	\$ 2,205,325

Contracts Payable

At June 30, 1997 the County had the following purchase contracts payable.

	Description	Date of Contract	Original Amount	Principal Balance June 30, 1997
1.	First Security Bank N.E. Torrance Fire Station 9.11%	December 1990	\$ 52,517	\$ 28,047
2.	Caterpillar 140G Motor grader 6.5%	January 1991	188,226	82,358
3.	Caterpillar 140G 2 Road Graders 6.55	August 1992	215,492	118,081
4.	NM State Board of Finance Voting Machines No interest	December 1992	107,000	53,500
5.	Banc One 5 Graders 7.37%	May 1994	533,315	301,466



STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

6.	La Salle National Bank Fire Truck 6%	October 1994	68,881	51,921
7.	NM Taxation and Revenue Re-appraisal computer system No interest	December 1994	142,267	101,619
8.	Kansas Bank 5 police vehicles 7.659%	June 1995	95,612	47,848
9.	Kansas State Bank 5 Law Enforcement Vehicles 9.2%	August 1996	57,545	37,526
10.	Banc One Loader 6.5%	October 1996	86,999	57,959
Total			\$ 1,547,854	\$ 880,325

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>
1998	\$ 43,397	\$ 312,124	\$ 355,521
1999	30,933	206,750	237,683
2000	17,957	140,377	158,334
2001	9,522	139,874	149,396
2002	2,138	81,200	83,338
Total	\$ 103,947	\$ 880,325	\$ 984,272

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, 1997

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>
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	11,000	200,000	211,000
Total	\$ <u>256,724</u>	\$ <u>1,055,000</u>	\$ <u>1,311,724</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 receipts taxes (.125%) levied within the County.

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>
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	12,031	115,000	127,031
Total	\$ <u>73,220</u>	\$ <u>270,000</u>	\$ <u>343,220</u>



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

**G. Operating Transfers**

Operating transfers for the year ended June 30, 1997 were:

<u>Amount</u>	<u>Transfers In</u>	<u>Transfers Out</u>
45,547	General	Medical Service
4,241	General	NE Torrance FD
4,241	General	Indian Hills FD
4,241	General	McIntosh FD
4,241	General	Duran FD
4,241	General	Torreón-Tajique FD
16,052	Farm & Range	General
15,674	Civil Defense	General
13,656	Reappraisal	General
4,239	COPS More Grant	General
3,764	COPS Fast Grant	General
13,573	Universal Hiring Grant	General

**H. 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	\$ 2,467,794
Plus: Accounts receivable, prior year	59,632
Plus: Prior year property tax accrued	32,079
Less: Accounts receivable, current year	(119,815)
Less: Cash adjustment	(885)
	<hr/>
Revenues, Non-GAAP Basis, Exhibit 3	\$ <u>2,438,805</u>

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Expenditures, GAAP Basis, Exhibit 2	\$ 2,522,860
Plus: Prior year accounts payable	60,022
Prior year accrued expenses	61,737
Current year prepaid expenses	46,008
Less: Current year accounts payable	(219,785)
Current year accrued expenses	(19,482)
Prior year prepaid expenses	(25,120)
	<hr/>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 2,426,240

Special Revenue Funds

Revenues, GAAP Basis, Exhibit 2	\$ 2,887,820
Plus: Prior year accounts receivable	138,240
Less: Current year accounts receivable	(583,030)
	<hr/>
Revenues, Non-GAAP Basis, Exhibit 3	\$ 2,443,030

Expenditures, GAAP Basis, Exhibit 2	\$ 2,789,106
Plus: Prior year accounts payable	46,845
Prior year accrued expenses	47,798
Current year prepaid expenses	10,329
Current year bond issuance costs	6,719
Less: Current year accounts payable	(55,890)
Current year accrued expenses	(24,389)
Prior year prepaid expenses	(8,621)
	<hr/>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 2,811,897

Debt Service Funds

Revenues, GAAP Basis, Exhibit 2	\$ 197,724
Less: Current year accrued interest	(5,123)
Plus: Prior year accrued interest	7,742
	<hr/>
Revenues, Non-GAAP Basis, Exhibit 3	\$ 200,343
	<hr/>
Expenditures, GAAP Basis, Exhibit 2	201,100
	<hr/>
Expenditures, Non-GAAP Basis, Exhibit 3	\$ 201,100
	<hr/>

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Capital Projects Fund

Revenues, GAAP Basis, Exhibit 2	\$ 31,963
Less: Current year accrued interest	(5,098)
Revenues, Non-GAAP Basis, Exhibit 3	<u>\$ 26,865</u>
Expenditures, GAAP Basis, Exhibit 2	\$ 108,753
Plus: Current amortization	<u>(1,830)</u>
Expenditures, Non-GAAP Basis, Exhibit 3	<u>\$ 106,923</u>

#### IV. Other Information

##### A. Insurance Coverage

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the New Mexico County Insurance Authority and the New Mexico Association of Counties Multi-line Pool. The following is a summary of some of the more significant insurance coverage information related to the County.

Coverage provided to the County through membership in New Mexico County Insurance Authority Multi-line Pool (Authority) include tort liability limits for casualty coverage (general, automobile, civil rights and public officials liability) on a "claims made" basis with an additional \$200,000 for defense costs above the tort limits. Property is subject to a limit of \$50,000,000 each occurrence, with sublimits for certain coverage extensions. Crime coverage has a limit of \$200,000. The County pays a deductible of \$500 for each property or crime loss and a deductible of \$3,000 for each civil rights claim. The Authority pays losses up to \$150,000 for property and \$250,000 for liability per occurrence.

Coverage provided by the Authority's Worker's Compensation Pool includes up to \$300,000 for each accident and up to \$300,000 for each employee or occupational disease. The County also has volunteer firefighters and boiler and machine insurance coverage through the Authority's multi-line pool.

Coverage provided to the County through membership in the New Mexico Association of Counties Law Enforcement Liability Program (Association) include tort liability limits for police professional liability coverage on a claims made basis. The County pays an operational deductible of \$10,000 per occurrence. The Association pays covered losses above the deductible up to \$250,000 per occurrence from the Association's funds collected for law enforcement only. Excess

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

coverage is provided in an amount up to \$12,750,000 for the annual pool aggregate, for covered claims which exceed the self-insured retention.

**B. Retirement Plan**

*Retirement Plan*

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

*Retirement Eligibility*

PERA membership is a condition of employment with the County of Torrance, with certain exceptions. Examples of the exception are seasonal employees and independent contractors, and elected officials who choose not to participate.

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.

*Funding Policy*

Plan members are required to contribute 9.15 % of their gross salary for regular County employees and 7.0 % of their gross salary for the Sheriff Department's employees. The County is required to contribute 9.15 % of the gross salary for regular employees and 10.0 % of the gross salary for the Sheriff Department's employees. The contribution requirements of plan members and the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County and employee contributions to PERA for the year ending June 30, 1997, were \$142,802 and \$135,622, respectively, equal to the amount of the required contributions for the year. The payroll for employees covered by PERA for the year ended June 30, 1997, was \$1,538,448; the total payroll for all employees of the County was \$1,565,995.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

**C. Retiree Health Care**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. 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 by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate 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, 1995, in which event the time period for contributions becomes the 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 equal to one-half of one percent of the employee's annual salary. Each participating retiree pays a monthly premium of fifty-seven dollars and sixty-five cents (\$57.65) for the basic single plan and an additional five dollars (\$5.00) if the eligible participant retired prior to July, 1990 and made no contributions to the plan.

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

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 625 Don Gaspar, Santa Fe, New Mexico 87501.

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COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS  
June 30, 1997

For the fiscal year ended June 30, 1997, Torrance County remitted \$15,188 in employer contributions and \$7,584 in employee contributions to the Retiree Health Care Authority.

**D. Financial Statements**

The financial statements of the County of Torrance for the fiscal year ended June 30, 1997, were prepared by the Office of the State Auditor.

**E. FASB Pronouncements**

The Authority 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

GENERAL FUND

The general fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.



STATE OF NEW MEXICO  
County of Torrance

Exhibit A-1  
(1 of 2)

GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
For the Fiscal Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 2,016,651	\$ 2,019,439	\$ 2,788
Intergovernmental	115,840	64,239	(51,601)
Charges for Services	294,967	293,615	(1,352)
Miscellaneous	265,580	61,512	(204,068)
Total revenues	<u>2,693,038</u>	<u>2,438,805</u>	<u>(254,233)</u>
Expenditures			
General Government			
County Commission:			
Operating expenses	407,094	403,225	3,869
County Manager:			
Operating expenses	187,605	193,929	(6,324)
Planning and Zoning:			
Operating expenses	44,326	40,566	3,760
Court Forfeitures:			
Operating expenses	60	-	60
Maintenance:			
Operating expenses	66,855	87,955	(21,100)
County Clerk:			
Operating expenses	154,106	121,136	32,970
Capital outlay	4,000	4,526	(526)
	<u>158,106</u>	<u>125,662</u>	<u>32,444</u>
Bureau of Elections:			
Operating expenses	43,959	38,356	5,603
Capital outlay	4,950	-	4,950
	<u>48,909</u>	<u>38,356</u>	<u>10,553</u>
Probate Court:			
Operating expenses	9,148	6,089	3,059
County Assessor:			
Operating expenses	209,371	193,330	16,041
County Treasurer:			
Operating expenses	147,101	138,395	8,706
Capital Outlay	1,300	986	314
	<u>148,401</u>	<u>139,381</u>	<u>9,020</u>
Total general government	<u>1,279,875</u>	<u>1,228,493</u>	<u>51,382</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

Exhibit A-1  
(2 of 2)

GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
For the Fiscal Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety:			
Sheriff:			
Operating expenses	387,475	369,601	17,874
Capital expenses	50,000	-	50,000
	<u>437,475</u>	<u>369,601</u>	<u>67,874</u>
Animal Control:			
Operating expenses	34,978	34,591	387
Capital expenses	-	6,000	(6,000)
	<u>34,978</u>	<u>40,591</u>	<u>(5,613)</u>
Dispatch Center:			
Operating expenses	212,693	227,716	(15,023)
Detention Center:			
Operating expenses	369,000	507,201	(138,201)
Total public safety	<u>1,054,146</u>	<u>1,145,109</u>	<u>(90,963)</u>
Health and welfare:			
Fire Ambulance:			
Operating expenses	101,382	52,638	48,744
Total health and welfare	<u>101,382</u>	<u>52,638</u>	<u>48,744</u>
Total expenditures	<u>2,435,403</u>	<u>2,426,240</u>	<u>9,163</u>
Excess (deficiency) of revenues over expenditure	257,635	12,565	(245,070)
Other financing sources:			
Operating transfers in	94,052	(66,752)	(160,804)
Operating transfers out	<u>(66,752)</u>	<u>94,052</u>	<u>160,804</u>
	<u>27,300</u>	<u>27,300</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 284,935</u>	<u>\$ 39,865</u>	<u>\$ (245,070)</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*SPECIAL REVENUE FUNDS*

ROAD FUND

To account for funds used to maintain roads for which the County has responsibility. Financing is provided by motor vehicle fees flowing through the state. Expenditures are restricted to the construction and maintenance of County Roads. Authority is Sections 64-55A-40 through 43 NMSA 1978).

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 Section 6-11-6, NMSA 1978.

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 recreational facilities and salaries of instructors and other employees necessary to the operation of such facilities. Authority is Section 7-12-15, NMSA 1978.

FIRE DISTRICT FUNDS

To account for the operations of the five fire districts, which are defined 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 59A-53-1, NMSA 1978.

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 29-13-1, NMSA 1978.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*SPECIAL REVENUE FUNDS*

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 25-5-7, NMSA 1978.

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 Department, Emergency Medical Services Bureau. Authority is Section 24-10A-1 through 10, NMSA 1978.

MATERNAL HEALTH CARE PROGRAM FUND

To account for a grant from the State of New Mexico Department of Health, to provide maternal child health coordination, adolescent pregnancy prevention, perinatal care coordination, information and referral services and maternal child health tracking services. Authority is Section 24-1.B-3, NMSA 1978.

MOUNTAINAIR CLINIC GRANT

To account for expenditures incurred in recruiting and retaining health care personnel and assisting in the provision of primary care services through eligible programs in underserved areas of the state. Authority is Section 24-1.A-1, NMSA 1978.

SENIOR CITIZENS

To account for 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 from the Older Americans Act, Title III-B, III-C1, and III C-1 monies and with monies appropriated in Chapter 12, 1996 Laws of New Mexico.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*SPECIAL REVENUE FUNDS*

CIVIL DEFENSE FUND

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

D.W.I. GRANT FUND

To account for a grant from the State of New Mexico for D.W.I. detection and prevention pursuant to Chapter 65, New Mexico Laws of 1993. Authority is Section 6-4-8, NMSA 1978..

REAPPRAISAL FUND

To account for the operations of a fund to help with reappraisal of County property to insure valuation reflects current fair market value. Financing is provided by retainage of 1% of tax collections. Authority is Section 7-38-38.1, NMSA 1978.

CLERK'S EQUIPMENT FUND

To account for an additional \$3.00 recording fee collected by the Clerk's office to pay for equipment/supplies for the Clerk's office. Authority is the Absentee-Early Voting Act (Section 14-8-12.2, NMSA 1978).

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.

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.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*SPECIAL REVENUE FUNDS*

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.

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.

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. Authority granted by Section 7-20.E-15 and 7-20.E-16, NMSA 1978.

COPS (COMMUNITY ORIENTED POLICING SERVICES) MORE GRANT

To account for grant monies provided by the U.S. Department of Justice for making officer redeployment effective. The grant is to be used to fund and transport officer position.

COPS (COMMUNITY ORIENTED POLICING SERVICES) FAST GRANT

To account for grant funds provided by the U.S. Department of Justice to hire one new entry level full-time officer for the Torrance County Sheriff's Department.

UNIVERSAL HIRING GRANT

To account for grant funds provided by the U.S. Department of Justice to hire office personnel for the Torrance County Sheriff's Department.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*SPECIAL REVENUE FUNDS*

LEGISLATIVE APPROPRIATIONS

To account for appropriations from the State of New Mexico for capital outlay purchases of police vehicles for the Torrance County Sheriff's Department.

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 to Section 63-9D-1, NMSA 1978, "Enhanced 911 Act".

FAIR BOARD FUND

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



STATE OF NEW MEXICO  
County of Torrance

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(1 of 4)

Special Revenue Fund  
Combining Balance Sheet  
June 30, 1997

	Road Fund	Farm & Range	Recreation	N.E. Torrance Fire Distr.	Indian Hills Fire District	Duran Fire District	McIntosh Fire District	Torreón Fire District
<b>ASSETS</b>								
Cash in bank	\$ 40,744	\$ -	\$ 129	\$ 16,923	\$ 10,432	\$ 13,305	\$ 12,926	\$ 53,052
Accounts receivable	152,600	-	-	26,318	26,628	25,550	17,175	25,550
Due from other funds	-	1,658	-	-	73,056	73,056	2,250	2,250
Prepaid items	10,329	-	-	-	-	-	-	-
Bond issuance costs	6,719	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 210,392</b>	<b>\$ 1,658</b>	<b>\$ 129</b>	<b>\$ 43,241</b>	<b>\$ 110,116</b>	<b>\$ 111,911</b>	<b>\$ 32,351</b>	<b>\$ 80,852</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Current Liabilities:</b>								
Accounts payable	\$ 25,070	\$ -	\$ -	\$ 203	\$ 73	\$ 116	\$ -	\$ -
Accrued expenditures	13,060	-	-	-	-	-	-	-
Due to other funds	20,020	198	2,350	-	-	-	-	-
<b>Total Liabilities</b>	<b>58,150</b>	<b>198</b>	<b>2,350</b>	<b>203</b>	<b>73</b>	<b>116</b>	<b>-</b>	<b>-</b>
<b>Fund balance (deficit):</b>								
<b>Reserved:</b>								
For prepaids	10,329	-	-	-	-	-	-	-
For bond issuance costs	6,719	-	-	-	-	-	-	-
For fire districts	-	-	-	-	-	-	-	-
<b>Unreserved:</b>								
Designated for subsequent expenditures	83,669	-	-	-	-	-	-	-
Undesignated	51,525	1,460	(2,221)	43,038	110,043	111,795	32,351	80,852
<b>Total fund balance (deficit)</b>	<b>152,242</b>	<b>1,460</b>	<b>(2,221)</b>	<b>43,038</b>	<b>110,043</b>	<b>111,795</b>	<b>32,351</b>	<b>80,852</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 210,392</b>	<b>\$ 1,658</b>	<b>\$ 129</b>	<b>\$ 43,241</b>	<b>\$ 110,116</b>	<b>\$ 111,911</b>	<b>\$ 32,351</b>	<b>\$ 80,852</b>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

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(2 of 4)

Special Revenue Fund  
Combining Balance Sheet  
June 30, 1997

	Law Enf. Protection	Indigent	Emergency Medical Service	Maternal Health Care	Mountainair Clinic Grant	Senior Citizens	Civil Defense	DWI Grant
<b>ASSETS</b>								
Cash in bank	\$ 887	\$ 5,569	\$ 6,410	\$ -	\$ 25,693	\$ -	\$ 1,577	\$ -
Accounts receivable	-	13,569	-	92,257	-	18,601	-	123,831
Due from other funds	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 887</b>	<b>\$ 19,138</b>	<b>\$ 6,410</b>	<b>\$ 92,257</b>	<b>\$ 25,693</b>	<b>\$ 18,601</b>	<b>\$ 1,577</b>	<b>\$ 123,831</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Current Liabilities:</b>								
Accounts payable	\$ -	\$ 8,424	\$ -	\$ 13,549	\$ -	\$ 2,948	\$ 936	\$ 1,710
Accrued expenditures	-	-	-	851	-	2,092	695	1,078
Due to other funds	-	-	-	46,012	-	90,320	-	131,983
<b>Total Liabilities</b>	<b>-</b>	<b>8,424</b>	<b>-</b>	<b>60,412</b>	<b>-</b>	<b>95,360</b>	<b>1,631</b>	<b>134,771</b>
<b>Fund balance (deficit):</b>								
<b>Reserved:</b>								
For prepaids	-	-	-	-	-	-	-	-
For bond issuance costs	-	-	-	-	-	-	-	-
For fire districts	-	-	-	-	-	-	-	-
<b>Unreserved:</b>								
Designated for subsequent expenditures	-	5,569	-	-	-	-	-	-
Undesignated	887	5,145	6,410	31,845	25,693	(76,759)	(54)	(10,940)
<b>Total fund balance (deficit)</b>	<b>887</b>	<b>10,714</b>	<b>6,410</b>	<b>31,845</b>	<b>25,693</b>	<b>(76,759)</b>	<b>(54)</b>	<b>(10,940)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 887</b>	<b>\$ 19,138</b>	<b>\$ 6,410</b>	<b>\$ 92,257</b>	<b>\$ 25,693</b>	<b>\$ 18,601</b>	<b>\$ 1,577</b>	<b>\$ 123,831</b>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

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(3 of 4)

Special Revenue Fund  
Combining Balance Sheet  
June 30, 1997

	Assessor Reappraisal	Clerk's Equipment	Community Monitor Grant	Medicaid Transportation	Estancia Valley Cont. Education	Medical Service	Fire Pool	COPS More Grant
<b>ASSETS</b>								
Cash in bank	\$ 47,473	\$ 3,728	\$ -	\$ 53,290	\$ 1,229	\$ -	\$ 41,405	\$ -
Accounts receivable	-	60	-	13,740	-	-	2,157	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 47,473</b>	<b>\$ 3,788</b>	<b>\$ -</b>	<b>\$ 67,030</b>	<b>\$ 1,229</b>	<b>\$ -</b>	<b>\$ 43,562</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Current Liabilities:</b>								
Accounts payable	\$ 76	\$ -	\$ -	\$ 1,341	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	672	-	-	-	209
Due to other funds	-	-	381	-	-	-	-	6,073
<b>Total Liabilities</b>	<b>76</b>	<b>-</b>	<b>381</b>	<b>2,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,282</b>
<b>Fund balance (deficit):</b>								
<b>Reserved:</b>								
For Prepays	-	-	-	-	-	-	-	-
For bond issuance costs	-	-	-	-	-	-	-	-
For Fire Districts	-	-	-	-	-	-	43,562	-
<b>Unreserved:</b>								
Designated for subsequent expenditures	-	-	-	-	-	-	-	-
Undesignated	47,397	3,788	(381)	65,017	1,229	-	-	(6,282)
<b>Total fund balance (deficit)</b>	<b>47,397</b>	<b>3,788</b>	<b>(381)</b>	<b>65,017</b>	<b>1,229</b>	<b>-</b>	<b>43,562</b>	<b>(6,282)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 47,473</b>	<b>\$ 3,788</b>	<b>\$ -</b>	<b>\$ 67,030</b>	<b>\$ 1,229</b>	<b>\$ -</b>	<b>\$ 43,562</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.

STATE OF CALIFORNIA  
County of Torrance

B-1  
(4 of 4)

Special Revenue Fund  
Combining Balance Sheet  
June 30, 1997

	COPS Fast Grant	Universal Hiring Grant	Legislative Appropriations	Emergency 911	Fair Board	Total (Memorandum Only)
ASSETS						
Cash in bank	\$ -	\$ -	\$ -	\$ -	\$ -	334,772
Accounts receivable	-	-	42,959	-	2,035	583,030
Due from other funds	-	-	-	-	-	152,270
Prepaid items	-	-	-	-	-	10,329
Bond issuance costs	-	-	-	-	-	6,719
Total Assets	\$ -	\$ -	42,959	\$ -	2,035	\$ 1,087,120

LIABILITIES AND FUND BALANCE

Current Liabilities:						
Accounts payable	\$ -	\$ 1,444	\$ -	\$ -	\$ -	55,890
Accrued expenditures	1,367	4,365	-	-	-	24,389
Due to other funds	11,239	17,033	42,959	11,178	-	379,746
Total Liabilities	12,606	22,842	42,959	11,178	-	460,025
Fund balance (deficit):						
Reserved:						
For Prepaids	-	-	-	-	-	10,329
For bond issuance costs	-	-	-	-	-	6,719
For Fire Districts	-	-	-	-	-	43,562
Unreserved:						
Designated for subsequent expenditures	-	-	-	-	-	89,238
Undesignated	(12,606)	(22,842)	-	(11,178)	2,035	477,247
Total fund balance (deficit)	(12,606)	(22,842)	-	(11,178)	2,035	627,095
Total Liabilities and Fund Balance	\$ -	\$ -	42,959	\$ -	2,035	\$ 1,087,120

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-2  
(1 of 4)

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1997

	Road Fund	Farm & Range	Recreation	N.E. Torrance Fire Distr.	Indian Hills Fire District	Duran Fire District	McIntosh Fire District	Torreon Fire District
Revenues:								
Taxes	\$ 455,183	\$ -	\$ 318	\$ 5,547	\$ 9,187	\$ -	\$ 9,187	\$ -
Intergovernmental	600,282	1,388	-	51,100	51,100	51,100	32,011	51,100
Miscellaneous	11,533	-	-	5,736	4,939	5,873	5,367	2,691
Total revenue	<u>1,066,998</u>	<u>1,388</u>	<u>318</u>	<u>62,383</u>	<u>65,226</u>	<u>56,973</u>	<u>46,565</u>	<u>53,791</u>
Expenditures:								
Current operations:								
General government	-	-	-	-	-	-	-	-
Public Safety	-	17,000	-	17,559	22,025	8,674	13,885	2,713
Highways and streets	737,959	-	-	-	-	-	-	-
Health & welfare	-	-	-	-	-	-	-	-
Culture & recreation	-	-	1,000	-	-	-	-	-
Capital expenditures	350,205	-	-	16,370	3,422	3,923	14,408	12,326
Total expenditures	<u>1,088,164</u>	<u>17,000</u>	<u>1,000</u>	<u>33,929</u>	<u>25,447</u>	<u>12,597</u>	<u>28,293</u>	<u>15,039</u>
Excess (deficiency) of revenue over expenditures	(21,166)	(15,612)	(682)	28,454	39,779	44,376	18,272	38,752
Other financing sources (uses):								
Operating transfers in	-	16,052	-	-	-	-	-	-
Operating transfers out	-	-	-	(4,241)	(4,241)	(4,241)	(4,241)	(4,241)
Total other financing sources (uses)	<u>-</u>	<u>16,052</u>	<u>-</u>	<u>(4,241)</u>	<u>(4,241)</u>	<u>(4,241)</u>	<u>(4,241)</u>	<u>(4,241)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	(21,166)	440	(682)	24,213	35,538	40,135	14,031	34,511
Fund balance (deficit) at the beginning of the year	<u>173,408</u>	<u>1,020</u>	<u>(1,539)</u>	<u>18,825</u>	<u>74,505</u>	<u>71,660</u>	<u>18,320</u>	<u>46,341</u>
Fund balance (deficit) at the end of the year	<u>\$ 152,242</u>	<u>\$ 1,460</u>	<u>\$ (2,221)</u>	<u>\$ 43,038</u>	<u>\$ 110,043</u>	<u>\$ 111,795</u>	<u>\$ 32,351</u>	<u>\$ 80,852</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-2  
(2 of 4)

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1997

	Law Enf. Protection	Indigent	EMS	Maternal Health Care	Mountainair Clinic Grant	Senior Citizens	Civil Defense	DWI Grant
Revenues:								
Taxes	\$ -	\$ 103,653	\$ -	\$ -	\$ -	\$ 328,705	\$ -	\$ -
Intergovernmental	19,400	-	12,823	404,500	50,000	-	24,817	271,136
Miscellaneous	-	1,490	-	792	-	25,871	-	-
Total revenue	19,400	105,143	12,823	405,292	50,000	354,576	24,817	271,136
Expenditures:								
Current operations:								
General government	-	-	-	-	-	-	-	-
Public Safety	1,652	-	12,823	-	-	-	41,076	181,625
Highways and streets	-	-	-	-	-	-	-	-
Health & welfare	-	163,202	-	405,368	-	211,322	-	-
Culture & recreation	-	-	-	-	-	-	-	-
Capital expenditures	16,835	-	-	-	24,307	165,176	-	9,540
Total expenditures	18,487	163,202	12,823	405,368	24,307	376,498	41,076	191,165
Excess (deficiency) of revenue over expenditures	913	(58,059)	-	(76)	25,693	(21,922)	(16,259)	79,971
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	15,674	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	15,674	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	913	(58,059)	-	(76)	25,693	(21,922)	(585)	79,971
Fund balance (deficit) at the beginning of the year	(26)	68,773	6,410	31,921	-	(54,837)	531	(90,911)
Fund balance (deficit) at the end of the year	\$ 887	\$ 10,714	\$ 6,410	\$ 31,845	\$ 25,693	\$ (76,759)	\$ (54)	\$ (10,940)

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-2  
(3 of 4)

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1997

	Assessor Reappraisal	Clerk's Equipment	Community Monitor Grant	Medicaid Transportation	Estancia Valley Cont. Education	Medical Service	Fire Pool	COPS More Grant
Revenues:								
Taxes	\$ 18,216	\$ -	\$ -	\$ 138,990	\$ -	\$ -	\$ 18,700	\$ -
Intergovernmental	-	-	19,800	-	-	-	-	2,252
Miscellaneous	9	11,969	-	-	1,565	-	-	-
Total revenue	18,225	11,969	19,800	138,990	1,565	-	18,700	2,252
Expenditures:								
Current operations:								
General government	14,954	-	-	-	-	-	-	-
Public Safety	-	-	19,800	-	-	-	-	12,773
Highways and streets	-	-	-	-	-	-	-	-
Health & welfare	-	-	-	65,794	-	-	-	-
Culture & recreation	-	-	-	-	1,879	-	-	-
Capital expenditures	10,000	14,027	-	56,427	-	-	-	-
Total expenditures	24,954	14,027	19,800	122,221	1,879	-	-	12,773
Excess (deficiency) of revenue over expenditures	(6,729)	(2,058)	-	16,769	(314)	-	18,700	(10,521)
Other financing sources (uses):								
Operating transfers in	13,656	-	-	-	-	-	-	4,239
Operating transfers out	-	-	-	-	-	(45,547)	-	-
Total other financing sources (uses)	13,656	-	-	-	-	(45,547)	-	4,239
Excess (deficiency) of revenue and other sources over expenditures and other uses	6,927	(2,058)	-	16,769	(314)	(45,547)	18,700	(6,282)
Fund balance (deficit) at the beginning of the year	40,470	5,846	(381)	48,248	1,543	45,547	24,862	-
Fund balance (deficit) at the end of the year	\$ 47,397	\$ 3,788	\$ (381)	\$ 65,017	\$ 1,229	\$ -	\$ 43,562	\$ (6,282)

The accompanying notes are an integral part of the financial statements.

STATE OF CALIFORNIA  
County of Torrance

B-2  
(4 of 4)

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (GAAP BASIS)  
For the year ended June 30, 1997

	COPS Fast Grant	Universal Hiring Grant	Legislative Appropriations	Emergency 911	Fair Board	Total (Memorandum Only)
Revenues:						
Taxes	\$ -	\$ 11,622	\$ -	\$ -	\$ 21,035	\$ 1,120,343
Intergovernmental	3,874	-	42,959	-	-	1,689,642
Miscellaneous	-	-	-	-	-	77,835
Total revenue	<u>3,874</u>	<u>11,622</u>	<u>42,959</u>	<u>-</u>	<u>21,035</u>	<u>2,887,820</u>
Expenditures:						
Current operations:						
General government	-	-	-	-	-	14,954
Public Safety	20,244	48,037	-	8,817	-	428,703
Highways and streets	-	-	-	-	-	737,959
Health & welfare	-	-	-	-	-	845,686
Culture & recreation	-	-	-	-	19,000	21,879
Capital expenditures	-	-	42,959	-	-	739,925
Total expenditures	<u>20,244</u>	<u>48,037</u>	<u>42,959</u>	<u>8,817</u>	<u>19,000</u>	<u>2,789,106</u>
Excess (deficiency) of revenue over expenditures	(16,370)	(36,415)	-	(8,817)	2,035	98,714
Other financing sources (uses):						
Operating transfers in	3,764	13,573	-	-	-	66,958
Operating transfers out	-	-	-	-	-	(66,752)
Total other financing sources (uses)	<u>3,764</u>	<u>13,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	(12,606)	(22,842)	-	(8,817)	2,035	98,920
Fund balance (deficit) at the beginning of the year	-	-	-	(2,361)	-	528,175
Fund balance (deficit) at the end of the year	<u>\$ (12,606)</u>	<u>\$ (22,842)</u>	<u>\$ -</u>	<u>\$ (11,178)</u>	<u>\$ 2,035</u>	<u>\$ 627,095</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-3

Road Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 440,500	\$ 451,515	\$ 11,015
Intergovernmental	640,920	503,747	(137,173)
Miscellaneous	10,000	11,533	1,533
Total revenues	<u>1,091,420</u>	<u>966,795</u>	<u>(124,625)</u>
Expenditures:			
Current operations:			
Highways and streets	920,884	905,943	14,941
Capital outlay	231,230	190,510	40,720
Total expenditures	<u>1,152,114</u>	<u>1,096,453</u>	<u>55,661</u>
Excess (deficiency) of revenues over expenditures	<u>(60,694)</u>	<u>(129,658)</u>	<u>(68,964)</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	60,694	-	(60,694)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (129,658)</u>	<u>\$ (129,658)</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-4

Farm Range Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 1,586	\$ 1,388	\$ (198)
Miscellaneous	-	-	-
Total revenues	1,586	1,388	(198)
Expenditures:			
Current operations:			
Health and welfare	17,000	17,000	-
Capital expenditures	-	-	-
Total expenditures	17,000	17,000	-
Excess (deficiency) of revenues over expenditures	(15,414)	(15,612)	(198)
Other Financing Sources (Uses):			
Operating transfers in (out)	16,052	16,052	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 638	\$ 440	\$ (198)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-5

Recreation Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 412	\$ 387	\$ (25)
Miscellaneous	-	-	-
Total revenues	412	387	(25)
Expenditures:			
Current operations:			
Culture and recreation	1,000	1,000	-
Total expenditures	1,000	1,000	-
Excess (deficiency) of revenues over expenditures	(588)	(613)	(25)
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	588	-	(588)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (613)	\$ (613)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-6

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 11,000	\$ 5,944	\$ (5,056)
Intergovernmental	25,550	25,550	-
Miscellaneous	1,500	6,181	4,681
Total revenues	38,050	37,675	(375)
Expenditures:			
Current operations:			
Public Safety	30,237	18,941	11,296
Capital expenditures	22,372	16,370	6,002
Total expenditures	52,609	35,311	17,298
Excess (deficiency) of revenues over expenditures	(14,559)	2,364	16,923
Other Financing Sources (Uses):			
Operating transfers in (out)	(4,241)	(4,241)	-
Cash balance available	18,800	-	(18,800)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (1,877)	\$ (1,877)

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-7

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 11,000	\$ 9,951	\$ (1,049)
Intergovernmental	25,550	25,550	-
Miscellaneous	1,400	4,939	3,539
Total revenues	37,950	40,440	2,490
Expenditures:			
Current operations:			
Public Safety	37,235	22,066	15,169
Capital expenditures	67,000	3,422	63,578
Total expenditures	104,235	25,488	78,747
Excess (deficiency) of revenues over expenditures	(66,285)	14,952	81,237
Other Financing Sources (Uses):			
Operating transfers in (out)	(4,241)	(4,241)	-
Cash balance available	70,526	-	(70,526)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 10,711	\$ 10,711

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-8

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 25,550	\$ 25,550	\$ -
Miscellaneous	2,000	5,873	3,873
Total revenues	27,550	31,423	3,873
Expenditures:			
Current operations:			
Public Safety	17,769	8,607	9,162
Capital expenditures	75,000	3,923	71,077
Total expenditures	92,769	12,530	80,239
Excess (deficiency) of revenues over expenditures	(65,219)	18,893	84,112
Other Financing Sources (Uses):			
Operating transfers in (out)	(4,241)	(4,241)	-
Cash balance available	69,460	-	(69,460)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 14,652	\$ 14,652

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-9

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 11,000	\$ 9,951	\$ (1,049)
Intergovernmental	25,550	15,915	(9,635)
Miscellaneous	1,200	5,367	4,167
Total revenues	37,750	31,233	(6,517)
Expenditures:			
Current operations:			
Public Safety	19,428	14,212	5,216
Capital expenditures	28,635	14,408	14,227
Total expenditures	48,063	28,620	19,443
Excess (deficiency) of revenues over expenditures	(10,313)	2,613	12,926
Other Financing Sources (Uses):			
Operating transfers in (out)	(4,241)	(4,241)	-
Cash balance available	14,554	-	(14,554)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (1,628)	\$ (1,628)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-10

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 25,550	\$ 25,550	\$ -
Miscellaneous	2,000	2,691	691
Total revenues	27,550	28,241	691
Expenditures:			
Current operations:			
Public Safety	30,000	5,472	24,528
Capital expenditures	40,159	12,326	27,833
Total expenditures	70,159	17,798	52,361
Excess (deficiency) of revenues over expenditures	(42,609)	10,443	53,052
Other Financing Sources (Uses):			
Operating transfers in (out)	(4,241)	(4,241)	-
Cash balance available	46,850	-	(46,850)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 6,202	\$ 6,202

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-11

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 19,400	\$ 19,400	\$ -
Miscellaneous	-	-	-
Total revenues	19,400	19,400	-
Expenditures:			
Current operations:			
Public Safety	2,539	1,652	887
Capital expenditures	16,835	16,835	-
Total expenditures	19,374	18,487	887
Excess (deficiency) of revenues over expenditures	26	913	887
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 26	\$ 913	\$ 887

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-12

Indigent Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 169,510	\$ 110,021	\$ (59,489)
Miscellaneous	-	1,490	1,490
Total revenues	169,510	111,511	(57,999)
Expenditures:			
Current operations:			
Health and welfare	218,346	154,778	63,568
Capital expenditures			-
Total expenditures	218,346	154,778	63,568
Excess (deficiency) of revenues over expenditures	(48,836)	(43,267)	5,569
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	48,836	-	(48,836)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (43,267)	\$ (43,267)

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-13

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 13,505	\$ 12,823	\$ (682)
Miscellaneous	-	-	-
Total revenues	13,505	12,823	(682)
Expenditures:			
Current operations:			
Public Safety	13,505	12,823	682
Capital expenditures	-	-	-
Total expenditures	13,505	12,823	682
Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ -

The accompanying notes are in integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-14

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 338,007	\$ 345,654	\$ 7,647
Miscellaneous	-	792	792
Total revenues	338,007	346,446	8,439
Expenditures:			
Current operations:			
Health and welfare	346,890	401,348	(54,458)
Capital expenditures	-	-	-
Total expenditures	346,890	401,348	(54,458)
Excess (deficiency) of revenues over expenditures	(8,883)	(54,902)	(46,019)
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	8,883	-	(8,883)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (54,902)	\$ (54,902)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-15

Mountainair Clinic Grant Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ 50,000	\$ 50,000
Miscellaneous	-	-	-
Total revenues	-	50,000	50,000
Expenditures:			
Current operations:			
Health & welfare	-	24,307	(24,307)
Capital expenditures	-	24,307	(24,307)
Total expenditures	-	24,307	(24,307)
Excess (deficiency) of revenues over expenditures	-	25,693	25,693
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 25,693	\$ 25,693

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-16

Senior Citizens Program Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 336,972	\$ 311,210	\$ (25,762)
Miscellaneous	26,600	31,401	4,801
Total revenues	363,572	342,611	(20,961)
Expenditures:			
Current operations:			
Health and welfare	218,270	222,498	(4,228)
Capital expenditures	228,070	185,755	42,315
Total expenditures	446,340	408,253	38,087
Excess (deficiency) of revenues over expenditures	(82,768)	(65,642)	17,126
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (82,768)	\$ (65,642)	\$ 17,126

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-17

Civil Defense Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP) BASIS AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 30,000	\$ 28,933	\$ (1,067)
Miscellaneous	-	-	-
Total revenues	30,000	28,933	(1,067)
Expenditures:			
Current operations:			
Public Safety	42,808	40,164	2,644
Total expenditures	42,808	40,164	2,644
Excess (deficiency) of revenues over expenditures	(12,808)	(11,231)	1,577
Other Financing Sources (Uses):			
Operating transfers in (out)	15,674	15,674	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 2,866	\$ 4,443	\$ 1,577

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-18

D.W.I. Grant Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 300,259	\$ 147,305	\$ (152,954)
Miscellaneous	-	-	-
Total revenues	300,259	147,305	(152,954)
Expenditures:			
Current operations:			
Public Safety	198,331	181,469	16,862
Capital expenditures	13,650	9,540	4,110
Total expenditures	211,981	191,009	20,972
Excess (deficiency) of revenues over expenditures	88,278	(43,704)	(131,982)
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 88,278	\$ (43,704)	\$ (131,982)

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-19

Reappraisal Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 20,000	\$ 18,216	\$ (1,784)
Miscellaneous	-	9	9
Total revenues	20,000	18,225	(1,775)
Expenditures:			
Current operations:			
General government	29,672	14,878	14,794
Capital expenditures	10,000	10,000	-
Total expenditures	39,672	24,878	14,794
Excess (deficiency) of revenues over expenditures	(19,672)	(6,653)	13,019
Other Financing Sources (Uses):			
Operating transfers in (out)	13,656	13,656	-
Cash balance available	6,016	-	(6,016)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 7,003	\$ 7,003

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-20

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, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Miscellaneous	11,000	11,909	909
Total revenues	11,000	11,909	909
Expenditures:			
Current operations:			
General government	-	-	-
Capital expenditures	16,846	14,027	2,819
Total expenditures	16,846	14,027	2,819
Excess (deficiency) of revenues over expenditures	(5,846)	(2,118)	3,728
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	5,846	-	(5,846)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (2,118)	\$ (2,118)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-21

Community Monitor Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 381	\$ 19,800	\$ 19,419
Miscellaneous	-	-	-
Total revenues	381	19,800	19,419
Expenditures:			
Current operations:			
Public Safety	19,800	19,800	-
Capital expenditures	-	-	-
Total expenditures	19,800	19,800	-
Excess (deficiency) of revenues over expenditures	(19,419)	-	19,419
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (19,419)	\$ -	\$ 19,419

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-22

Medicaid Transportation Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 72,000	\$ 138,270	\$ 66,270
Miscellaneous	-	-	-
Total revenues	72,000	138,270	66,270
Expenditures:			
Current operations:			
Health and welfare	73,252	64,121	9,131
Capital expenditures	88,875	56,427	32,448
Total expenditures	162,127	120,548	41,579
Excess (deficiency) of revenues over expenditures	(90,127)	17,722	107,849
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	35,568	-	(35,568)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (54,559)	\$ 17,722	\$ 72,281

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-23

Estancia Valley Continuing Education Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Miscellaneous	8,000	1,565	(6,435)
Total revenues	8,000	1,565	(6,435)
Expenditures:			
Current operations:			
Culture & Recreation	9,543	1,879	7,664
Capital expenditures	-	-	-
Total expenditures	9,543	1,879	7,664
Excess (deficiency) of revenues over expenditures	(1,543)	(314)	1,229
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	1,543	-	(1,543)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (314)	\$ (314)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-24

Medical Service Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Total revenues	-	-	-
Expenditures:			
Current operations:			
Health & welfare	-	-	-
Capital expenditures	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses):			
Operating transfers in (out)	(45,547)	(45,547)	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (45,547)	\$ (45,547)	\$ -

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
County of Torrance

B-25

Fire Pool Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 24,650	\$ 19,902	\$ (4,748)
Miscellaneous	-	-	-
Total revenues	<u>24,650</u>	<u>19,902</u>	<u>(4,748)</u>
Expenditures:			
Current operations:			
Public Safety	-	-	-
Capital expenditures	46,153	-	46,153
Total expenditures	<u>46,153</u>	<u>-</u>	<u>46,153</u>
Excess (deficiency) of revenues over expenditures	(21,503)	19,902	41,405
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	21,503	-	(21,503)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 19,902</u>	<u>\$ 19,902</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-26

Cops More Grant Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 12,230	\$ 2,252	\$ (9,978)
Miscellaneous	-	-	-
Total revenues	12,230	2,252	(9,978)
Expenditures:			
Current operations:			
Public safety	16,469	12,564	3,905
Capital expenditures	-	-	-
Total expenditures	16,469	12,564	3,905
Excess (deficiency) of revenues over expenditures	(4,239)	(10,312)	(6,073)
Other Financing Sources (Uses):			
Operating transfers in (out)	4,239	4,239	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (6,073)	\$ (6,073)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-27

Cops Fast Grant Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 14,825	\$ 3,874	\$ (10,951)
Miscellaneous	-	-	-
Total revenues	14,825	3,874	(10,951)
Expenditures:			
Current operations:			
Public safety	18,589	18,877	(288)
Capital expenditures	-	-	-
Total expenditures	18,589	18,877	(288)
Excess (deficiency) of revenues over expenditures	(3,764)	(15,003)	(11,239)
Other Financing Sources (Uses):			
Operating transfers in (out)	3,764	3,764	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (11,239)	\$ (11,239)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-28

Universal Hiring Grant Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 48,188	\$ 11,622	\$ (36,566)
Miscellaneous	-	-	-
Total revenues	48,188	11,622	(36,566)
Expenditures:			
Current operations:			
Public safety	61,761	42,229	19,532
Capital expenditures	-	-	-
Total expenditures	61,761	42,229	19,532
Excess (deficiency) of revenues over expenditures	(13,573)	(30,607)	(17,034)
Other Financing Sources (Uses):			
Operating transfers in (out)	13,573	13,573	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (17,034)	\$ (17,034)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-29

Legislative Appropriations Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Total revenues	-	-	-
Expenditures:			
Capital expenditures	-	42,959	(42,959)
Total expenditures	-	42,959	(42,959)
Excess (deficiency) of revenues over expenditures	-	(42,959)	(42,959)
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (42,959)	\$ (42,959)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-30

Emergency 911 Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 288,844	\$ -	\$ (288,844)
Miscellaneous	-	-	-
Total revenues	288,844	-	(288,844)
Expenditures:			
Current operations:			
Public Safety	287,433	9,767	277,666
Capital expenditures	-	-	-
Total expenditures	287,433	9,767	277,666
Excess (deficiency) of revenues over expenditures	1,411	(9,767)	(11,178)
Other Financing Sources (Uses):			
Operating transfers in (out)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 1,411	\$ (9,767)	\$ (11,178)

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

B-31

Fair Board Special Revenue Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

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

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*DEBT SERVICE FUNDS*

DEBT SERVICE FUNDS

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

GENERAL OBLIGATION BOND FUND

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

SOLID WASTE REVENUE BOND

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

STATE OF NEW MEXICO  
County of Torrance

C-3

Solid Waste Revenue Bond Debt Service Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 45,282	\$ 43,327	\$ (1,955)
Miscellaneous	-	-	-
Total revenues	<u>45,282</u>	<u>43,327</u>	<u>(1,955)</u>
Expenditures:			
Debt service:			
Principal paid	25,000	25,000	-
Interest paid	20,282	20,282	-
Total expenditures	<u>45,282</u>	<u>45,282</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(1,955)	(1,955)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance available	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,955)</u>	<u>\$ (1,955)</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

C-4

General Obligation Bond Debt Service Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ -	\$ 157,016	\$ 157,016
Miscellaneous	-	-	-
Total revenues	-	157,016	157,016
Expenditures:			
Debt service:			
Principal paid	-	90,000	(90,000)
Interest paid	-	65,818	(65,818)
Total expenditures	-	155,818	(155,818)
Excess (deficiency) of revenues over expenditures	-	1,198	1,198
Other Financing Sources (Uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 1,198	\$ 1,198

The accompanying notes are an integral part of the 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 PROJECTS  
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

D-1

General Obligation Bond Acquisition  
Capital Projects Fund  
Balance Sheet  
June 30, 1997

ASSETS

---

Current Assets:

Due from other funds

20,020

Restricted assets:

Investments

459,533

Total current assets

479,553

Other assets:

Bond issuance costs (net)

22,493

Total assets

\$ 502,046

---

LIABILITIES AND FUND BALANCE

---

Current Liabilities:

Accounts payable

\$ -

Total liabilities

-

---

Fund balance (deficit):

Reserved for bond issuance cost

22,493

Reserved for capital projects

479,553

Total fund balance (deficit)

502,046

---

Total liabilities & fund balance

\$ 502,046

---

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

D-2

General Obligation Bond Acquisition Capital Projects Fund  
STATEMENT OF REVENUES AND EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
June 30, 1997

Revenues:		
Intergovernmental	\$	-
Miscellaneous		31,963
Total revenues		<u>31,963</u>
Expenditures:		
Current operations:		
Health and welfare		1,829
Capital expenditures		106,924
Total expenditures		<u>108,753</u>
Excess (deficiency) of revenues over expenditures		(76,790)
Other financing sources (uses):		
Operating transfers in		-
Operating transfers out		-
Total other financing sources (uses)		<u>-</u>
Fund balance, beginning of the year		578,836
Fund balance, end of year	\$	<u><u>502,046</u></u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

D-3

General Obligation Bond Acquisition Capital Projects Fund  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)  
For the year ended June 30, 1997

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Miscellaneous	-	26,865	26,865
Total revenues	-	26,865	26,865
Expenditures:			
Capital expenditures:			
Capital Outlay	-	106,923	(106,923)
Total expenditures	-	106,923	(106,923)
Excess (deficiency) of revenues over expenditures	-	(80,058)	(80,058)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Cash balance available	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (80,058)	\$ (80,058)

The accompanying notes are an integral part of the financial statements.



STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*AGENCY FUND*

To account for the collection of taxes and distributions to other taxing entities and for monies paid to the County by the State of New Mexico and the Federal U.S. Marshall's Office, which are then forwarded to the Corrections Corporation of America (CCA). The fund is custodial in nature and does not involve measurement of results of operations.

CHILDREN'S TRUST FUND

To account for a \$15.00 fee collected by the County Clerk for issuing, acknowledging and recording a marriage license and marriage certificate in accordance with Section 40-1-11E NMSA 1978. The \$15.00 fee shall be remitted by the County Treasurer to the State Treasurer within 15 days of the last day of each month, for credit to the Children's Trust Fund.

TREASURER - UNDISTRIBUTED TAXES

To account for property taxes collected by the County Treasurer and distributed to other governmental units in accordance with Section 7-38-43 NMSA 1978.

TREASURER - OVERPAYMENT OF TAXES 7-38-38

To account for the overpayment of property taxes in accordance with Section 7-38-38B NMSA 1978. The fund is used to account for excess property taxes paid until a refund can be made to the taxpayer.

TREASURER - TAXES PAID IN ADVANCE

To account for the prepayment of property taxes in accordance with Section 7-38-38.2 NMSA 1978, which are not legally due.

FEDERAL PRISONER AGREEMENT

To account for monies which are received by the Federal U.S. Marshall's Office under contract with the County which are submitted to CCA in payment for the cost of housing federal prisoners.

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

*AGENCY FUND*

STATE PRISONER AGREEMENT

To account for monies which are received by the State of New Mexico Correction's Department under contract with the County which are submitted to CCA in payment for the cost of housing federal prisoners.

TREASURER - UNKNOWN TAXES COLLECTED

To account for property taxes received for which the County has not identified the taxpayer or the property.

STATE OF NEW MEXICO  
County of Torrance

E-1

COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

Year Ended June 30, 1997

	Balance, July 1, 1996	Additions	Deletions	Balance June 30, 1997
<b>ASSETS</b>				
Cash and investments:	\$ 79,149	\$ 7,079,821	\$ 7,063,779	\$ 95,191
Due from other funds	27,094	-	27,094	-
<b>TOTAL ASSETS</b>	<u>\$ 106,243</u>	<u>\$ 7,079,821</u>	<u>\$ 7,090,873</u>	<u>\$ 95,191</u>
<b>LIABILITIES</b>				
Due to other entities	\$ 27,094	\$ -	\$ 27,094	\$ -
Deposits held in trust for others	79,149	7,079,821	7,063,779	95,191
<b>TOTAL LIABILITIES</b>	<u>\$ 106,243</u>	<u>\$ 7,079,821</u>	<u>\$ 7,090,873</u>	<u>\$ 95,191</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

E-2  
(1 of 4)

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

Year Ended June 30, 1997

CHILDREN'S TRUST FUND	Balance, July 1, 1996	Additions	Deletions	Balance June 30, 1997
<b>ASSETS</b>				
Cash and investments	\$ 225	\$ 1,759	\$ 1,904	\$ 80
<b>TOTAL ASSETS</b>	<u>\$ 225</u>	<u>\$ 1,759</u>	<u>\$ 1,904</u>	<u>\$ 80</u>
<b>LIABILITIES</b>				
Deposits held in trust for others	\$ 225	\$ 1,759	\$ 1,904	\$ 80
<b>TOTAL LIABILITIES</b>	<u>\$ 225</u>	<u>\$ 1,759</u>	<u>\$ 1,904</u>	<u>\$ 80</u>
 <b>TREASURER UNDISTRIBUTED TAXES</b>				
<b>ASSETS</b>				
Cash and investments	\$ 57,511	\$ 1,830,425	\$ 1,815,177	\$ 72,759
<b>TOTAL ASSETS</b>	<u>\$ 57,511</u>	<u>\$ 1,830,425</u>	<u>\$ 1,815,177</u>	<u>\$ 72,759</u>
<b>LIABILITIES</b>				
Deposits held in trust for others	\$ 57,511	\$ 1,830,425	\$ 1,815,177	\$ 72,759
<b>TOTAL LIABILITIES</b>	<u>\$ 57,511</u>	<u>\$ 1,830,425</u>	<u>\$ 1,815,177</u>	<u>\$ 72,759</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

E-2  
(2 of 4)

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

Year Ended June 30, 1997

TREASURER OVERPAYMENT OF TAXES	Balance, July 1, 1996	Additions	Deletions	Balance June 30, 1997
<u>ASSETS</u>				
Cash and investments	\$ 1,992	\$ 11,140	\$ 13,242	\$ (110)
TOTAL ASSETS	<u>\$ 1,992</u>	<u>\$ 11,140</u>	<u>\$ 13,242</u>	<u>\$ (110)</u>
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deposits held in trust for others	1,992	11,140	13,242	(110)
TOTAL LIABILITIES	<u>\$ 1,992</u>	<u>\$ 11,140</u>	<u>\$ 13,242</u>	<u>\$ (110)</u>
 TREASURER TAXES PAID IN ADVANCE				
<u>ASSETS</u>				
Cash and investments	\$ 19,354	\$ 3,039	\$ -	\$ 22,393
TOTAL ASSETS	<u>\$ 19,354</u>	<u>\$ 3,039</u>	<u>\$ -</u>	<u>\$ 22,393</u>
<u>LIABILITIES</u>				
Deposits held in trust for others	\$ 19,354	\$ 3,039	\$ -	\$ 22,393
TOTAL LIABILITIES	<u>\$ 19,354</u>	<u>\$ 3,039</u>	<u>\$ -</u>	<u>\$ 22,393</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

E-2  
(3 of 4)

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

Year Ended June 30, 1997

FEDERAL PRISONER AGREEMENT	Balance, July 1, 1996	Additions	Deletions	Balance June 30, 1997
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 2,738,585	\$ 2,738,585	\$ -
Due from other funds	27,094	-	27,094	-
TOTAL ASSETS	<u>\$ 27,094</u>	<u>\$ 2,738,585</u>	<u>\$ 2,765,679</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 27,094	\$ -	\$ 27,094	\$ -
Deposits held in trust for others	-	2,738,585	2,738,585	-
TOTAL LIABILITIES	<u>\$ 27,094</u>	<u>\$ 2,738,585</u>	<u>\$ 2,765,679</u>	<u>\$ -</u>
 STATE PRISONER AGREEMENT				
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 2,494,871	\$ 2,494,871	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,494,871</u>	<u>\$ 2,494,871</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Deposits held in trust for others	\$ -	\$ 2,494,871	\$ 2,494,871	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 2,494,871</u>	<u>\$ 2,494,871</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO  
County of Torrance

E-2  
(4 of 4)

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

Year Ended June 30, 1997

TREASURER UNKNOWN TAXES COLLECTED	Balance, July 1, 1996	Additions	Deletions	Balance June 30, 1997
<u>ASSETS</u>				
Cash and investments	\$ 69	\$ -	\$ -	\$ 69
TOTAL ASSETS	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>
<u>LIABILITIES</u>				
Deposits held in trust for others	\$ 69	\$ -	\$ -	\$ 69
TOTAL LIABILITIES	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>

The accompanying notes are an integral part of the financial statements.





State of New Mexico  
Office of the State Auditor

PERA BUILDING, ROOM 302  
Santa Fe, N.M. 87501

ROBERT E. VIGIL, CPA  
STATE AUDITOR

SANTA FE:  
(505) 827-4740 1-800-432-5517

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

Torrance County  
Bill R. Williams, Chairman,  
Members of the Board of County Commissioners and  
Babbette Berkshire, County Manager  
Torrance County Courthouse  
Estancia, New Mexico 87016

We have audited the financial statements of Torrance County (County), State of New Mexico, as of and for the year ended June 30, 1997, and have issued our report thereon dated January 6, 1998. Our opinion was qualified because the County was unable to provide complete or accurate general fixed asset records. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 96-2 through 96-6 and 97-9 through 97-15.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 97-1 through 97-8.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 96-1 to be a material weakness.

This report is intended for the information of the County's management, New Mexico Department of Finance and Administration, and the New Mexico State Legislature. However, this report is a matter of public record and its distribution is not limited.

*Office of the State Auditor*

Office of the State Auditor  
January 6, 1998

**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
County of Torrance

Schedule 1

Reconciliation of Tax Rolls  
For the Year Ended June 30, 1997

Uncollected taxes, July 1, 1996	\$	431,308	
Plus: Taxes assessed, current year		3,466,503	
Adjustment to prior year's assessments		510	
Adjustment to current year's assessments		30,064	
Less: 1986 accounts receivable uncollected		(1,448)	
Less: Taxes collected		<u>(3,460,804)</u>	
Uncollected taxes, June 30, 1997	\$	<u>466,133</u>	
Undistributed taxes, July 1, 1996	\$	58,715	
Taxes collected		<u>3,460,804</u>	
Taxes available for distribution		3,519,519	
Undistributed taxes, June 30, 1997		<u>(72,759)</u>	
Taxes distributed	\$	<u>3,446,760</u>	
Detail of taxes distributed:			
County general fund	\$	1,649,359	
Municipalities:			
Willard	1,036		
Estancia	8,526		
Moriarty	28,064		
Mountainair	28,497		
Encino	<u>1,075</u>		
		67,198	
Special Districts:			
Claunch-Pinto Soil and Water	10,266		
Carrizozo Soil and Water	8		
Edgewood Soil and Water	<u>33,604</u>		
		43,878	
State:			
State levy	198,580		
Cattle levy	28,216		
Dairy and Hogs levy	1,781		
Sheep levy	<u>1,586</u>		
		230,163	
Schools:			
Operational	55,396		
Debt service	1,144,895		
Capital improvements	<u>255,871</u>		
		<u>1,456,162</u>	
Total taxes distributed	\$	<u>3,446,760</u>	

**STATE OF NEW MEXICO  
County of Torrance**

**Pledged Collateral by Banks  
For the Year Ended June 30, 1997**

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:

<u>Name of Financial Institution</u>		
Norwest Bank		
Total amount of deposit		\$454,034
Less F.D.I.C. coverage		<u>(200,000)</u>
Total uninsured public fund		<u>\$254,034</u>
50% collateral requirement		<u>\$127,017</u>
<u>Pledged collateral</u>	<u>Maturity Date</u>	<u>Amount</u>
Bernalillio County	08/01/01	\$ 75,000
Capitan NM Municipal		
School District	07/15/00	135,000
FGPC M80301	12/01/00	40,823
Torrance County	10/01/97	30,000
Torrance County	10/01/98	<u>45,000</u>
		<u>\$ 325,823</u>
Over (under) collateralized		<u>\$ 198,806</u>
Prudential Securities		
Prudential Bank and Trust Company		
Atlanta, GA		\$ 50,000
Less F.D.I.C. coverage		<u>0</u>
Total uninsured public funds		<u>50,000</u>
50% collateral requirement		25,000
Pledged collateral		<u>0</u>
Over (under) collateralized		<u>\$ 25,000</u>

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

**INDEPENDENT AUDITOR'S FINDINGS**

STATE OF NEW MEXICO  
County of Torrance

Summary Schedule of Prior-Year Audit Findings  
For the Fiscal Year Ended June 30, 1997

Description	Status	Page
Expenditures in Excess of Purchase Order	Resolved	N/A
Gasoline Purchases	Resolved	N/A
Reconciliation of Tax Rolls	Resolved	N/A
Expenditure Controls	Resolved	N/A
Segregation of Duties	Resolved	N/A
PERA Withholding	Resolved	N/A
Independent Contractors	Resolved	N/A
Landfill Closure and Postclosure Costs	Not Applicable	N/A
Fixed Assets (Material Weakness)	Repeated	93
Stale Dated Warrants	Repeated	95
Travel and Per Diem Requests	Repeated/Modified	96
Competitive Bid Documentation	Repeated	97
Indigent Claims	Repeated	98
Budget Overexpenditures	Repeated	100
Unauthorized Bank Accounts	Repeated	101



STATE OF NEW MEXICO  
County of TorranceSummary Schedule of Current-Year Audit Findings  
For the Fiscal Year Ended June 30, 1997

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STATE OF NEW MEXICO  
County of TorranceSummary Schedule of Current-Year Audit Findings  
For the Fiscal Year Ended June 30, 1997

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STATE OF NEW MEXICO  
COUNTY OF TORRANCE  
SUMMARY SCHEDULE OF CURRENT-YEAR AUDIT FINDINGS  
For the fiscal year ended June 30, 1997

**96-1: Fixed Assets - Material Weakness (Repeat)**

**Condition**

We noted the following during our audit of the County's fixed asset records:

1. The County does not maintain an accurate detailed fixed asset listing that is updated to reflect current additions and deletions of fixed assets. The County's fixed asset records do not agree to its auditor prepared financial statements; and
2. The County does not have a formal written fixed asset policy.

**Criteria**

General Services Department, Rule Number GSD 88-101, Standard Fixed Asset Control and Accounting, Sections 4.1 through 4.4, establishes the following minimum inventory requirements and procedures for the control and accounting of all fixed assets belonging to the State of New Mexico:

**4.1 Identification**

All fixed assets shall be marked with tags. Each tag shall identify the agency followed by a unique sequential fixed asset number. An agency with divisions may establish a block of numbers for each division to avoid duplication of numbers.

**4.2 Inventory Information**

- 4.2.1 Agency name
- 4.2.2 Fixed asset number
- 4.2.3 Description
- 4.2.4 Manufacturer name (Not vendor's name, unless vendor is the manufacturer)
- 4.2.5 Model number
- 4.2.6 Serial number, if any
- 4.2.7 Date acquired (month/year)
- 4.2.8 Acquisition document number (voucher, etc.)
- 4.2.9 Cost (actual cost, including trade-in, or fair market value of donated assets and traded items)
- 4.2.10 Funding source (indicate whether the asset was acquired with state or federal funds and if federally funded, indicate the federal grant or program that provided funds)
- 4.2.11 Expenditure account (record the title or number of the expenditure account debited with the acquisition cost)
- 4.2.12 Depreciation (mandatory if an agency has proprietary funds)

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4.2.13 Net book value (mandatory if an agency has proprietary funds)

4.2.14 Location (geographic area – building and/or room – and organizational unit or person to whom asset is assigned)

#### 4.3 Physical Inventory Report

The results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency. This report shall be retained with the physical inventory for verification by the agency's independent auditor.

#### 4.4 Annual Physical Inventory

Each agency shall conduct a physical inventory of its fixed assets at the end of each fiscal year.

#### Effect

Without the system of fixed asset accounting and control listed above:

1. County financial records will not accurately reflect fixed assets and their values and, consequently, the financial statements will not be fairly presented in accordance with generally accepted accounting principles;
2. Fixed assets could be stolen and not be detected in a timely manner; and
3. The County's fixed asset accounting system can not be relied upon to provide management with useful information necessary in making certain decisions.

#### Cause

It is the responsibility of the governing authority and management of the County to ensure that assets and resources of the County are adequately safeguarded against theft. The County has not allocated adequate resources to update and maintain an accurate detailed listing of fixed assets for the past several years.

#### Recommendation

We recommend that the County allocate the resources necessary to implement the minimum inventory requirements and procedures for the control and accounting of fixed assets outlined above in GSD Rule 88-101, Sections 4.1 through 4.4, in order to properly safeguard and account for its fixed assets.

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**Management Response (County Manager)**

The County will allocate the resources to implement and maintain the proper control and accounting of fixed assets.

**96-2: Stale Dated Warrants (Repeat)**

**Condition**

The County has \$1,632 in stale dated warrants (i.e., warrants outstanding over one year).

**Criteria**

Section 6-10-57, Subsections A, B and C, NMSA 1978 "Cancellation of warrants" states as follows:

- A. Whenever any warrant issued by the state, county, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.
- B. The fiscal officer shall keep a register of all canceled warrants. The register shall show the number, date and amount of each warrant, the name of the person in whose favor it was drawn, the fund out of which it was payable and the date of cancellation.
- C. The face amount of each warrant canceled shall revert and be credited to the fund against which the warrant was drawn.

**Effect**

The County is not in compliance with Section 6-10-57 NMSA 1978.

**Cause**

The County does not adequately monitor outstanding warrants for compliance with Section 6-10-57 NMSA 1978.

**Recommendation**

We recommend that the County review outstanding warrants on a regular basis and void all warrants over one year old in compliance with Section 6-10-57 NMSA 1978.

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**Management Response (County Manager)**

The outstanding warrant register is reviewed on a monthly basis. Stale dated warrants are not deleted until they are one year and three months old. Due to the bank's computer system, we allow an additional three-month grace period.

**96-3: Travel and Per Diem Requests (Repeat)**

**Condition**

Of the ten travel and per diem expenditures tested for compliance with Department of Finance and Administration Rule 95-1, there were two instances in which travel and per diem request forms did not contain a properly authorized signature.

**Criteria**

Proper internal controls require that employees requesting travel and per diem obtain appropriate authorization prior to disbursement of funds.

**Effect**

The County could disburse funds for unauthorized travel and per diem expenses.

**Cause**

Travel and per diem requests are not reviewed properly prior to disbursement of funds to employees claiming reimbursement.

**Recommendation**

We recommend that the County establish policies and procedures designed to ensure that travel and per diem requests are reviewed for proper authorization and accuracy prior to disbursement of funds.

**Management Response (County Manager)**

All travel and per diem requests will be reviewed and stamped by the Assistant County Manager and/or the County Manager prior to payment.



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**96-4: Competitive Bid Documentation (Repeat)**

**Condition**

There were 32 expenditures tested for compliance with the New Mexico Procurement Code and the County's purchasing policies relating to competitive bids and solicitation of quotations. Of the 32 expenditures tested, there were 15 instances in which the County could not provide competitive bid documentation or quotes for goods and services purchased by the County. The following 15 instances were noted during our testing:

Payee	Description	Amount
• Kansas State Bank	Four (4) 1995 Chevrolet Blazers – Lease Purchase Payment	\$ 26,661.23
• Holmes Sabatini Association	Courthouse Renovations	24,307.04
• First Security Leasing Co.	Building Rental Payment	8,364.15
• Norwest Equipment Finance	Six (6) Chevrolet Caprices – Lease/Purchase Payment	16,834.94
• Sunshine Buick	Eight Passenger Van	20,578.59
• Tillery Chevrolet	One-Half Ton Pick-up Truck – Food Distribution Vehicle	33,957.00
• A-Wall Builders	Renovation McIntosh Senior Center	24,801.41
• A-Wall Builders	Renovation McIntosh Senior Center	33,882.42
• Behavior Therapy Associates	Professional Services (April and May)	6,750.01
• Behavior Therapy Associates	Start-up Expenses	15,252.73
• Galles Chevrolet	1997 Chevy Lumina	17,130.00
• Advanced Communications	Service Contract – 911 Communications	7,419.38
• Kansas State Bank	Five (5) Chevrolet Caprices – Lease/Purchase Payment	50,000.00

**Criteria**

The Purchase Regulations for Torrance County, Section 4.c., "Purchases over \$5,000" states in part, "Purchases of \$5,000 or more must be by sealed bid or sealed competitive proposal and conducted pursuant to the Procurement Code."

The New Mexico Procurement Code, Section 13-1-104B NMSA 1978 "Competitive sealed bids; public notice" states in part, "The state purchasing agent and all central purchasing offices shall send copies of the notice or invitation for bids involving the expenditure of more than five thousand dollars (\$5,000) to those businesses which have signified in writing an interest in submitting bids..."

The New Mexico Procurement Code, Section 13-1-199, "Misdemeanor" states, "Any business or person which violates the Procurement Code is guilty of a misdemeanor."



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**Effect**

The County is not in compliance with its purchasing policy and in some instances the New Mexico Procurement Code. The County may not have received the best possible price for goods and services purchased.

**Cause**

County employees responsible for purchasing did not ensure compliance with County purchasing policies and the New Mexico Procurement Code prior to authorizing purchases.

**Recommendation**

We recommend that the County verify compliance with its purchasing policies and the New Mexico Procurement Code prior to authorizing purchases of goods and services. We also recommend that the County maintain proper records relating to compliance with its purchasing policies and the New Mexico Procurement Code. The County Manager should be responsible for ensuring that County employees comply with County policies and state laws.

**Management Response (County Manager)**

In most of the instances listed, competitive bids were solicited or the goods were brought under G.S.A. contract. We were unable to locate the proper documentation because the bid documents and/or contracts were not kept in a centralized filing system. The County Manager's Office has created a centralized filing system to insure all documents can be located for future reference.

**96-5: Indigent Claims (Repeat)**

**Condition**

Of the 15 indigent fund expenditures tested for compliance with County indigent medical claims fund rules and regulations, there were 11 instances in which there was no verification of patients' residency on file and seven instances in which income verification had not been submitted annually.

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**Criteria**

Torrance County Indigent Medical Claims Fund Rules and Regulations, section I.B., states, "The indigent patient must be domiciled in Torrance County for at least three months to be eligible for indigent health care payment. The three months residency shall consist of ninety days. U.S. citizenship is not a requirement for Indigent Health Care eligibility."

Torrance County Indigent Medical Claims Fund Rules and Regulations, section I.E., states, "Indigent patient shall not include any person whose annual income together with his/her spouse's annual income totals an amount that is fifty percent greater than the per capita personal income for New Mexico as shown for the most recent year available in the survey of current business published by the United States Department of Commerce, or, a level of income less than two (2) times the poverty level based on family size as published annually by the U.S. Department of Labor."

**Effect**

The County is not complying with its rules and regulations relating to the indigent medical claims fund. Ineligible patients may be receiving indigent fund benefits.

**Cause**

Health clinic personnel and the indigent health care administrator did not properly review indigent case files for compliance with County Indigent Medical Claims Fund Rules and Regulations.

**Recommendation**

We recommend that health clinic personnel and the indigent health care administrator review individual indigent case files on a regular basis for compliance with County Indigent Medical Claims Fund Rules and Regulations.

**Management Response (County Manager)**

The County Manager, the Assistant County Manager, health clinic personnel, and the Indigent Administrator will be meeting to set up guidelines for compliance verification on a regular basis.

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**96-6: Budget Overexpenditures (Repeat)**

**Condition**

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

Fund	Approved Budget	Actual Expenditures	Amount Overexpended
Maternal Health Care	346,890	401,348	54,458
COPS Fast Grant	18,589	18,877	228

**Criteria**

Section 6-6-6 NMSA 1978 "Approved budgets; claims or warrants in excess of budget; liability" states, "When any budget for a local public body shall have been approved and received by a local public body, it shall be binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any warrant in excess thereof, and such allowances or claims or warrants so allowed or paid shall be a liability against the officials so allowing or paying such claims or warrants, and recovery for such excess amounts so allowed or paid may be had against the bondsmen of such officials." The Department of Finance and Administration requires that Counties in New Mexico not exceed their legally adopted budgets at the fund level.

**Effect**

The County is in violation of Section 6-6-6 NMSA 1978 and is not complying with its legally adopted budget at the fund level as required by the Department of Finance and Administration.

**Cause**

County department managers approved purchases in excess of their available budgets.

**Recommendation**

We recommend that management verify budgeted funds are available before approving purchases in order to ensure compliance with the County's legally adopted budget and its purchasing regulations.



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**Effect**

The County could be financially responsible for unauthorized bank accounts opened under its tax identification number.

**Cause**

The County has not been successful in persuading the individuals responsible for the unauthorized bank accounts to remove them from the its primary bank account.

**Recommendation**

We recommend that the County Commission contact the bank and request that they close all of the unauthorized bank accounts opened under the County's tax identification number.

**Management Response (County Treasurer)**

Several bank accounts had been opened in our local bank using the county federal tax identification number. Apparently, the number had been issued out without the approval of the County Treasurer.

A letter has been sent to the bank asking for assistance, not to open any accounts with our tax ID#. The bank has assured me that unless they have approval from the County Commission and the County Treasurer, other accounts will not be opened.

Account Number	Account Name	Response
Checking		
1600034878	Torrance County 4-H	They have their own Tax ID.
1600177040	Willard Senior Center	Closed Account.
1600744875	Torrance County Sheriff's Reserve	Need Cnty Commission's assistance.
1668015617	Torrance County Fair	They applied for Tax ID.
1668044927	Torrance County Solid Waste	They have their own Tax ID.
1668044935	Torrance County Solid Waste	They have their own Tax ID.
NOW Account		
1600732249	Torrance County Fair	They applied for Tax ID.
Savings		
4600053260	Torrance County 4-H	They have their own Tax ID.

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**97-1: Review of Disbursement Vouchers Prior to Payment**

**Condition**

There was no indication that the County reviewed disbursement vouchers for proper authorization and supporting documentation prior to submission for payment.

**Criteria**

Proper internal control procedures dictate that disbursement vouchers be reviewed by an employee independent of the purchasing and authorization functions prior to submission for payment to ensure the following:

- Agreement of amount recorded with invoice and warrant, and supporting documentation as to quantities, description, payee, endorsement, and dates;
- Correct recording as to account, fund, budget category, and period received; and
- Proper authorization.

**Effect**

The County could make payments in error for vouchers that do not contain proper authorization or supporting documentation.

**Cause**

The County has not established procedures or assigned responsibilities to perform this function.

**Recommendation**

We recommend the County assign an employee to review disbursement vouchers for proper authorization and supporting documentation prior to submission for payment.

**Management Response (County Manager)**

Torrance County's financial resources are extremely limited. It is impossible for disbursement vouchers to be reviewed by an employee independent of the purchasing and authorization functions. A review process has been established, but there are only three people involved in purchasing/authorization and review process (County Manager, Assistant County Manager, and Accounts Payable Clerk). Before vouchers are paid, they will be reviewed by the Assistant County Manager and stamp as reviewed.

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**97-2: Budgeted Expenditures**

**Condition**

Of the 36 expenditures tested for compliance with County purchasing regulations, there were 13 instances in which County departments initiating purchase requests did not indicate on the purchase request form that line item funds were available in the department's budget prior to making a request for a purchase.

**Criteria**

The Purchase Regulations for Torrance County, section 4.a. "Purchasing Procedures – Requisitions" states in part, "A department initiating a purchase request shall first verify that line item funds are available in the department's budget. Failure to do so will result in disapproval of the purchasing request."

**Effect**

The County could make purchases in excess of authorized departmental budgets.

**Cause**

The County has not established an independent review process of expenditure vouchers (See finding 97-1).

**Recommendation**

We recommend that the County establish policies and procedures designed to ensure that it complies with its purchasing regulations.

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**Management Response (County Manager)**

The following procedures are being followed:

1. The Accounts Payable Clerk verifies that there are available funds in the line item on the Purchase Order Requisition and she signs the requisition in the proper place.
2. The Purchase Order Requisition is then reviewed for Procurement Compliance by the Assistant County Manager (Purchasing Agent). If the requisition is in compliance, then it is returned to the A/P Clerk for issuance.
3. The County Manager gives the purchase order a third check and then signs off.

**97-3: Payroll Overpayment**

**Condition**

A terminated employee was overpaid \$317.76 in error. The employee was paid for 80 hours instead of the 40 hours actually worked prior to being terminated.

**Criteria**

Proper internal controls dictate that the payroll department adequately monitor hours worked by employees to ensure that employees are paid for actual hours worked.

**Effect**

The County overpaid a terminated employee for hours that the employee did not work.

**Cause**

The County uses an exception payroll system which automatically calculates gross pay based on hourly wage and an 80 hour pay period, unless changes are entered into the system (i.e., overtime, leave taken). The payroll clerk did not make the necessary adjustments to reflect the information on the terminated employee's timesheet when she entered the payroll information in the payroll system. The error was not discovered when a second employee reviewed the payroll register and timesheets for agreement.

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**Recommendation**

We recommend that the County attempt to recover the \$317.76 in wages paid in error from the terminated employee. We also recommend that the County develop policies and procedures designed to ensure payroll information is reported accurately and employees are only compensated for wages and leave earned.

**Management Response (County Manager)**

The County did recover the \$317.76 in overpaid wages. All final paychecks and annual leave disbursements are being double-checked by the Assistant County Manager prior to payment.

**97-4: Physical Access to Computer Room**

**Condition**

Physical access to the room which contains the County's IBM AS400 mainframe computer is not restricted.

**Criteria**

Proper internal controls require that physical access be restricted to authorized personnel in order to protect system data from unauthorized alteration or loss.

**Effect**

Unrestricted access to the computer room could allow an individual to alter or destroy system data.

**Cause**

The County does not have any formal electronic data processing or computer policies and procedures in place.

**Recommendation**

We recommend that the County develop formal written electronic data processing and computer policies and procedures which include restricting access to the computer room to authorized personnel in order to avoid any unauthorized alteration or loss of system data.



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**Management Response (County Manager)**

The County will research and develop formal written electronic data processing and computer policies and procedures.

**97-5: Computer Data Back-up and Security**

**Condition**

Computer data is not backed-up daily on computer storage tapes, kept in a secure area, or protected with uninterrupted power supply and surge protection devices.

**Criteria**

Proper internal controls require that:

- Computer data be backed-up daily;
- Computer data be kept in a secure area; and
- Computer data be protected from loss of power supply and power surges.

**Effect**

Computer data could be lost, stolen or damaged.

**Cause**

The County does not have any formal electronic data processing or computer policies and procedures in place.

**Recommendation**

We recommend that the County develop and implement formal written policies and procedures designed to protect computer data from being lost or stolen.

**Management Response (County Manager)**

The County will research and develop a formal written electronic data processing and computer policies and procedures.

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**97-6: User Access/Password Security**

**Condition**

The following issues related to user access and password security were noted:

- User access is not formally documented;
- There are no formal procedures for removing user names from the system; and
- Minimum length of user passwords is only two characters;

**Criteria**

Proper internal controls related to computer user access and password security require that:

- User access is formally documented. User access logs should be maintained to track employee use of the system;
- Policies and procedures exist for the removal of user names and passwords for terminated or transferred employees; and
- Password length is a minimum of six characters.

**Effect**

Without the above controls:

- Access to system applications may not be adequately controlled;
- Terminated or transferred employees may access applications and make unauthorized changes if their passwords are not deactivated in a timely manner; and
- Passwords are easier to circumvent without a minimum length of at least six characters.

**Cause**

The County does not have any formal electronic data processing or computer policies and procedures in place.

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**Recommendation**

We recommend that the County:

- Establish formal policies and procedures for authorizing access to system applications and maintain system logs to track employee use of system;
- Establish policies and procedures for deactivating passwords of terminated or transferred employees; and
- Set the minimum length of user passwords to six characters.

**Management Response (County Manager)**

The County will research and develop a formal written electronic data processing and computer policies and procedures.

**97-7: Sheriff's Department Evidence Room – Internal Controls**

**Condition**

The security and internal controls currently in place over evidence in the possession of the Sheriff's Department (Department) are not adequate or functioning properly. The Department does not have a reliable system for recording and maintaining an accurate inventory of evidence taken into possession.

**Criteria**

Proper internal controls require an accurate and reliable system to record and manage evidence items taken into possession by the Department. Currently, there are undocumented policies and procedures relating to security and management of evidence in possession of the Department. The Department has developed an Evidence Management Policy and Procedure Manual that has not been implemented.

**Effect**

Evidence could be stolen or removed from the evidence room without proper authorization. Evidence taken from the evidence room could affect the outcome of criminal court cases and/or create a liability for the County to the owners of property that was in the possession of the Department.

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**Cause**

- Several of the data items contained in the evidence room computer system, which functions as the original record of entry, do not reconcile to other evidence records (e.g., Chain of Custody forms, Disposition File) and items stored in the evidence room;
- The evidence room computer system is obsolete and unreliable. The computer system is not backed-up to prevent the loss of data; and
- Documentation related to evidence is not properly completed by police officers and copies are not consistently filed in case and disposition files. Policies and procedures currently in effect are not followed on a consistent basis.

Internal control weaknesses noted are related to evidence items taken into possession prior to the arrival of the current evidence room custodian in August 1997.

**Recommendation**

We recommend that the Department implement and consistently follow the policies and procedures outlined in its Evidence Management Policy and Procedure Manual. We also recommend that the Department develop a reliable system for recording, documenting, and maintaining evidence items in its possession. In addition, we recommend that the Department implement the following recommendations contained in the October 16, 1997 special audit report of the evidence room prepared by the Department of Public Safety:

- Periodic inventories should be conducted by management to ensure that evidence is processed and stored in accordance with department policy;
- All assignments as either primary custodian or an alternate should be documented as to dates of assignment. No custodian should be assigned and given access without a complete inventory prior to the time of assignment;
- Evidence should be consolidated into as few locations as possible. Ideally evidence should be placed in one room in the interior of the existing metal building already being utilized. Larger evidence items should be stored in the metal building outside the interior storeroom. The Department should consider installing security systems to protect the items in the evidence rooms (e.g., locks, alarms, and security cameras). Money and narcotics should be kept separate in a safe or locked fireproof filing cabinet;



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- Photographs of accidents and other incidents should be attached to deputy's reports and made part of the permanent file relating to the incident in order to reduce entries to the evidence room and accumulation of photographs from cases that have been closed;
- Evidence items and Department fixed asset records should not be commingled. The computerized inventory system should contain separate databases for evidence items and Department fixed assets;
- All deputies should fill out and update a monthly evidence inventory that would be submitted for review and approval through the chain of command. This should provide management with monthly information on evidence seized and will provide another record to check against the items in the evidence room; and
- The inventory system should be updated with a new computer system that can be utilized to accurately and reliably record and maintain evidence taken into the possession.

**Management Response (County Manager)**

The Sheriff's Department is currently reorganizing and restructuring its evidence files and lockers. Security doors and cameras are being installed to insure that all evidence is secure.

**97-8: Blank Check Stock**

**Condition**

Blank check stock is not stored in a secure area accessible only to authorized employees.

**Criteria**

Proper internal controls require that blank check stock be stored in a secure area accessible only to authorized employees.

**Effect**

Blank check stock is susceptible to misappropriation.

**Cause**

There are no internal controls or security over access to blank check stock.

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**Recommendation**

We recommend that the County store blank check stock in a secure area accessible only to authorized employees in order to prevent misappropriation of funds. We also recommend that the County inventory blank check stock by sequential check number and keep a log of checks issued and voided.

**Management Response (County Manager)**

Blank check stock is stored in a locked storage room. Only authorized personnel have access to the blank check stock.

**97-9: New Mexico Procurement Code**

**Condition**

There were 32 expenditures tested for compliance with the New Mexico Procurement Code and the County's purchasing policies relating to competitive bids and solicitation of quotations. The County is not complying with the following New Mexico Procurement Code competitive bid laws:

1. There were two instances in which there was no documentation that invitations for bids were submitted; and
2. There were seven instances in which there was no documentation that bid/proposals were opened in the presence of one or more witnesses and recorded.

**Criteria**

The Purchase Regulations for Torrance County, Section 4.c., "Purchases over \$5,000" states in part, "Purchases of \$5,000 or more must be by sealed bid or sealed competitive proposal and conducted pursuant to the Procurement Code."

The New Mexico Procurement Code, Section 13-1-104B NMSA 1978 "Competitive sealed bids; public notice" states in part, "The state purchasing agent and all central purchasing offices shall send copies of the notice or invitation for bids involving the expenditure of more than five thousand dollars (\$5,000) to those businesses which have signified in writing an interest in submitting bids..."

Section 13-1-103 NMSA 1978 "Competitive sealed bids; invitation for bids" states, "An invitation for bids shall be issued and shall include the specifications for the services, construction or items of tangible personal property to be procured, all contractual terms

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and conditions applicable to the procurement, the location where bids are to be received and the date, time and place of the bid opening."

Section 13-1-107 NMSA 1978 "Competitive sealed bids; bid opening" states, "Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid and each bid item, if appropriate, and such other relevant information as may be specified by the state purchasing agent or a central purchasing office, together with the name of each bidder, shall be recorded, and the record and each bid shall be open to public inspection."

**Effect**

The County is not in compliance with New Mexico Procurement Code competitive bid procedures.

Section 13-1-199 NMSA 1978 "Misdemeanor" states, "Any business or person which violates the Procurement Code [13-1-28 to 13-1-117 and 13-1-118 to 13-1-199 NMSA 1978] is guilty of a misdemeanor."

**Cause**

The County does not have adequate internal controls in place to ensure compliance with the competitive bid requirements of the New Mexico Procurement Code. Competitive bid files are not centralized or organized in such a manner as to ensure compliance with the New Mexico Procurement Code or to facilitate verification of compliance.

**Recommendation**

We recommend the County maintain its bid documentation for all purchases of goods and services in one centralized area, organize its bid files, and develop checklists designed to ensure compliance with the New Mexico Procurement Code (Sections 13-1-102 through 13-1-128).

**Management Response (County Manager)**

A centralized filing system has been established and the County Manager or the Assistant County Manager will handle all bids. A checklist is currently being designed.



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**97-10: Transfer of Funds from Indigent Fund**

**Condition**

The County incorrectly disbursed \$30,400 from the indigent fund on September 8, 1996, for the purchase of land for a new health care facility.

**Criteria**

New Mexico Laws of 1996, Chapter 29, effective May 15, 1996, amended Section 7-20E-9 NMSA 1978 and deleted subsection E, no longer allowing counties to use excess indigent funds for other purposes (i.e., purposes other than payment of medical expenses for indigent county residents).

Section 27-5-7E NMSA 1978 "County indigent hospital claims fund" states, "Money may be transferred to the fund from other sources, but no transfers may be made from the fund for any purpose other than those specified in the Indigent Hospital and County Health Care Act.

Section 27-5-7.1 NMSA 1978 "County indigent hospital claims fund; authorized uses of the fund" states as follows:

- A. The fund shall be used:
  - (1) to meet the county's contribution for support of sole community provider payments as calculated by the department for that county; and
  - (2) to pay all claims that have been approved by the board that are not matched with federal funds under the state Medicaid program.
- B. The fund may be used to meet the county's obligation under Section 27-10-4 NMSA 1978.
- C. Until June 30, 1996, the cash reserves from the fund may be used to meet the county's obligation section 27-10-4 NMSA 1978.

**Effect**

The County is not in compliance with Section 27-5-7E and 27-5-7.1 NMSA 1978.

**Cause**

The State Auditor, in a letter dated January 27, 1997, informed the County that they incorrectly disbursed \$30,400 from the indigent fund on September 8, 1996, for the purchase of land, citing the New Mexico Laws of 1996, Chapter 29, amendment to Section 7-20E-9E NMSA 1978. The State Auditor, with the concurrence of the County's Department of Finance and Administration (DFA) Local Government Budget Analyst,

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Section 6-10-10F NMSA 1978 "Deposit and investment of funds" states, "County or municipal treasurers, by and with the advice and consent of their respective boards of finance charged with the supervision and control of the respective funds, have power to invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds...not invested or deposited in banks, savings and loan associations or credit unions in: (1) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or (2) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government."

**Effect**

The County is not in compliance with Section 6-10-10F NMSA 1978.

**Cause**

The County's management was not aware that G.O. Bond proceeds were deposited in investments that were not federally insured or were direct obligations of the United States.

**Recommendation**

We recommend that management review its current investment policies to ensure that they address compliance with Sections 6-10-10F NMSA 1978. Management should ensure that the County Board of Finance members are aware of other applicable state investment statutes (Public Monies Act, Section 6-10-1 through 6-10-63). We also recommend that the County contacts the bank and request that the bank invests all general obligation bond proceeds in accordance with Section 6-10-10F NMSA 1978.

**Management Response (County Treasurer)**

The Treasurer's office was not aware that the G.O. Bond proceeds had been deposited in investments that were not federally insured. G.O. Bond Trust Account, Bank Statement balance as of December 31, 1997, was \$31,226.76.

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**97-12: Uninsured/Uncollateralized Securities Purchased from a Company Located Outside the County**

**Condition**

The County, as of June 30, 1997, had \$50,000 invested in a certificate of deposit with a bank in Atlanta, Georgia, through a local securities company, and invested \$102,578 during the year in money market securities. It is unclear whether the County's certificates of deposit purchased in secondary markets are insured or collateralized in accordance with Section 6-10-10F NMSA 1978. Money market accounts are not insured or collateralized.

**Criteria**

Section 6-10-31 NMSA 1978 "Interest on time deposits" states in part, "Any board of finance may, whenever in its opinion such a course is advisable and the public money under its control, or any part thereof, will not be needed immediately for public purposes, place such funds on time deposit with a bank, savings and loan association or credit union whose deposits are insured by an agency of the United States, taking the certificate of deposit or other evidence of indebtedness of the bank, savings and loan association or credit union receiving the deposit; provided, however, that all such deposits shall be secured as provided by law. No county or municipal board of finance shall make any deposits outside of its county."

Section 6-10-10F NMSA 1978 "Deposit and investment of funds" states, "County or municipal treasurers, by and with the advice and consent of their respective boards of finance charged with the supervision and control of the respective funds, have power to invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds...not invested or deposited in banks, savings and loan associations or credit unions in: (1) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or (2) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

**Effect**

The County is not in compliance with Sections 6-10-31 and 6-10-10F NMSA 1978. The County is at risk of losing its principal invested.

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**Cause**

The County Treasurer's Office was not aware of the requirements of Section 6-1-31 NMSA 1978 relating to purchases of certificates of deposit outside the County. The County previously had the \$102,578 invested in a certificate of deposit. When the certificate of deposit matured, the securities company temporarily invested the County funds in a short-term money market account until they received instructions from the County on what to do with funds.

**Recommendation**

We recommend that the County's Board of Finance establish in writing an approved listing of financial institutions designated as a depository of County funds. The location of the financial institutions approved as depositories for County funds should comply with Section 6-10-31 NMSA 1978. Management should review its current investment policies to ensure that they address compliance with Sections 6-10-31 and 6-10-10F NMSA 1978. Management should also ensure that members of the Board of Finance are aware of other applicable state investment statutes (Public Monies Act, Section 6-10-1 through 6-10-63).

**Management Response (County Treasurer)**

I was not aware that any certificates of deposits were invested out of our county. As soon as the CD's matured; on May 30, 1997, I withdrew the first CD and had the money deposited in our local bank account. On August 6, 1997, I withdrew the last CD and had the money deposited in our local bank account. These CD's are no longer active.

**97-13: County Board of Finance**

**Condition**

The County Commissioners do not hold regular meetings as the "County Board of Finance" to monitor, advise, and approve County investment transactions in a manner that would ensure compliance with relevant state statutes.

**Criteria**

Section 6-10-8 NMSA 1978 "County boards of finance" states in part, "The board of county commissioners in each county in the state shall, ex officio and without additional compensation, constitute a county board of finance and as such shall, subject to the limitations of this act, have supervision over the determination of the qualifications and selection of banks, savings and loan associations and credit unions, whose deposits are



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insured by an agency of the United States, to receive the public money of their respective counties. The County Clerk in each county shall, ex officio and without additional compensation, act as clerk of such county board of finance. Every county board of finance shall hold meetings whenever necessary for the discharge of its duties, and the chairman shall convene such board whenever necessity therefor exists or when requested so to do by two of its members or at any time when the county treasurer shall advise the chairman that he has in his custody public money in excess of the aggregate amount which depositories qualified by law are entitled to hold. A majority of the board shall constitute a quorum for the transaction of business."

The County Treasurer determines how to deposit and invest County funds. That decision must then be approved by the Board of County Commissioners, sitting as the County Board of Finance.

**Effect**

The County is not in compliance with Section 6-10-8 NMSA 1978. County funds may be deposited in unapproved financial institutions.

**Cause**

The County Board of Finance does not meet on a regular basis to address the County's deposit and investment decisions.

**Recommendation**

We recommend that the County Commission meet periodically as the County Board of Finance for the sole purpose of reviewing and approving the County's investment policies and practices.

**Management Response (County Treasurer)**

As the County Treasurer, I feel that I am not an investor and would be very happy to meet with a Board of Finance. The only communication that the County Commission and I have had in the past concerning investments, is when I ask to be on the Commission agenda to report balances. I also provide a monthly report of all cash balances and investment balances. Since I became Treasurer on 1-1-97, the only money I have invested is with the New Mexico Treasurer's Office in their pool. A certificate of deposit was opened on 4-21-97 in our local bank for the amount of \$126,674.50. This was a payment from Solid Waste. The County Manager at that time instructed me that I was to open a CD as per the Solid Waste Consultant. The New Mexico State Treasurer's Office has to follow State statutes so I feel our money is secure. On October 22, 1997, I

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requested to our local Norwest Bank to pledge securities at 100% on our account which was granted.

**97-14: Cash Balances and Reserve Requirements**

**Condition**

The County General Fund did not maintain an amount equal to or greater than 3/12 (25%) of its budgeted expenditures in cash reserves as of June 30, 1997.

**Criteria**

The Department of Finance and Administration (DFA), Local Government Division, Budget and Finance Manual, Chapter 6, page 9, section D, states in part, "Counties should have 3/12ths (25%) of their budgeted expenditures in cash which will help maintain an adequate cash flow until the next significant property tax collection. A 1/12 reserve is required for county road funds."

**Effect**

The County is not in compliance with DFA cash balance and reserve requirements and may experience operational cash flow problems until the next significant property tax collection.

**Cause**

The County is not complying with DFA cash reserve requirements for counties.

**Recommendation**

We recommend that the County establishes policies and procedures designed to ensure compliance with DFA cash reserve requirements.

**Management Response (County Manager)**

Due to unexpected and extreme detention costs in Torrance County, reserves in our budget are rare. Torrance County will make every effort possible to establish procedures to insure compliance with DFA requirements.

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**97-15: Trust Account – Fixed Assets**

**Condition**

Equipment purchases and construction expenditures made with general obligation (G.O.) bond proceeds through the County's Trust Account (Trust) are not being tracked and capitalized. It is not clear as to who owns or will ultimately have title to the fixed assets for the Solid Waste Authority landfill currently under construction. Currently, neither the County nor the Solid Waste Authority is including equipment purchases made from the Trust on their financial statements.

**Criteria**

General Services Department (GSD) Rule 88-101 requires that equipment over \$500 be capitalized and recorded in the general fixed asset account group. Section 3.3 states in part, "Fixed assets include those assets constructed by agency personnel. A construction cost shall be determined for such assets, which includes direct labor, materials, equipment usage, and overhead that can be distributed on the basis of direct labor such as employee benefits."

**Effect**

The County is not properly recording and accounting for its fixed assets purchased out of the Trust, resulting in the following:

- County financial records will not accurately reflect fixed assets and their values and, consequently, the financial statements will not be fairly presented in accordance with generally accepted accounting policies;
- Fixed assets could be stolen and not be detected in a timely manner; and
- The County's fixed asset accounting system can not be relied upon to provide management with useful information necessary in making certain decisions.

**Cause**

The County has not allocated adequate resources to track and record capital asset purchases made out of the Trust. The County has not made a determination as to the ownership of fixed assets purchased with G.O. Bond proceeds from the Trust.



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**Recommendation**

We recommend that the County track and record fixed asset purchases made out of the Trust so that financial records accurately reflect fixed assets and their values in accordance with generally accepted accounting policies. The County should make a determination as to whether the County or the Solid Waste Authority owns or will have title to the fixed assets purchased from the Trust. The entity that has title to the fixed assets should record them in their fixed asset records for inclusion in the financial statements.

**Management Response (County Manager)**

The County will consult with the Bonding Company and the County Attorney to determine the ownership of the fixed assets purchase from the Trust. The County will then track and record all fixed assets if necessary.

**97-16: Interest Earned on Bank Deposits**

**Condition**

The County does not have a written investment policy regarding allocation interest earned on bank deposit and investments. Currently, the County allocates interest earned from Norwest Bank and the State Investment Pool to the following funds based on the percentage of individual fund cash balance to the total combined cash balances:

<u>Fund Number</u>	<u>Fund Name</u>
401	General Fund
405	Northeast Torrance Fire District
406	Indian Hills Fire District
407	Duran Fire District
408	McIntosh Fire District
409	Torreón Fire District

**Criteria**

Good accounting practice dictates that interest earned on bank deposits and investments be allocated to all individual funds that have a positive cash balance.

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**Effect**

Some special revenue and debt service funds with positive cash balances are not receiving interest earned on their portion of the County's pooled cash and investments. Although earnings on investments do not always legally accrue to the fund in which they are reported, the County could be in violation of certain grants or bond covenant restrictions that require the interest earned on certain funds be restricted for use to those funds.

**Cause**

The County does not have formal written investment policies regarding the allocation of investment interest to the various County funds.

**Recommendation**

We recommend that County management research interest allocation issues relating to grant and bond covenant restrictions and allocate interest to funds with positive cash balances when required by grant agreements and bond covenants. We also recommend that the County's Board of Finance formalize as policy the interest allocation method used by the County Treasurer.

**Management Response (County Manager)**

The County will review and formalize an investment policy.

**97-17: Account Coding**

**Condition**

Account line item numbers are not consistently applied throughout the budgeting, accounting and reporting activities of the County. Account line item numbers do not always agree to account descriptions. It appears that some account descriptions are arbitrarily assigned line item numbers. The following are examples of inconsistent application of account line item numbers:

- Transportation/extradition, finger printing, and clerks fees were coded as account number 210 (Water);
- Court forfeitures, refunds, and reimbursements were coded as account number 310 (No description);
- Civil defense, health services, COP's more grant, and COP's fast grant were coded as account number 000 (No description);

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- Software maintenance was coded as account numbers 203 (Maintenance contracts) and 213 (Building maintenance);
- Postage was coded as account number 209 (Heating gas); and
- Equipment was coded as account number 219 (Office supplies).

**Criteria**

Proper accounting procedures require that common terminology and classifications be used throughout the budgeting, accounting and reporting activities of the County in order to enhance the comparability of financial reports and statements.

**Effect**

Accounting and financial information is less useful for comparative analysis and decision making.

**Cause**

Account line item numbers and descriptions are not consistently applied when creating line item accounts.

**Recommendation**

We recommend that the County develop an approved "Chart of Accounts." The County should review account line item numbers and descriptions and make adjustments so that account line item numbers and descriptions agree to each other and are consistently applied throughout the budgeting, accounting and reporting activities of the County.

**Management Response (County Manager)**

The County will develop and maintain a Chart of Accounts.

**97-18: Deposit of Property Tax Receipts**

**Condition**

Property tax receipts are not receipted and deposited in the bank in a timely manner during high volume periods. The County Treasurer estimates the average time period between receipt of property taxes and deposit in the bank at approximately four weeks.

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**Criteria**

Proper internal controls require that receipts be deposited on a daily basis to prevent them from being lost or stolen and to avoid loss of interest revenue.

**Effect**

The County does not have timely access to revenue from the tax receipts and is losing interest revenue as a result of the tax receipts not being deposited in its bank account in a timely manner. Tax receipts not deposited in a timely manner are more susceptible to theft or to being lost or misplaced. In addition, property taxes collected by the County on behalf of other entities are not distributed to those entities in a timely manner.

**Cause**

The majority of property taxes are paid and received during a two-month period and the County Treasurer's Office may not be adequately staffed during that peak time. The County has not allocated sufficient personnel to properly receipt and deposit property tax revenue received by the Treasurer's Office.

**Recommendation**

We recommend that the County assign part-time personnel to receipt and deposit property tax revenue during high volume periods in the Treasurer's Office.

**Management Response (County Treasurer)**

Due to a serious budget cut in the Treasurer's office, this prompt service that the Taxpayer, County, Schools, and Municipalities were accustomed to were effected. This problem will happen again in April and May when 2<sup>nd</sup> half taxes are due. I know how serious it is to be responsible for Taxpayers' dollars, so I had to minimize volunteer help. My employees are on a 40 hour work week with exception of one employee that is on a special medical work situation. I do not have a line item that I could pay time and a half. I could not give comp time benefits if they worked on Saturdays or Sundays. The personnel rules specify that any comp time has to be taken with that pay period. That is impossible when you need your employee five days a week. My Chief Deputy and myself worked five days a week, nine to ten hours a day. I believe that our Families deserve two days a week of our time after all we are giving five to the County.



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**97-20: Due To/From Other Funds**

**Condition**

Prior year auditors established "due to/from" fund accounts in the County's financial statements that date back to June 30, 1993. County management is uncertain of some immaterial "due to/from" balances and could not provide supporting documentation. Some of the "due to/from" balances have not changed since June 30, 1993.

**Criteria**

Management is responsible for the representations in its financial statements. Management should ensure that the information contained in the financial statements is accurate and can be substantiated with proper documentation.

**Effect**

"Due to/from" accounts may not be accurate representations of management.

**Cause**

Management does not prepare its own financial statements and can not substantiate the County's "due to/from" balances with proper supporting documentation. Management has not made any determinations as to whether these "due to/from" accounts will be cleared or resolved by transferring monies from the fund which owes the monies to the fund which is entitled to the funds.

**Recommendation**

We recommend that management analyze the County's "due to/from" balances and determine if the balances can be substantiated with supporting documentation. Any balances with supporting documentation should be reimbursed and collected by the respective funds. Balances with no supporting documentation should not be presented in the County's financial statements.

**Management Response (County Manager)**

The County will review the County's due to/from balances and make the appropriate reimbursements.

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**97-21: Enterprise Fund - Negative Cash Balance**

**Condition**

The Solid Waste Department separated from the County as of July 1, 1996, to become the Torrance County Solid Waste Authority (Authority); however, the Solid Waste Enterprise Fund (Fund 413) is still maintained on the County's financial records and has a negative cash balance in the amount of \$66,443. The County Treasurer's Office maintains that the negative cash balance reflects cash due to the County from the Authority; however, this amount is not recognized in the Solid Waste Authority's fiscal year 1997 audited financial statements as a liability to the County.

**Criteria**

Proper accounting controls require that funds no longer being utilized be closed and removed from the County's records.

**Effect**

The County has a negative cash balance in an enterprise fund that is no longer being utilized.

**Cause**

The County has not addressed the negative cash balance or made a decision to close the fund.

**Recommendation**

We recommend that the County make a determination as to whether to collect an amount equal to the negative cash balance from the Authority or transfer money from the general fund to remove the negative cash balance before removing the enterprise fund from its books.

**Management Response (County Manager)**

An agreement was made with the Authority, before the time of separation, for repayment of the negative cash balance. The Authority is in the process of obtaining a loan for this repayment.

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**97-22: Grant Reimbursement**

**Condition**

The Senior Citizens Fund and DWI Fund are not being reimbursed for grant expenditures on a timely basis. The Senior Citizens Fund and DWI Fund have negative cash balances of \$90,320.31 and \$131,982.85, respectively, as of June 30, 1997.

**Criteria**

Good accounting procedures require that grant expenditures reimbursed be requested on a timely basis.

**Effect**

The County may not have adequate cash flow for operating purposes and may have to utilize cash resources from other County funds. In addition, late or untimely reimbursement requests may result in the County not being reimbursed for certain grant expenditures. The Senior Citizens and DWI funds will always have a negative cash balance for grant expenditures incurred by the County which are not reimbursed by the grantor agency.

**Cause**

The County did not request reimbursements for Senior Citizens and DWI fund grant expenditures on a timely basis.

**Recommendation**

We recommend that County management establish policies and procedures designed to ensure timely reimbursement of grant expenditures in order to maintain adequate cash balances for operating purposes. We also recommend that the County identify the portion of the negative cash balance that pertains to expenditures incurred by the County but not reimbursed. The County should then consider transferring monies from the general fund to the Senior Citizens and DWI funds to cover their losses.

**Management Response (County Manager)**

The County had adopted policies for grant reimbursements. Reimbursements must be done on a monthly basis with copies to the Assistant County Manager. The County is trying to determine the fiscal year in which the negative balances originated. The appropriate transfers will be made.



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**97-23: Investment Policies**

**Condition**

The County's investment policy was adopted by resolution 88-8 on the 18<sup>th</sup> day of May 1988. The resolution states, "...it is the stated policy and intent of the Board of Finance, that investment and deposit practices shall, at all times, conform to state law. Therefore, practice and/or policy will be changed whenever the law requires it to be." Although there have been numerous changes to state investment policy since 1988 (Public Monies Act Section 6-10), it does not appear that the County has reviewed or modified their investment policy since it was first adopted in 1988.

**Criteria**

Good accounting policies require that County investment policies be reviewed periodically to determine that the policy is current and in compliance with changing state investment laws.

**Effect**

The County is not consistently complying with state statutes relating to deposit and investment of public money (Sections 6-10-1 through 6-10-63).

**Cause**

The County Commissioners do not meet periodically as the County Board of Finance to review and update County investment policies.

**Recommendation**

We recommend that the County Board of Finance review the County investment policy to ensure that it is current and in compliance with state investment laws.

**Management Response (County Manager)**

The County Board of Finance will begin meeting regularly and will review the County's investment policy for compliance.

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**97-24: Prison Contracts**

**Condition**

The County is accepting prisoners from the State of New Mexico Department of Corrections (State) and U.S. Marshall Service and subcontracting with Corrections Corporation of America, CCA for housing those prisoners. The County has no means of verifying that the obligations and standards under contracts with the State and U.S. Marshall Service have in fact been fulfilled by CCA. The County has made itself primarily liable for any suits by the state or prisoners even though the County itself cannot house the prisoners or perform any of the promises and monitoring obligations under their contracts with the State and U.S. Marshall Service. If CCA fails to meet the contract requirements, it would be the County and not CCA that would be primarily liable to the State and U.S. Marshall Service.

**Criteria**

In the County's contract with the U.S. Marshall Service, the County agrees to among other duties, to accept and provide for the secure custody, care, safekeeping and subsistence of prisoners in accordance with state and federal law. The County must also provide assurance that services are performed by employees who have met the education, experience, and training requirements of the state. The County further agrees to be liable for the acts of its jail employees and will provide indemnification to the U.S. Marshals Service arising from the conduct of the local jail employees.

Under the 1996-97 joint powers agreement between the County and the State, the County must do the following:

- Provide state inmates with access to routine medical care, dental care and infirmary care at the County Facility;
- Meet the New Mexico Corrections Department (NMCD) certification requirements within 18 months of the date of the contract;
- Submit detailed invoices for payment with supporting documentation on a monthly basis;
- Provide food and beverages;
- Provide inmates with all educational services required by the Inmate Literacy Act;
- Provide clothing to inmates;
- Provide routine transportation and security from NMCD's facilities to the County facility;
- Provide telecommunications service for the operation of the facility;
- Maintain an inmate account system and abide by NMCD's inmate trust account policy;

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- Maintain the facility in compliance with all federal, state and local safety, health and fire codes;
- Maintain a comprehensive inmate records and reporting system; and
- Provide a fiscal management system for the facility, including income expenditure reports, consolidated audit reports, internal controls, petty cash, inmate trust account, check control, purchasing, requisitions and payroll.

**Effect**

The County by signing off on each contract with the State or the U.S. Marshal Service, is primarily liable for the acts or omissions of a private corporation, CCA. The County also depends on the CCA to verify that services under the contract were provided. The County has signed contracts that hold them primarily liable for any substantive negligence of CCA. The County is assuming responsibility far greater than the financial review of a fiscal agent. If CCA is negligent or violates any prisoner's rights, it is the County that will be sued and will be primarily liable.

**Cause**

The County Manager and Administrative Assistance certify on State of New Mexico "Purchase Vouchers" the following:

"I do solemnly swear (or affirm) that the within and before mentioned account is true and correct, and that the services have been rendered (or articles have been furnished) as stated and that no part thereof has been paid."

The County does not have the resources, nor does the County Manager and Administrative Assistant have the technical expertise to monitor CCA compliance with State and U.S. Marshall Service contract specifications.

**Recommendation**

We recommend that the County take the following actions to minimize their potential liability:

- The County should contract directly with CCA for its own prisoners only. The State and U.S. Marshall Service should contract directly with CCA and not with the County for the housing of prisoners.



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- If the County continues to act in the same capacity, the County should consider modifying the language in their contracts with the State and U.S. Marshall Service that removes their obligation to ensure that CCA is in compliance with state and federal contract specifications. The County should not certify that they have met the obligations of their contract with the State and U.S. Marshall Service unless the County knows through their own verification process that the obligations have been met. The County should also quantify the benefit bestowed on CCA against the cost to the County to ensure that the County receives fair compensation for services rendered. The County should particularize the cost of the administrative action to the County in exchange for the \$.75 per day per state and federal prisoner they are receiving.

**Management's Response (County Manager)**

The County will concur with the County Attorney in modifying the language in their contracts with the State and U.S. State Marshall Service to limit liability to the County. At the present time, Torrance County receives \$.75 per day per inmate excluding county prisoners. This fee represents at full occupancy almost half of our male detention costs, which is beneficial to the County.

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Exit Conference

June 30, 1997

Personnel in Attendance

The Office of the State Auditor held an Audit Exit Conference with the County of Torrance on February 6, 1998, with the following personnel in attendance:

Office of the State Auditor:

Greg Stricklin, Audit Manager

Dennis Romero, Auditor In-Charge

County of Torrance:

Babbette Berkshire, County Manager

Tracy Sedillo, Assistant County Manager

Marilyn Autrey, Deputy County Treasurer

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