

C
=W
M **CHESTER W. MATTOCKS**
CERTIFIED PUBLIC ACCOUNTANT

STATE OF NEW MEXICO
COUNTY OF TORRANCE

ANNUAL FINANCIAL REPORT AND INDEPENDENT
AUDITOR'S REPORT FOR THE YEAR ENDED
JUNE 30, 2007

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Official Roster	1
FINANCIAL SECTION:	
Independent Auditor's Report	2
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet -	
Governmental Funds - to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds - to the Statement of Activities	12
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis)	
and Actual (Non-GAAP Budgetary Basis):	
General	13
Road	14
Jail	15
Civil Defense	16
Statement of Fiduciary Net Assets - Agency Funds	17
NOTES TO FINANCIAL STATEMENTS	18
SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds - Combining Balance Sheet - By Fund Type	40
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance - By Fund Type	41

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

TABLE OF CONTENTS (continued)

	<u>Page</u>
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	54
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) - Nonmajor Special Revenue Funds:	
Farm and Range	62
Recreation	63
Northeast Torrance Fire District	64
Fire District No. II	65
Duran Fire District	66
McIntosh Fire District	67
Torreon-Tajique Fire District	68
Law Enforcement Protection	69
Fire Pool 1/4% Tax	70
County Fair Board	71
Fire Department Administration	72
Indigent	73
Emergency Medical Services (EMS)	74
DWI Seizure Ordinance	75
Maternal Health Care	76
Environmental Gross Receipts Tax	77
Safety Program	78
DWI Program	79
Energy Conservation	80
Treasurer's Fee	81
Reappraisal	82
Clerk's Equipment	83
Esperanza Clinic	84
Rodeo Initiative	85
Court Forfeiture	86
Estancia Basin Water Study	87
Rural Addressing	88
Planning and Zoning Court Fees	89
Domestic Violence	90
Domestic Violence Court Fee	91
Title III Forest Reserve	92

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

TABLE OF CONTENTS (continued)

	<u>Page</u>
UHP 2002	93
Universal Hiring	94
Drug Education Program	95
Traffic Safety	96
Forest Service Patrol	97
Bulletproof Vest	98
COPS in Schools	99
Underage Drinking Grant	100
Emergency 911	101
Debt Service Fund:	
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Basis)	103
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	106
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Basis) - Nonmajor Capital Projects Funds:	
Judicial Complex	107
Reappraisal Loan	108
Legislative Appropriations	109
Fiduciary Funds:	
Combining Balance Sheet - All Agency Funds	111
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	113
SUPPLEMENTARY INFORMATION – SUPPORTING SCHEDULES	
Treasurer's Property Tax Schedule	116
Joint Powers Agreements	117
Combining Schedule of Changes in Assets and Liabilities - All Agency Funds	119
Schedule of Pledged Collateral	121

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

TABLE OF CONTENTS (continued)

	<u>Page</u>
OTHER REPORTS:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	123
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	125
Schedule of Findings and Questioned Costs	127
Summary Schedule of Prior Audit Findings	134
Exit Conference	135

STATE OF NEW MEXICO
COUNTY OF TORRANCE

OFFICIAL ROSTER

As Of
June 30, 2007

COUNTY COMMISSION

James Frost
Paul Chavez
Leroy Candelaria

Chairman
Commissioner
Commissioner

ELECTED OFFICIALS

Linda Kayser
James Hall
Jim Shields
Clarence Gibson
Mary Ann C. Anaya

County Clerk
County Treasurer
County Assessor
Sheriff
Probate Judge

ADMINISTRATIVE OFFICIALS

Bob Ayre
Tracy Sedillo

County Manager
Comptroller

C
=W
M Chester W. Mattocks
Certified Public Accountant

P.O. Box 25941
Albuquerque, New Mexico 87125
(505) 299-5233

INDEPENDENT AUDITOR'S REPORT

Members of the Board of County Commissioners
State of New Mexico – County of Torrance
Estancia, New Mexico

and

Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the State of New Mexico, County of Torrance (County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. Also, I have audited the financial statements of each of the County's nonmajor governmental funds and the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements and the combining and individual fund financial statements are free of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the General, the Road, Jail and Civil Defense Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the County as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor governmental funds, and the Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated November 5, 2009, on my consideration of the County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Torrance County has not presented its Management's Discussion and Analysis for the year ended June 30, 2007. The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements and on the combining and individual fund financial statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements and the combining and individual fund financial statements of the County. The accompanying financial information listed as Supplementary Information - Supporting Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and the combining and individual fund financial statements of the County. Such schedule and such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements and, in my opinion, are fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.


November 5, 2009

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 3,768,127
Taxes receivable	806,421
Accounts receivable	14,862
Due from other governments	242,192
Total current assets	<u>4,831,602</u>
Noncurrent assets:	
Capital assets	13,912,773
Less: Accumulated depreciation	<u>(4,543,990)</u>
Total noncurrent assets	9,368,783
Total assets	<u>14,200,385</u>
<u>LIABILITIES</u>	
Current liabilities:	
Due to other governmental units	94,820
Accounts payable	459,041
Accrued payroll	61,210
Deferred revenue – grants	748,677
Current portion of long-term obligations	464,851
Total current liabilities	<u>1,828,599</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>3,167,602</u>
Total noncurrent liabilities	3,167,602
Total liabilities	<u>4,996,201</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	5,820,043
Restricted for:	
Debt service	290,070
Capital projects	49,345
Special projects	1,511,004
Unrestricted	<u>1,533,722</u>
Total net assets	<u>\$ 9,204,184</u>

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

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenue and Changes in Net Assets
EXPENSES:					
Governmental activities:					
General government	\$ (2,660,664)	\$ 368,205	\$ 607,914		\$ (1,684,545)
Public safety	(3,555,091)		452,987	\$ 317,626	(2,784,478)
Highways and streets	(847,843)	4,285	369,595	227,780	(246,183)
Health and welfare	(1,309,002)	9,105	588,456	226,492	(484,949)
Culture and recreation	(19,702)			75,000	55,298
Interest on long-term obligations	(125,426)				(125,426)
Total governmental activities	<u>\$ (8,517,728)</u>	<u>\$ 381,595</u>	<u>\$ 2,018,952</u>	<u>\$ 846,898</u>	<u>(5,270,283)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					3,050,563
Property taxes, levied for debt service					256,777
Local and state-shared taxes					2,610,286
Other local source revenue					680,156
Interest and investment earnings					87,901
Forgiveness of two loans by State of New Mexico, Board of Finance					<u>381,000</u>
Subtotal, general revenues					<u>7,066,683</u>
Change in net assets					<u>1,796,400</u>
Net assets - beginning of year, as originally reported					6,333,448
Restatement					<u>1,074,336</u>
Net assets - beginning of year, as restated					<u>7,407,784</u>
Net assets - end of year					\$ 9,204,184

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	General Fund	Road	Jail	Debt Service
<u>ASSETS</u>				
Cash and investments	\$ 3,768,127			
Due from other funds	215,972	\$ 533,671	\$ 8,587	\$ 280,116
Receivables:				
Accounts	12,534			
Intergovernmental	29,312	87,904		
Property taxes	737,981			68,440
Total assets	<u>\$ 4,763,926</u>	<u>\$ 621,575</u>	<u>\$ 8,587</u>	<u>\$ 348,556</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ 2,979,417			
Due to other governmental units	94,820			
Accounts payable	16,874	\$ 22,843	\$ 143,339	
Accrued payroll	32,762	10,152	3,288	
Deferred revenues – grants				
Deferred revenues - property taxes	633,787			\$ 58,486
Total liabilities	<u>3,757,660</u>	<u>32,995</u>	<u>146,627</u>	<u>58,486</u>
Fund balances:				
Reserved for:				
Petty cash	300			
Debt service				290,070
Unreserved, reported in:				
General Fund	1,005,966			
Special Revenue Funds		588,580	(138,040)	
Capital Projects Funds				
Total fund balances	<u>1,006,266</u>	<u>588,580</u>	<u>(138,040)</u>	<u>290,070</u>
Total Liabilities and Fund Balances	<u>\$ 4,763,926</u>	<u>\$ 621,575</u>	<u>\$ 8,587</u>	<u>\$ 348,556</u>

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

Civil Defense	Other Governmental Funds	Total Governmental Funds
\$ 797,376	\$ 1,422,110	\$ 3,768,127
		3,257,832
	2,328	14,862
	124,976	242,192
		806,421
<u>\$ 797,376</u>	<u>\$ 1,549,414</u>	<u>\$ 8,089,434</u>

\$ 62,443	\$ 215,972	\$ 3,257,832
		94,820
33,190	242,795	459,041
674	14,334	61,210
748,677		748,677
		692,273
<u>\$ 844,984</u>	<u>473,101</u>	<u>5,313,853</u>

		300
		290,070
		1,005,966
(47,608)	1,108,072	1,511,004
	(31,759)	(31,759)
<u>(47,608)</u>	<u>1,076,313</u>	<u>2,775,581</u>
<u>\$ 797,376</u>	<u>\$ 1,549,414</u>	<u>\$ 8,089,434</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

Total fund balances - governmental funds \$ 2,775,581

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in governmental funds.

The total cost of capital assets is:	\$ 13,912,773	
Accumulated depreciation is:	<u>(4,543,990)</u>	
		9,368,783

Delinquent property taxes not collected within sixty days after year end
are not considered "available" revenues and are considered to be deferred
revenue in the fund financial statements, but are considered revenue
in the Statement of Activities.

692,273

Long-term and certain other liabilities, including bonds payable, are not
due and payable in the current period and therefore are not reported as
liabilities in the funds. Long-term and other liabilities at year end consist
of:

Bonds payable	\$ (2,525,000)	
Notes payable	(764,320)	
Lease purchases payable	(259,420)	
Compensated absences	<u>(83,713)</u>	<u>(3,632,453)</u>

Total net assets-governmental activities \$ 9,204,184

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

This page intentionally left blank.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Road	Jail	Debt Service
Revenues:				
Property taxes	\$ 3,027,985			\$ 268,852
Local sources	436,754	\$ 7,121	\$ 86,563	
Local and state-shared taxes	746,405	697,409	199,899	
State sources	182,000	356,075	37,521	
Federal sources	220,587	13,520		
Charges for services	245,210	4,285		
Interest	40,489	14,260		
Total revenues	4,899,430	1,092,670	323,983	268,852
Expenditures:				
Current:				
General government	2,177,504			
Public safety	827,737		1,114,506	
Highways and streets		1,213,538		
Health and welfare	126,968			
Culture and recreation				
Capital Outlay				
Debt Service:				
Principal				150,000
Interest and fiscal charges				121,300
Total expenditures	3,132,209	1,213,538	1,114,506	271,300
Excess (deficiency) of revenues over Expenditures	1,767,221	(120,868)	(790,523)	(2,448)
Other financing sources (uses):				
Capital lease	57,428			
Loan proceeds				
Operating transfers in		104,536	1,001,677	
Operating transfers out	(1,362,946)			
Total other financing sources (uses)	(1,305,518)	104,536	1,001,677	
Net changes in fund balances	461,703	(16,332)	211,154	(2,448)
Fund balances, beginning of year	544,563	604,912	(349,194)	292,518
Fund balances, end of year	\$ 1,006,266	\$ 588,580	\$ (138,040)	\$ 290,070

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

Civil Defense	Other Governmental Funds	Total Governmental Funds
		\$ 3,296,837
	\$ 149,718	680,156
\$ 32	966,541	2,610,286
	1,282,989	1,858,585
109,202	663,956	1,007,265
	132,100	381,595
	33,152	87,901
<u>109,234</u>	<u>3,228,456</u>	<u>9,922,625</u>
181,842	396,042	2,755,388
	1,360,628	3,302,871
		1,213,538
	1,111,212	1,238,180
	19,550	19,550
	1,614,953	1,614,953
		150,000
		<u>121,300</u>
<u>181,842</u>	<u>4,502,385</u>	<u>10,415,780</u>
<u>(72,608)</u>	<u>(1,273,929)</u>	<u>(493,155)</u>
		57,428
	581,320	581,320
25,000	250,529	1,381,742
	(18,796)	(1,381,742)
<u>25,000</u>	<u>813,053</u>	<u>638,748</u>
(47,608)	(460,876)	145,593
<u>-0-</u>	<u>1,537,189</u>	<u>2,629,988</u>
<u>\$ (47,608)</u>	<u>\$ 1,076,313</u>	<u>\$ 2,775,581</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Total net change in fund balances - governmental funds. \$ 145,593

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	(555,822)	
Capital outlays	<u>2,047,499</u>	
Excess (deficiency) of capital outlay over depreciation expense		1,491,677

In the Statement of Activities, certain operating expenses - compensated absences payable and are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):

(Increase) decrease in compensated absences payable for the year	(9,180)
--	---------

Proceeds from the issuance of notes payable are shown as Other Financing Sources in the fund financial statements but result in an increase in liabilities in the Statement of Net Assets, and have no effect on the Statement of Activities.	(581,320)
---	-----------

Repayment of bond and notes payable principal, and principal payments on lease - purchase payments are an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.	415,555
--	---------

Proceeds from new capital lease in current fiscal year	(57,428)
--	----------

Forgiveness of notes payable by State of New Mexico, Board of Finance, of notes payable issued in prior year.	381,000
---	---------

Because some property taxes will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. The change in the liability for the year was:

	<u>10,503</u>
Change in net assets of governmental activities	<u>\$ 1,796,400</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	401			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 3,210,802	\$ 3,210,802	\$ 2,991,036	\$ (219,766)
Other local sources	85,625	449,325	444,268	(5,057)
Local and state-shared taxes	592,020	592,020	644,349	52,329
State sources	175,000	175,000	182,000	7,000
Federal sources	221,822	221,822	220,587	(1,235)
Charges for services	399,088	399,088	368,255	(30,833)
Interest	4,800	4,800	40,489	35,689
Total Revenues	4,689,157	5,052,857	4,890,984	(161,873)
Other financing sources:				
Transfers in	13,243	13,243	13,243	-0-
Total revenues and other financing sources	4,702,400	5,066,100	4,904,227	(161,873)
EXPENDITURES:				
General government	1,944,432	2,308,132	2,185,194	122,938
Public safety	897,781	897,781	773,822	123,959
Highways and streets				
Health and welfare	151,879	151,879	127,088	24,791
Culture and recreation				
Total Expenditures	2,994,092	3,357,792	3,086,104	271,688
Other financing uses:				
Transfers out	1,362,189	1,376,189	1,376,189	-0-
Total expenditures and other financing sources	4,356,281	4,733,981	4,462,293	271,688
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 346,119	\$ 332,119	\$ 441,934	\$ 109,815

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ROAD
FOR THE YEAR ENDED JUNE 30, 2007

	402			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources	\$ 5,600	\$ 5,600	\$ 7,121	\$ 1,521
Local and state-shared taxes	697,000	697,000	702,028	5,028
State sources	313,608	313,608	356,075	42,467
Federal sources	10,500	10,500	13,520	3,020
Charges for services	6,000	6,000	4,285	(1,715)
Interest	6,000	6,000	14,260	8,260
Total Revenues	1,038,708	1,038,708	1,097,289	58,581
Other financing sources:				
Transfers in	104,536	104,536	104,536	-0-
Total revenues and other financing sources	1,143,244	1,143,244	1,201,825	58,581
EXPENDITURES:				
General government				
Public safety				
Highways and streets	1,496,430	1,496,430	1,264,308	232,122
Health and welfare				
Culture and recreation				
Total Expenditures	1,496,430	1,496,430	1,264,308	232,122
Excess (deficiency) of revenues and other financing sources over expenditures	(353,186)	(353,186)	\$ (62,483)	\$ 290,703
Prior year cash balance required to balance budget	\$ 353,186	\$ 353,186		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - JAIL
FOR THE YEAR ENDED JUNE 30, 2007

	420			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources	\$ 177,000	\$ 177,000	\$ 132,719	\$ (44,281)
Local and state-shared taxes	214,000	214,000	235,228	21,228
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	391,000	391,000	367,947	(23,053)
Other financing sources:				
Transfers in	987,677	1,001,677	1,001,677	-0-
Total revenues and other financing sources	1,378,677	1,392,677	1,369,624	(23,053)
EXPENDITURES:				
General government				
Public safety	1,150,562	1,150,562	1,132,923	17,639
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	1,150,562	1,150,562	1,132,923	17,639
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 228,115	\$ 242,115	\$ 236,701	\$ (5,414)

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - CIVIL DEFENSE
FOR THE YEAR ENDED JUNE 30, 2007

	604			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources	\$ 334,430	\$ 760,241	\$ 901,934	\$ 141,693
Charges for services				
Interest				
Total Revenues	<u>\$ 334,430</u>	<u>\$ 760,241</u>	<u>\$ 901,934</u>	<u>\$ 141,693</u>
Other financing sources:				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>
Total revenues and other financing sources	<u>359,430</u>	<u>785,241</u>	<u>926,934</u>	<u>141,693</u>
EXPENDITURES:				
General government				
Public safety	315,406	741,217	85,534	655,683
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>315,406</u>	<u>741,217</u>	<u>85,534</u>	<u>655,683</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ 44,024</u>	<u>\$ 44,024</u>	<u>\$ 841,400</u>	<u>\$ 797,376</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Due from other governmental unit	\$ 94,820
Property taxes receivable	<u>742,006</u>
Total assets	<u>\$ 836,826</u>
LIABILITIES	
Deposits held for others	\$ 94,820
Due to other governmental units	<u>742,006</u>
Total liabilities	<u>\$ 836,826</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Torrance was 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.

The financial statements of the County of Torrance (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the County's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement #34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The County implemented the provisions of GASB # 34 and its later amendments effective July 1, 2003.

A. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the County may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The County has no *component units*, as defined by GASB Statement No. 14, as there are no other legally separate organizations for which the elected Commissioners are financially accountable.

B. BASIC FINANCIAL STATEMENTS - GASB STATEMENT #34

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The new reporting model focus is on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and

receivables as well as long-term debt and obligations. The County did not have any business-type activities during the year ended June 30, 2007.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). Historically, the previous mode did not summarize or present net cost by function or activity. The County does not currently employ indirect cost allocation systems.

This government-wide focus is more on the sustainability of the County as an entity and in aggregate financial position resulting from the activities of the current fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) are summarized into a single column.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the government-wide presentation.

Internal activity between the various funds is eliminated in the government-wide financial statements. Interfund receivables and payables at June 30, 2007 have been eliminated. These consist of amounts titled "Interfund receivable (payable)" and "Due from (to) other funds."

The County's fiduciary funds (agency funds) are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are presented separately in the governmental funds and are not incorporated into the government-wide statements.

C. BASIS OF PRESENTATION

The accounts of the County are organized and operated on the basis of funds. 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.

The funds of the County are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and description of each existing fund type follow.

Governmental Funds

Governmental funds are used to account for the County's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund - the primary operating fund of the County accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds - account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

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.

Under the requirements of GASB #34, the County is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

General Fund - The primary operating fund of the County accounts for all financial resources, except those required to be accounted for in other funds. Per GASB #34, the General Fund is always included as a major fund.

Road Fund - To account for funds used to maintain roads for which the County has responsibility. Financing is provided by motor vehicles fees flowing through the state. Expenditures are restricted to the construction and maintenance of County Roads. Authority is Section 67-4-1 NMSA 1978.

Jail Fund - To account for resources used to operate the Torrance County Detention Center, which is run by a private firm under contract. Funding is provided by charges to local municipalities, the New Mexico Department of Corrections, administrative fees paid by Corrections Corporation of America, and transfers from the Torrance County General Fund. This fund also accounts for the Community Monitoring Program. Authority is the U.S. Department of Justice.

Debt Service Fund - This fund accounts for property tax revenues collected to pay off the current year's debt service on the General Obligation Bonds of the County.

Civil Defense Fund - To account for a grant from the State of New Mexico for the operation of the Civil Defense Unit. Proceeds are 25% from the State of New Mexico and 75% from reimbursements from the Federal Emergency Management Agency (FEMA). Authority is FEMA.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the County. The County only had agency funds during the year ended June 30, 2007. *Agency funds* are used to account for assets that the government holds for others in an agency capacity.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Fiduciary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

Modified Accrual - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers all property tax revenues available if they are collected within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Property taxes are recognized when levied. Derived tax revenues are recognized when the exchange transaction takes place. 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 governmental are also recognized as revenue. These are generally received within 60 days of year end. 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.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

E. 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 monies.

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

The County property tax bills must be mailed by November 1st, the first half of the assessed tax is due November 10th and becomes delinquent December 10th, the second half of the assessed tax becomes due April 10th and becomes delinquent May 10th. The applicable property is subject to lien and penalties and interest are 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, 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 cash 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.

The County's Operational tax rate for the current year was 11.396 mils for residential property and 11.850 mils for nonresidential property. The Debt Service tax rate was 1.381 mils for both types of property.

F. 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 to 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 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, Debt Service Fund, and Capital Projects Funds.

Budgets for the General, Special Revenue, Debt Service, and Capital Projects 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 approved by the Department of Finance and Administration;
- 6. The level of classification detail in which expenditures may not legally exceed appropriation for budget is at the fund level.

G. ASSETS, LIABILITIES AND FUND 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. Accounts Receivable

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. In the government-wide statements, property taxes are recognized in this year for which the taxes are levied. Property taxes receivable are shown net of an allowance for uncollectibles. The allowance is equal to 4% of outstanding property taxes at June 30, 2007. In the governmental funds statements, those property taxes receivable which are not available within sixty days are deferred. Nonexchange transactions, including grants and contributions, which are not measurable (reasonably estimated) are not recognized.

3. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The County does not capitalize interest in regards to its capital assets. The County capitalizes purchased software, but has no internally-developed software.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Land improvements	20 years
Buildings & building improvements	20-40 years
Furniture and equipment	3-7 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The County infrastructure assets consist of roads only. These are depreciated over an estimated useful life of 10 years. In accordance with the provisions of GASB Statement #34, the County is considered to be a Phase 3 Government (total annual revenues of less than \$10 million) and has elected to report infrastructure assets in a prospective manner only. That is, infrastructure in place before July 1, 2003 is not reported.

4. Deferred Revenues

The County reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In

subsequent periods, when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

5. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets. The General Funds is typically the fund used to liquidate compensated absences not liquidated by another fund.

6. *Long-term Liabilities*

For government-wide reporting, the costs associated with bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34, the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

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

7. *Fund Balances of Fund Financial Statements*

Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The County designates the portion of the year end fund balance, not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

8. *Restricted Net Assets*

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets used are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

The County's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

9. *Interfund Transactions*

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

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

10. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. **CASH AND INVESTMENTS**

A. Cash

The County operates a pooled cash fund. That is, all cash is held in a single bank account and in investments (see 2.C. below) and accounted for by fund. In the fund financial statements, total cash and investments are reported in the General Fund. Cash in other governmental funds is reported as "Due From Other Funds" (or as "Due To Other Funds" in the case of a fund overdraft) with a corresponding amount in the General Fund. Cash in the Agency Funds is reported as "Due From Other Governmental Units," with a corresponding entry in the General Fund.

A reconciliation of cash and investments follows:

Total cash on deposit, Wells Fargo Bank	\$ 682,953
Total investments, Local Government Investment Pool (see Note 2 C)	3,332,687
Deposit in transit	9,063
Petty cash	300
Less: Outstanding checks and warrants	<u>(256,876)</u>
Total cash and investments	<u>\$ 3,768,127</u>
Per financial statements:	
Cash and investments	<u>\$ 3,768,127</u>

Total cash and investments which belong to the General Fund only is calculated as follows, (shown in the Balance Sheet – Governmental Funds):

Total cash and investments	\$ 3,768,127
Due from other funds	215,971
Due to other funds	(2,979,417)
Due to other governmental units	<u>(94,820)</u>
Cash and investments, General Fund	<u>\$ 909,861</u>

B. Pledged Collateral

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution.

A schedule of the collateral pledged against the deposits of the County is shown elsewhere in this report.

C. Investments

The County invests cash in the Local Government Investment Pool operated by the New Mexico State Treasurer.

Total cash invested with New Mexico
State Treasurer at June 30, 2007

\$ 3,332,687

The Local Government Investment Pool is operated by the New Mexico State Treasurer who is responsible for monitoring the collateralization requirements of these funds.

The credit risk for the balances above for the New Mexico State Treasurer's Investment Pool cannot be determined. The risk would be determined at the State Treasurer's Investment Pool level. The accounts of the State Treasurer's Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer's Local Government Investment Pool is not SEC registered. Section 6-10-10. 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10. 1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

D. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's policy regarding custodial credit risk is to comply with Section 6-10-17, NMSA (1978 Comp). At June 30, 2007, all funds of the County on deposit were covered either by Federal Deposit Insurance or by securities pledged by the institution in the County's name.

3. RECEIVABLES

Receivables at June 30, 2007 are comprised of the following:

	General	Road	Jail	Debt Service	Other Governmental Funds
Accounts receivable	\$ 12,535				\$ 2,328
State-shared taxes	29,312	\$ 87,904			
Federal grants receivable					
State grants receivable					124,976
Property taxes	737,981			\$ 68,440	
Total	<u>\$ 779,828</u>	<u>\$ 87,904</u>	<u>\$ -0-</u>	<u>\$ 68,440</u>	<u>\$ 127,304</u>

Property taxes receivable are shown net of an allowance for uncollectibles of 4% of the gross total. All amounts shown are considered collectible.

4. INTERFUND RECEIVABLES/PAYABLES

In the fund financial statements, total cash and investments are reported in the General Fund. Cash in other governmental funds is reported as "Due From Other Funds" (or as "Due To Other Funds" in the case of a fund overdraft) with a corresponding amount in the General Fund. These are summarized as follows:

	Due From	Due To
Major:		
General	\$ 215,972	\$ 2,979,417
Road	533,671	
Jail	8,587	
Debt Service	280,116	
Civil Defense	797,376	62,443
Non major:		
Other governmental funds	1,422,110	215,972
Total	<u>\$ 3,257,832</u>	<u>\$ 3,257,832</u>

These inter-fund receivables and payables are eliminated in the government-wide financial statements.

5. CAPITAL ASSETS

The following is a summary of changes in Capital Assets during the year:

	Balance, June 30, 2006 as originally reported	Adjustment	Balance, June 30, 2006 as restated	Additions	Deletions	Balance, June 30, 2007
Assets not depreciated:						
Land and right-of-way	\$ 378,342	\$ 5,578	\$ 383,920	\$ 17,016		\$ 400,936
Artwork and antiques	372,500		372,500			372,500
Construction in Progress	0	21,142	21,142	569,257		590,399
Assets being depreciated:						
Building and improvements	6,850,787	(44,607)	6,806,180	157,214		6,963,394
Furniture, fixtures and equipment	1,431,916		1,431,916	349,358		1,781,274
Vehicles	2,056,990	139,249	2,196,239	521,146	(12,439)	2,704,946
Infrastructure (Roads)	665,816		665,816	433,508		1,099,324
Subtotal	11,756,351	121,362	11,877,713	2,047,499	(12,439)	13,912,773
Less: Accumulated depreciation:						
Building and improvements	(2,527,044)	527,232	(1,999,812)	(160,727)		(2,160,539)
Furniture, fixtures and equipment	(846,609)	21,067	(825,542)	(116,090)		(941,632)
Vehicles	(1,457,480)	373,445	(1,084,035)	(190,750)	12,439	(1,262,346)
Infrastructure (Roads)	(122,448)	31,230	(91,218)	(88,255)		(179,473)
Total accumulated depreciation	(4,953,581)	952,974	(4,000,607)	(555,822)	12,439	(4,543,990)
Net capital assets	\$ 6,802,770	\$ 1,074,336	\$ 7,877,106	\$ 1,553,864	\$ -0-	\$ 9,368,783

The County has adjusted the original cost of the Buildings and improvements category, which resulted in an adjustment to its previously reported amounts for capital assets and accumulated depreciation. All capital assets except for land and right-of-way, art and antiques, and construction in progress are being depreciated.

Depreciation expense was charged as a direct expense to the functions of the government as follows:

General government	\$ 176,031
Public safety	254,971
Highways and streets	52,471
Health and welfare	70,822
Culture and recreation	1,527
Total depreciation expense	\$ 555,822

6. LONG-TERM DEBT

During the fiscal year ended June 30, 2007, the following changes occurred in the Long-Term Debt:

	Balance, June 30, 2006	Additions	Deletions	Balance, June 30, 2007	Due Within One Year
General obligation bonds payable	\$ 2,675,000		\$ (150,000)	\$ 2,525,000	\$ 150,000
Notes payable	599,000	581,320	(416,000)	764,320	53,593
Capital leases payable	432,547	57,428	(230,555)	259,420	177,541
Compensated absences payable	74,533	82,440	(73,260)	83,713	83,717
	<u>\$ 3,781,080</u>	<u>\$ 721,188</u>	<u>\$ (869,815)</u>	<u>\$ 3,632,453</u>	<u>464,851</u>
Amount considered Long-Term					3,167,602
Total					<u>\$ 3,632,453</u>

A. General Obligation Bonds

During the fiscal year ended June 30, 2002, the County issued \$3,050,000 of General Obligation Bonds, to acquire and improve a necessary site for and acquiring constructing, furnishing, equipping and improving a new County Courthouse. 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.

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

Year Ended June 30	Principal	Interest	Total
2008	\$ 150,000	\$ 113,613	\$ 263,613
2009	175,000	105,894	280,894
2010	200,000	97,238	297,238
2011	225,000	87,675	312,675
2012	250,000	77,113	327,113
2013-2017	<u>1,525,000</u>	<u>186,970</u>	<u>1,711,970</u>
Totals	<u>\$ 2,525,000</u>	<u>\$ 668,503</u>	<u>\$ 3,193,503</u>

B. Long-Term Notes

The County's long-term notes consist of the following:

1. Two obligations incurred in 1995 and 1996 with the New Mexico Finance Authority in the amounts of \$107,000 and \$27,000, respectively. These notes were obtained for the purpose of defraying the cost of acquiring equipment for fire protection in various areas of the County. The interest rates for the notes are 6.152% and 4.998%, respectively. The principal and interest payments are provided by the Fire Protection Fund and the Fire Protection Excise Tax Revenues, respectively. The New Mexico Finance Authority is intercepting these revenues.
2. A loan from the State of New Mexico, Board of Finance, in the amount of \$131,000 in October, 2004, for the purpose of operational assistance. Annual payments on this note, which carries no

rate of interest, were scheduled to begin in July, 2007. During the year ended June 30, 2007, the debt was forgiven.

3. During the year ended June 30, 2006, the County received a loan of \$250,000 from the State of New Mexico Board of Finance in order to assist the County with cash flow needs. Annual payments of \$50,000 were scheduled to begin in July, 2007. This note carries no rate of interest. During the year ended June 30, 2007, the debt was forgiven.
4. In February of 2006, the County entered into a loan agreement with the State of New Mexico Property Tax Division, Taxation and Revenue Department. This agreement will provide funds from the State Property Valuation Fund to enable the County to purchase a computer-assisted valuation system in order to comply with applicable state statutes regarding property assessment. This agreement will provide up to \$150,000 for this purpose. Annual payments of \$30,000 began in January, 2007. No interest will accrue if payments are made on time.
5. During the year ended June 30, 2007, the County received approval for a loan from the New Mexico Finance Authority in the amount of \$581,320 for the construction of a fire station in the Northeast Torrance Fire District. Revenues from the District's State Fire Allotment and Fire Protection Excise Tax will be pledged in repayment of this loan and will be intercepted by the Finance Authority.

Debt service requirements for all notes is as follows:

Year Ended June 30	Principal	Interest	Total
2008	\$ 53,593	\$ 20,224	\$ 73,817
2009	59,447	17,453	76,900
2010	59,962	16,621	76,583
2011	61,499	15,737	77,236
2012	32,058	14,798	46,856
2013-2017	166,710	58,600	225,310
2018-2022	153,565	37,347	190,912
2023-2027	177,486	15,518	193,004
Totals	<u>\$ 764,320</u>	<u>\$ 196,298</u>	<u>\$ 960,618</u>

C. Capital Leases

At June 30, 2007, the County had the following lease purchase agreements payable. These contracts are written so as to be in compliance with applicable state statutes.

Description	Date of Contract	Effective Rate of Interest	Original Amount	Principal Balance June 30, 2007
1. Information Leasing Corporation - Pierce Contender (Fire Truck)	June, 2001	5.76%	\$ 119,090	\$ 51,012
2. Chase Equipment Leasing - (9) Motor Graders	March, 2001	6.48%	780,106	67,786
3. LaSalle National Bank - Energy Conservation Program	March, 1998	6.09%	84,675	10,889
4. Chase Equipment Leasing - (3) Motor Graders	September, 2001	5.32%	294,174	72,305
5. Baystone Financial - (4) Sheriff Vehicles	May, 2007	6.23%	57,428	57,428
Totals			<u>\$ 1,335,473</u>	<u>\$ 259,420</u>

The annual requirements to amortize to maturity these agreements payable are as follows:

Year ended June 30	Total Payments
2008	\$ 191,456
2009	65,545
2010	21,156
Total	<u>278,157</u>
Less amount representing interest	<u>(18,737)</u>
Present value of minimum lease payments	<u>\$ 259,420</u>

D. Accrued 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.

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>
64	2.46	Less than 3 years of service
64	2.95	3 or more but less than 7
64	3.68	7 or more but less than 11
64	4.43	11 or more but less than 15
64	4.92	15 or more years of service
72	2.77	Less than 3 years of service
72	3.32	3 or more but less than 7
72	4.15	7 or more but less than 11
72	4.99	11 or more but less than 15
72	5.54	15 or more years of service
80	3.08	Less than 3 years of service
80	3.69	3 or more but less than 7
80	4.61	7 or more but less than 11
80	5.54	11 or more but less than 15
80	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. Also included in Accrued Compensated Absences is the liability for unused compensatory time.

7. ENVIRONMENTAL GROSS RECEIPTS TAX - PLEDGED REVENUES

Torrance County and other members of the Torrance County Solid Waste Authority, now known as the Estancia Valley Solid Waste Authority, entered into a loan agreement with the New Mexico Finance Authority in 1999. The loan amount was \$556,119, and the proceeds were used to a) refund Torrance County Series 1992 Environmental Revenue Bonds, and b) construct solid waste facilities for the Solid Waste Authority.

As part of the above agreement, the County pledged the revenues received from its 1/8 of 1% county environmental services gross receipts tax as security for payment of the loan agreement. The City of Moriarty, Town of Estancia, Town of Mountainair, and the Village of Willard, as members of the Solid Waste Authority also pledged revenues received from the 1/16 of 1% municipal environmental services gross receipts tax imposed by them. These revenues are all intercepted by the New Mexico Finance Authority.

The above referenced loan is payable solely from the pledged revenues noted above, and the note holder cannot look to any other revenues of the County in payment. The loan is not considered to be a general obligation of the County, and it is not included in the financial statements of the County.

8. TAX ROLL RECONCILIATION

Property taxes receivable, beginning of year	\$	1,482,895
Changes to Tax Roll:		
Taxes charged to treasurer for fiscal year		6,339,266
Adjustments:		
Net adjustments		(142,428)
Uncollected Taxes for 1996 Tax Year		6,164
Total receivables prior to collections		<u>7,685,897</u>
Collections for fiscal year ended June 30, 2007		<u>(6,072,952)</u>
Property taxes receivable, end of year	\$	<u>1,612,945</u>
Property taxes receivable by years:		
1997	\$	(4,089)
1998		(2,099)
1999		(1,696)
2000		(7,071)
2001		19,318
2002		143,433
2003		357,941
2004		132,580
2005		275,667
2006		<u>698,961</u>
Total taxes receivable	\$	<u>1,612,945</u>

9. OPERATING LEASES

The County has entered into operating leases for office equipment and vehicles. The minimum lease payments are:

2008	\$	<u>15,732</u>
	\$	<u>15,732</u>

The operating lease expenditures for the year ended June 30, 2007 were \$111,672.

10. COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel the resolution of these matters will not have a material adverse effect on the financial statements of the County.

The County accepts prisoners from the State of New Mexico Department of Corrections and U.S. Marshall Service and subcontracts with the Corrections Corporation of America (CCA) for housing those prisoners. If CCA fails to meet the contract requirements, the County could be liable for awards or damages resulting from legal actions filed by prisoners.

11. PERA PENSION PLAN

Plan Description. Substantially all of the full-time employees of the County participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple employer defined benefit public 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 by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Plan members are required to contribute 9.15% of gross covered salary for regular County employees and 7.0% for law enforcement personnel. The County is required to contribute 9.15% for regular employees and 10.0% for law enforcement personnel. The contribution requirements of the 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's contributions to PERA for the years ended 2007, 2006, and 2005 were \$181,797, \$185,966, and \$181,945, respectively, equal to the amount of the required contributions for each year.

12. POST-EMPLOYMENT BENEFITS

Plan description. The County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that indicates financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County's contributions to the RHCA for the years ended June 30, 2007, 2006 and 2005 were \$25,401 \$25,999, and \$25,337 respectively, which equal the required contributions for each year.

13. 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 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 the New Mexico County Insurance Authority Multi-Line Pool (Authority) includes 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 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) includes 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 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.

14. BUDGET - BASIS TO GAAP - BASIS RECONCILIATION

	General	Road	Jail	Debt Service	Civil Defense	Other Governmental Funds
Revenues per modified accrual basis	\$ 4,899,430	\$ 1,092,670	\$ 323,983	\$ 268,852	\$ 109,234	\$ 3,228,456
Differences attributable to accruals at beginning and ending of year:						
Property taxes receivable	(43,047)			(3,136)		
Accounts receivable	1,910		8,635			(995)
Intergovernmental receivable	32,731	4,619	35,329		44,023	288,090
Deferred revenue – grants					748,677	(8,953)
Other	(40)					(95,811)
Revenues per budgetary basis	<u>\$ 4,890,984</u>	<u>\$ 1,097,289</u>	<u>\$ 367,947</u>	<u>\$ 265,716</u>	<u>\$ 901,934</u>	<u>3,410,787</u>
	General	Road	Jail	Debt Service	Civil Defense	Other Governmental Funds
Expenditures per modified accrual basis	\$ 3,132,209	\$ 1,213,538	\$ 1,114,506	\$ 271,300	\$ 181,842	\$ 4,502,385
Differences attributable to accruals at beginning and ending of year:						
Accounts payable	11,560	(4,033)	21,705		(33,190)	(137,284)
Accrued payroll	(197)	(7,639)	(3,288)		(674)	(3,729)
Reclassification of Capital Lease And Loan	(57,428)					(581,320)
Reclassification of expenditures						(269,069)
Reclassification of expenditures for GAAP purposes		62,443			(62,443)	
Other	(40)	(1)			(1)	14,825
Expenditures per budgetary basis	<u>\$ 3,086,104</u>	<u>\$ 1,264,308</u>	<u>\$ 1,132,923</u>	<u>\$ 271,300</u>	<u>\$ 85,534</u>	<u>\$ 3,525,808</u>

15. TRANSFERS

The following transfers occurred during the year. These transfers, mainly from the General Fund, served the following purposes: a) close out grant funds which had deficit fund balances; b) subsidize the operations of the Road Fund and Jail Fund; and c) transfer the required matching funds to grant funds.

Fund	To	Amount
<u>Major Fund:</u>		
General	Road	\$ 104,536
General	Jail	1,001,677
General	Civil Defense	25,000
General	Nonmajor Governmental Funds	231,733
	Subtotal	1,362,946
<u>NonMajor:</u>		
Other Governmental Funds	Other Governmental Funds	18,796
	Total	<u>\$ 1,381,742</u>

16. DEFICIT FUND BALANCES

The following individual funds have deficit fund balances at June 30, 2007, as a result of a) expenditure of grant funds in excess of reimbursements or b) deficit in operations. If collections or reimbursements in future years are not sufficient, it is likely that the General Fund will be required to make up these deficits.

<u>Special Revenue:</u>	<u>Fund Balance (Deficit) at</u>
	<u>June 30, 2007</u>
Major:	
Jail	\$ (138,040)
Civil Defense	(47,608)
Nonmajor:	
N.E. Torrance Fire District	(21,933)
Maternal Health Care	(145,586)
DWI Program	(11,323)
Rodeo Grant	(4,673)
Domestic Violence	(91)
Traffic Safety	(1,430)
Underage Drinking	(1,462)
Legislative Appropriations	(81,104)

17. RESTATEMENT OF NET ASSETS

The County has restated its net assets at June 30, 2006, due to the changes noted as needed when the capital assets inventory was completed in the prior year. The effect of this adjustment is as follows:

Net Assets, June 30, 2006, as originally reported	\$ 6,333,448
Adjustment for omission of capital assets	<u>1,074,336</u>
Net Assets, June 30, 2006, as restated	<u>\$ 7,407,784</u>

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2007

	Special Revenue	Capital Projects	Total Other Governmental Funds
ASSETS			
Due from other funds	\$ 1,372,765	\$ 49,345	\$ 1,422,110
Accounts receivable	2,328		2,328
Intergovernmental receivable	124,976		124,976
Total Assets	<u>\$ 1,500,069</u>	<u>\$ 49,345</u>	<u>\$ 1,549,414</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 159,956	\$ 56,016	\$ 215,972
Accounts payable	217,707	25,088	242,795
Accrued payroll	14,334		14,334
Deferred revenue - grants	-0-		-0-
Total Liabilities	<u>391,997</u>	<u>81,104</u>	<u>473,101</u>
Fund Balances:			
Unreserved:			
Designated for subsequent year's expenditures	1,198,027	49,200	1,247,227
Undesignated	<u>(89,955)</u>	<u>(80,959)</u>	<u>(170,914)</u>
Total Fund Balances	<u>1,108,072</u>	<u>(31,759)</u>	<u>1,076,313</u>
Total Liabilities and Fund Balances	<u>\$ 1,500,069</u>	<u>\$ 49,345</u>	<u>\$ 1,549,414</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue	Capital Projects	Total Other Governmental Funds
Revenues:			
Local sources	\$ 149,718		\$ 149,718
State-shared taxes	966,541		966,541
State sources	713,821	\$ 569,168	1,282,989
Federal sources	663,956		663,956
Charges for services	132,100		132,100
Interest	29,765	3,387	33,152
Total Revenues	2,655,901	572,555	3,228,456
Expenditures:			
Current:			
General government	363,357	32,685	396,042
Public safety	1,360,628		1,360,628
Highways and streets			
Health and welfare	1,111,212		1,111,212
Culture and recreation	19,550		19,550
Capital outlay	867,355	747,598	1,614,953
Total Expenditures	3,722,102	780,283	4,502,385
Excess (deficiency) of revenues over expenditures	(1,066,201)	(207,728)	(1,273,929)
Other financing sources (uses):			
Loan proceeds	581,320		581,320
Operating transfers in	250,529		250,529
Operating transfers out	(18,796)		(18,796)
Total other financing sources (uses)	813,053		813,053
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(253,148)	(207,728)	(460,876)
Fund Balances, beginning of year	1,361,220	175,969	1,537,189
Fund Balances, end of year	\$ 1,108,072	\$ (31,759)	\$ 1,076,313

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

This page intentionally left blank

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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. The individual fire districts are Northeast Torrance, Torrance County District II, Duran, McIntosh, and Torreon-Tajique. Financing is provided from the County's share of the fire allotment issued by the State Fire Marshall under 59A-53-5, NMSA 1978, and also by gross receipts taxes approved by the voters of the County.

Law Enforcement Protection Fund - To account for a grant from the State of New Mexico Corrections Department through the Law Enforcement Protection Act. The funding is to be used for law enforcement improvements. Authority is 29-13-1, NMSA 1978.

Fire Pool 1/4% Tax 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 7-20E-15 and 7-20E-16, NMSA 1978.

County 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. Authority is the County Commission.

Fire Department Administration Fund - This fund is used to provide resources to administer the volunteer fire districts. Funds are provided by an allotment from the State Fire Marshall and gross receipts taxes. Authorized by 59A-53-5, NMSA 1978.

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 27-5-7, NMSA 1978.

Emergency Medical Services (EMS) Fund - To account for a grant from the State of New Mexico to be used for the provision 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-3 through 10, NMSA 1978.

DWI Seizure Fund - To account for resources collected under the DWI Seizure Ordinance. Authority is Torrance County Ordinance No. 2004-1, pursuant to authority contained in Section 4-37-1, NMSA, 1978.

Maternal Health Care Fund - To account for a grant from the State of New Mexico Department of Health, to provide maternal child health coordination, adolescent pregnancy prevention, prenatal care coordination, information and referral services and maternal child health tracking services. Also included in this fund are grants for substance abuse prevention and transportation services for health-related issues. Authority is Section 24-1B-1 to 24-1B-7, NMSA 1978.

Environmental Gross Receipts Tax Fund - To account for funds received for environmental gross receipts taxes that are then provided to the Torrance County Solid Waste Authority to help repay a loan arranged with the New Mexico Finance Authority. Authority is the County Commission.

Safety Program Fund - To be used to account for fees received from the use of a separate dumping area (asbestos and construction). The proceeds are used in the County's safety program. Authority is the County Commission.

DWI Program 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 6-5-8, NMSA 1978.

Energy Conservation - To account for funds which are used to update various fixed assets with more efficient units. Authority is the County Commission.

Treasurer's Fee Fund - To account for certain fees collected by the County Treasurer's Office. Resources are to be used for the upgrade of equipment in the office. Authorized by County Commission Resolution #2005-24.

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 14-89-12.2, NMSA 1978).

Rodeo Initiative Fund - To account for funds to be used for the improvement of the rodeo grounds in Mountainair. The source of these funds is a state appropriation and local matching funds. Authority is County Commission Resolution # 2005-52 and Laws of 2005, Chapter 347, Section 16.

Board of Finance Loan Fund - To account for the proceeds of a loan from the State of New Mexico Board of Finance. Authorized by County Resolution and Board of Finance Loan Agreement #209-103.

Dr. Saul Scholarship Fund - To account for monies received on behalf of a local citizen, which proceeds are to be used for scholarships for County youth interested in the medical profession. Authority is the County Commission.

Estancia Basin Water Study Fund - To account for funds received from local grants and from sales of Water Conservation booklets to study water issues and to help inform and educate the County's residents about the Estancia Basin. Authority is the County Commission.

Rural Addressing Fund - To account for the proceeds of a part of the 1/4% gross receipts tax, to be used to mark rural addresses for use by emergency personnel. Authority is Section 67-3-28.2 NMSA 1978.

Planning and Zoning Court Fees Fund - To account for the court fees which are the result of a zoning case. Authority is the Torrance County Commission.

Domestic Violence Fund - To account for a grant from the U.S. Department of Justice to be used for the prevention of domestic violence. Authority is the U.S. Department of Justice.

Domestic Violence Court Fee Fund - To account for court fees levied by the Moriarty Magistrate Court which will be used as matching revenues for the Domestic Violence Grant. Authority is Section 6-11-6 NMSA 1978.

Title III Forest Reserve Fund - To account for resources received from the Secure Rural Schools and Community Self Determination Act of 2000 to be used only for Search, Rescue and Emergency Services, Community Service Work Camps or Easement Purchases. Authority is P.L. 106-393.

UHP 2002 Fund - To account for a grant under the Universal Hiring program. Authority is the U.S. Department of Justice.

Universal Hiring Grant Fund - To account for grant funds provided by the U.S. Department of Justice to hire additional officers for the Torrance County Sheriff's Department. Authority is the U.S. Department of Justice.

Drug Education Program Fund - To account for fees received from offenders (instead of a fine) to be used to educate people about the dangers of drug abuse. Authority is 9-17-17 NMSA 1978.

Traffic Safety Fund - To account for funds received from the U.S. Department of Transportation passed through the State of New Mexico Highway and Transportation Department for the purpose of helping local law enforcement officers reduce highway deaths and injuries resulting from individuals riding unrestrained or improperly restrained in motor vehicles, to increase seat belt use rates, and to discourage drunk driving. Authority is the U.S. Department of Transportation.

Forest Service Patrol Fund - To account for funds received from the U.S. Forest Service for the provision of police services in and around National Forest areas. Authority is the U.S. Forest Service.

Bulletproof Vest Fund - To account for resources received from the Department of Justice to purchase armor vests meeting established ballistic or stab standards. The Authority is the Department of Justice.

COPS in School Fund - To account for a grant from the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS), to be used to hire four new, additional full-time officers. Authority is the U.S. Department of Justice.

Emergency 911 Fund - To account for grant funds that are to be used to pay for 911 training. 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".

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	403	404	405	406	407
	Farm And Range	Recreation	N.E. Torrance Fire District	Fire District No. II	Duran Fire District
ASSETS					
Due from other funds		\$ 661	\$ 52,652	\$ 78,775	\$ 298,746
Accounts receivable					
Intergovernmental receivable			2,873	4,493	2,621
Total Assets	\$ -0-	\$ 661	\$ 55,525	\$ 83,268	\$ 301,367
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds					
Accounts payable			\$ 77,458	\$ 303	\$ 265
Accrued payroll and taxes					
Deferred revenue - grants					
Total Liabilities	\$ -0-	\$ -0-	77,458	303	265
Fund Balances:					
Unreserved:					
Designated for subsequent year's expenditures		350		78,775	298,746
Undesignated		311	(21,933)	4,190	2,356
Total Fund Balances	-0-	661	(21,933)	82,965	301,102
Total Liabilities and Fund Balances	\$ -0-	\$ 661	\$ 55,525	\$ 83,268	\$ 301,367

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

<u>408</u> <u>McIntosh</u> <u>Fire</u> <u>District</u>	<u>409</u> <u>Torreon-</u> <u>Tajique</u> <u>Fire District</u>	<u>410</u> <u>Law</u> <u>Enforcement</u> <u>Protection</u>	<u>411</u> <u>Fire Pool</u> <u>1/4% Tax</u>	<u>412</u> <u>County Fair</u> <u>Board</u>	<u>413</u> <u>Fire Dept.</u> <u>Admin.</u>
\$ 14,378	\$ 403,258		\$ 42,066 2,328		\$ 80,294
<u>4,493</u>	<u>2,621</u>			<u>\$ 3,329</u>	
<u>\$ 18,871</u>	<u>\$ 405,879</u>	<u>\$ -0-</u>	<u>\$ 44,394</u>	<u>\$ 3,329</u>	<u>80,294</u>
\$ 988					\$ 248
<u>988</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ -0-</u>	<u>248</u>
14,073	403,257		42,066		77,895
<u>3,810</u>	<u>2,622</u>		<u>2,328</u>	<u>3,329</u>	<u>2,151</u>
<u>17,883</u>	<u>405,879</u>		<u>44,394</u>	<u>3,329</u>	<u>80,046</u>
<u>\$ 18,871</u>	<u>\$ 405,879</u>	<u>\$ -0-</u>	<u>\$ 44,394</u>	<u>\$ 3,329</u>	<u>\$ 80,294</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2007

	414	415	416	418	423
	Indigent	EMS	DWI Seizure	Maternal Health Care	Environmental Gross Receipts Tax
ASSETS					
Due from other funds	\$ 23,311	\$ 19,567			
Accounts receivable					
Intergovernmental receivable	19,977			\$ 64,809	\$ 9,381
Total Assets	\$ 43,288	\$ 19,567	\$ -0-	\$ 64,809	\$ 9,381
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds				\$ 135,276	
Accounts payable	\$ 40,923	\$ 2,328		75,119	
Accrued payroll and taxes					
Deferred revenue - grants					
Total Liabilities	40,923	2,328	\$ -0-	210,395	\$ -0-
Fund Balances:					
Unreserved:					
Designated for subsequent year's expenditures	2,365	17,239			
Undesignated				(145,586)	9,381
Total Fund Balances	2,365	17,239		(145,586)	9,381
Total Liabilities and Fund Balances	\$ 43,288	\$ 17,239	\$ -0-	\$ 64,809	\$ 9,381

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

<u>600</u>	<u>605</u>	<u>606</u>	<u>609</u>	<u>610</u>	<u>612</u>
<u>Safety Program</u>	<u>DWI Program</u>	<u>Energy Conservation</u>	<u>Treasurer's Fee</u>	<u>Reappraisal</u>	<u>Clerk's Equipment</u>
\$ 5,240		\$ 688	\$ 13,024	\$ 123,899	\$ 8,896
<u>\$ 5,240</u>	<u>\$ -0-</u>	<u>\$ 688</u>	<u>\$ 13,024</u>	<u>\$ 123,899</u>	<u>\$ 8,896</u>
\$ 1,155	\$ 9,958 1,365			\$ 140	
<u>\$ 1,155</u>	<u>11,323</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 140</u>	<u>\$ -0-</u>
4,085	(11,323)	688	13,024	109,081 14,678	8,896
<u>4,085</u>	<u>(11,323)</u>	<u>688</u>	<u>13,024</u>	<u>123,759</u>	<u>8,896</u>
<u>\$ 5,240</u>	<u>\$ -0-</u>	<u>\$ 688</u>	<u>\$ 13,024</u>	<u>\$ 123,899</u>	<u>\$ 8,896</u>

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2007**

	630	632	634	641	650
	Esperanza Clinic	Rodeo Clinic	Court Forfeiture	Dr. Saul Scholarship	Estancia Basin Water Study
ASSETS					
Due from other funds	\$ 2,706				\$ 39,199
Accounts receivable					
Intergovernmental receivable					
Total Assets	\$ 2,706	\$ -0-	\$ -0-	\$ -0-	\$ 39,199
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds		\$ 4,673			
Accounts payable					
Accrued payroll and taxes					
Deferred revenue - grants					
Total Liabilities	\$ -0-	\$ 4,673	\$ -0-	\$ -0-	\$ -0-
Fund Balances:					
Unreserved:					
Designated for subsequent year's expenditures	2,600				39,199
Undesignated	106	(4,673)			
Total Fund Balances	2,706	(4,673)			39,199
Total Liabilities and Fund Balances	\$ 2,706	\$ -0-	\$ -0-	\$ -0-	\$ 39,199

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

<u>675</u>	<u>685</u>	<u>690</u>	<u>692</u>	<u>693</u>	<u>801</u>
Rural Addressing	Planning & Zoning Court Fees	Domestic Violence	Domestic Violence Court Fee	Title III Forest Reserve	UHP 2002
\$ 5,531	\$ 2,368		\$ 15,758	\$ 9,833	\$ 7,619
		\$ 10,379			
<u>\$ 5,531</u>	<u>\$ 2,368</u>	<u>\$ 10,379</u>	<u>\$ 15,758</u>	<u>\$ 9,833</u>	<u>\$ 7,619</u>
		\$ 7,378 2,243 849			904
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>10,470</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 904</u>
5,529 2	2,368	(91)	15,000 758	9,800 33	6,715
<u>5,531</u>	<u>2,368</u>	<u>(91)</u>	<u>15,758</u>	<u>9,833</u>	<u>6,715</u>
<u>\$ 5,531</u>	<u>\$ 2,368</u>	<u>\$ 10,379</u>	<u>\$ 15,758</u>	<u>\$ 9,833</u>	<u>\$ 7,619</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2007

	802	804	805	808	809
	Universal Hiring	Drug Education Program	Traffic Safety	Forest Service Patrol	Bulletproof Vest
ASSETS					
Due from other funds	\$ 119	\$ 34,862		\$ 5,160	\$ 1,200
Accounts receivable					
Intergovernmental receivable					
Total Assets	<u>\$ 119</u>	<u>\$ 34,862</u>	<u>\$ -0-</u>	<u>\$ 5,160</u>	<u>\$ 1,200</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds			\$ 1,209		
Accounts payable					
Accrued payroll and taxes			221	\$ 404	
Deferred revenue - grants					
Total Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,430</u>	<u>404</u>	<u>\$ -0-</u>
Fund Balances:					
Unreserved:					
Designated for subsequent year's expenditures	119	21,000		4,756	1,200
Undesignated		13,662	(1,430)		
Total Fund Balances	<u>\$ 119</u>	<u>34,862</u>	<u>(1,430)</u>	<u>4,756</u>	<u>1,200</u>
Total Liabilities and Fund Balances	<u>\$ 119</u>	<u>\$ 34,862</u>	<u>\$ -0-</u>	<u>\$ 5,160</u>	<u>\$ 1,200</u>

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

<u>810</u>	<u>811</u>	<u>911</u>	
<u>COPS In Schools</u>	<u>Underage Drinking</u>	<u>Emergency 911</u>	<u>Total</u>
		\$ 82,955	\$ 1,372,765 2,328
			124,976
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 82,955</u>	<u>\$ 1,500,069</u>
			\$ 159,956
	\$ 1,462	\$ 16,537	217,707
		10,591	14,334
			-0-
<u>\$ -0-</u>	<u>1,462</u>	<u>27,128</u>	<u>391,997</u>
		38,740	1,198,027
	(1,462)	17,087	(89,955)
	(1,462)	55,827	1,108,072
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 82,955</u>	<u>\$ 1,500,069</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	403	404	405	406	407
	Farm And Range	Recreation	N.E. Torrance Fire District	Fire District No. II	Duran Fire District
Revenues:					
Local sources			\$ 2,253		\$ 2,971
Local and state-shared taxes		\$ 89	42,414	\$ 40,916	21,699
State sources					
Federal sources	\$ 1,667				
Charges for services					
Interest			1,715	5,122	10,099
Total Revenues	1,667	89	46,382	46,038	34,769
Expenditures:					
Current:					
General government					
Public safety			133,075	147,398	10,685
Highways and streets					
Health and welfare	22,767				
Culture and recreation		550			
Capital outlay			581,320		
Total Expenditures	22,767	550	714,395	147,398	10,685
Excess (deficiency) of revenues over expenditures	(21,100)	(461)	(668,013)	(101,360)	24,084
Other financing sources (uses):					
Loan proceeds			581,320		
Transfers in	20,373				
Transfers (out)					
Total other financing sources (uses)	20,373		581,320		
Net changes in fund balances	(727)	(461)	(86,693)	(101,360)	24,084
Fund balances, beginning of year	727	1,122	64,760	184,325	277,018
Fund balances, end of year	\$ -0-	\$ 661	\$ (21,933)	\$ 82,965	\$ 301,102

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

408 McIntosh Fire District	409 Torreon- Tajique Fire District	410 Law Enforcement Protection	411 Fire Pool 1/4% Tax	412 County Fair Board	413 Fire Dept. Admin.
\$ 850					\$ 5,826
40,916	\$ 21,699	\$ 25,400	\$ 26,016	\$ 16,885	
205,730	180,000		9,328		
2,835	9,091				
<u>250,331</u>	<u>210,790</u>	<u>25,400</u>	<u>35,344</u>	<u>16,885</u>	<u>5,826</u>
105,194	10,754	26,019	19,337		
				19,000	
214,035					
<u>319,229</u>	<u>10,754</u>	<u>26,019</u>	<u>19,337</u>	<u>19,000</u>	<u>-0-</u>
(68,898)	200,036	(619)	16,007	(2,115)	5,826
5,553					
<u>5,553</u>					
(63,345)	200,036	(619)	16,007	(2,115)	5,826
81,228	205,843	619	28,387	5,444	74,220
<u>\$ 17,883</u>	<u>\$ 405,879</u>	<u>\$ -0-</u>	<u>\$ 44,394</u>	<u>\$ 3,329</u>	<u>\$ 80,046</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	414	415	416	418	423
	Indigent	EMS	DWI Seizure	Maternal Health Care	Environmental Gross Receipts Tax
Revenues:					
Local sources	\$ 7,746		\$ 445		
Local and state-shared taxes	202,150				\$ 84,939
State sources		\$ 90,183		\$ 248,458	
Federal sources				338,331	
Charges for services					
Interest					
Total Revenues	209,896	90,183	445	586,789	84,939
Expenditures:					
Current:					
General government					
Public safety		22,885	445		
Highways and streets					
Health and welfare	219,267			751,776	90,281
Culture and recreation					
Capital outlay		72,000			
Total Expenditures	219,267	94,885	445	751,776	90,281
Excess (deficiency) of revenues over expenditures	(9,371)	(4,702)	-0-	(164,987)	(5,342)
Other financing sources (uses):					
Loan proceeds					
Transfers in					
Transfers (out)		(5,553)			
Total other financing sources (uses)		(5,553)			
Net changes in fund balances	(9,371)	(10,255)	-0-	(164,987)	(5,342)
Fund balances, beginning of year	11,736	27,494	-0-	19,401	14,723
Fund balances, end of year	\$ 2,365	\$ 17,239	\$ -0-	\$ (145,586)	\$ 9,381

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

<u>600</u>	<u>605</u>	<u>606</u>	<u>609</u>	<u>610</u>	<u>612</u>
<u>Safety Program</u>	<u>DWI Program</u>	<u>Energy Conservation</u>	<u>Treasurer's Fee</u>	<u>Reappraisal</u>	<u>Clerk's Equipment</u>
\$ 5,222					
	\$ 119,917				
9,403			\$ 10,388	\$ 66,871	\$ 23,928
<u>14,625</u>	<u>119,917</u>	<u>\$ -0-</u>	<u>\$ 10,388</u>	<u>66,871</u>	<u>23,928</u>
			3,568	94,429	41,125
	131,240	\$ 11,554			
15,441					
<u>15,441</u>	<u>131,240</u>	<u>11,554</u>	<u>3,568</u>	<u>94,429</u>	<u>41,125</u>
<u>(816)</u>	<u>(11,323)</u>	<u>(11,554)</u>	<u>6,820</u>	<u>(27,558)</u>	<u>(17,197)</u>
		11,554		30,093	
		11,554		30,093	
(816)	(11,323)	-0-	6,820	2,535	(17,197)
<u>4,901</u>	<u>-0-</u>	<u>688</u>	<u>6,204</u>	<u>121,224</u>	<u>26,093</u>
<u>\$ 4,085</u>	<u>\$ (11,323)</u>	<u>\$ 688</u>	<u>\$ 13,024</u>	<u>\$ 123,759</u>	<u>\$ 8,896</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (Continued)**
FOR THE YEAR ENDED JUNE 30, 2007

	630	632	634	641	650
	Esperanza Clinic	Rodeo Initiative	Court Forfeiture	Dr. Saul Scholarship	Estancia Basin Water Study
Revenues:					
Local sources			\$ 3,628		
Local and state-shared taxes					
State sources					
Federal sources					
Charges for services	\$ 1,200				
Interest					
Total Revenues	1,200	\$ -0-	3,628	\$ -0-	\$ -0-
Expenditures:					
Current:					
General government		49,127			56,961
Public safety			3,628		
Highways and streets					
Health and welfare					
Culture and recreation					
Capital outlay					
Total Expenditures		49,127	3,628		56,961
Excess (deficiency) of revenues over expenditures	1,200	(49,127)	-0-		(56,961)
Other financing sources (uses):					
Loan proceeds					
Transfers in					
Transfers (out)				(101)	
Total other financing sources (uses)				(101)	
Net changes in fund balances	1,200	(49,127)	-0-	(101)	(56,961)
Fund balances, beginning of year	1,506	44,454	-0-	101	96,160
Fund balances, end of year	\$ 2,706	\$ (4,673)	\$ -0-	\$ -0-	\$ 39,199

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

<u>675</u>	<u>685</u>	<u>690</u>	<u>692</u>	<u>693</u>	<u>801</u>
Rural Addressing	Planning & Zoning Court Fees	Domestic Violence	Domestic Violence Court Fee	Title III Forest Reserve	UHP 2002
\$ 4,150	\$ 8,210	\$ 96,125 3,720	\$ 4,185		\$ 7,950
<u>\$ 4,150</u>	<u>8,210</u>	<u>99,845</u>	<u>4,185</u>	<u>\$ -0-</u>	<u>\$ 7,950</u>
12,337	9,613	96,197		5,069	73,751
<u>12,337</u>	<u>9,613</u>	<u>96,197</u>	<u>-0-</u>	<u>5,069</u>	<u>73,751</u>
<u>8,187</u>	<u>(1,403)</u>	<u>3,648</u>	<u>4,185</u>	<u>(5,069)</u>	<u>(65,801)</u>
		19,077			72,516
		<u>19,077</u>			<u>72,516</u>
(8,187)	(1,403)	22,725	4,185	(5,069)	6,715
<u>13,718</u>	<u>3,771</u>	<u>(22,816)</u>	<u>11,573</u>	<u>14,902</u>	<u>-0-</u>
<u>\$ 5,531</u>	<u>\$ 2,368</u>	<u>\$ (91)</u>	<u>\$ 15,758</u>	<u>\$ 9,833</u>	<u>\$ 6,715</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (Continued)**
FOR THE YEAR ENDED JUNE 30, 2007

	802	804	805	808	809
	Universal Hiring	Drug Education Program	Traffic Safety	Forest Service Patrol	Bulletproof Vest
Revenues:					
Local sources	\$ 119	\$ 10,200			
Local and state-shared taxes					
State sources			\$ 11,451		
Federal sources				\$ 12,953	\$ 1,200
Charges for services					
Interest					
Total Revenues	119	10,200	11,451	12,953	1,200
Expenditures:					
Current:					
General government					
Public safety			5,225	8,197	
Highways and streets					
Health and welfare		11,680			
Culture and recreation					
Capital outlay					
Total Expenditures	-0-	11,680	5,225	8,197	-0-
Excess (deficiency) of revenues over expenditures	119	(1,480)	6,226	4,756	1,200
Other financing sources (uses):					
Loan proceeds					
Transfers in					
Transfers (out)					
Total other financing sources (uses)					
Net changes in fund balances	119	(1,480)	6,226	4,756	1,200
Fund balances, beginning of year	-0-	36,342	(7,656)	-0-	-0-
Fund balances, end of year	\$ 119	\$ 34,862	\$ (1,430)	\$ 4,756	\$ 1,200

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

<u>810</u>	<u>811</u>	<u>911</u>	
<u>COPS In Schools</u>	<u>Underage Drinking</u>	<u>Emergency 911</u>	<u>Total</u>
\$ 134		\$ 110,324	\$ 149,718
		468,818	966,541
	\$ 800	28,284	713,821
			663,956
		45	132,100
		903	29,765
<u>134</u>	<u>\$ 800</u>	<u>\$ 608,374</u>	<u>2,655,901</u>
			363,357
	2,262	643,910	1,360,628
			1,111,212
			19,550
			867,355
<u>-0-</u>	<u>2,262</u>	<u>643,910</u>	<u>3,722,102</u>
<u>134</u>	<u>(1,462)</u>	<u>(35,536)</u>	<u>(1,066,201)</u>
			581,320
		91,363	250,529
<u>(13,142)</u>			<u>(18,796)</u>
<u>(13,142)</u>		<u>91,363</u>	<u>813,053</u>
<u>(13,008)</u>	<u>(1,462)</u>	<u>55,827</u>	<u>(253,148)</u>
<u>13,008</u>	<u>-0-</u>	<u>-0-</u>	<u>1,361,220</u>
<u>\$ -0-</u>	<u>\$ (1,462)</u>	<u>\$ 55,827</u>	<u>\$ 1,108,072</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FARM AND RANGE
FOR THE YEAR ENDED JUNE 30, 2007

	403			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources	\$ 1,900	\$ 1,900	\$ 1,667	\$ (233)
Charges for services				
Interest				
Total Revenues	1,900	1,900	1,667	(233)
Other financing sources:				
Transfers in	20,373	20,373	20,373	309
Total revenues and other financing sources	22,273	22,273	22,040	(233)
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	23,000	23,000	22,767	233
Culture and recreation				
Total Expenditures	23,000	23,000	22,767	233
Excess (deficiency) of revenues and other financing sources over expenditures	(727)	(727)	\$ (727)	\$ -0-
Prior year cash balance required to balance budget	\$ 727	\$ 727		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - RECREATION
FOR THE YEAR ENDED JUNE 30, 2007

	404			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 150	\$ 150	\$ 214	\$ 64
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	150	150	214	64
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation	550	550	550	-0-
Total Expenditures	550	550	550	-0-
Excess (deficiency) of revenues and other financing sources over expenditures	(400)	(400)	\$ (336)	\$ 64
Prior year cash balance required to balance budget	\$ 400	\$ 400		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - NORTHEAST TORRANCE FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2007

	405			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources			\$ 2,253	\$ 2,253
Local and state-shared taxes	\$ 32,781	\$ 32,781	42,590	9,809
State sources				
Federal sources				
Charges for services				
Interest	<u>2,400</u>	<u>2,400</u>	<u>1,715</u>	<u>(685)</u>
Total Revenues	<u>35,181</u>	<u>35,181</u>	<u>46,558</u>	<u>11,377</u>
EXPENDITURES:				
General government				
Public safety	105,616	105,616	64,342	41,274
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>105,616</u>	<u>105,616</u>	<u>64,342</u>	<u>41,274</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(70,435)	(70,435)	<u>\$ (17,784)</u>	<u>\$ 52,651</u>
Prior year cash balance required to balance budget	<u>\$ 70,435</u>	<u>\$ 70,435</u>		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FIRE DISTRICT NO. II
FOR THE YEAR ENDED JUNE 30, 2007

	406			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 32,781	\$ 32,781	\$ 42,590	\$ 9,809
State sources				
Federal sources				
Charges for services				
Interest	<u>3,159</u>	<u>3,159</u>	<u>5,123</u>	<u>1,964</u>
Total Revenues	<u>35,940</u>	<u>35,940</u>	<u>47,713</u>	<u>11,773</u>
EXPENDITURES:				
General government				
Public safety	216,325	216,325	149,323	67,002
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>216,325</u>	<u>216,325</u>	<u>149,323</u>	<u>67,002</u>
Excess (deficiency) of revenues over expenditures	(180,385)	(180,385)	<u>\$ (101,610)</u>	<u>\$ 78,775</u>
Prior year cash balance required to balance budget	<u>\$ 180,385</u>	<u>\$ 180,385</u>		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DURAN FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2007

	407			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources			\$ 2,971	\$ 2,971
Local and state-shared taxes	\$ 14,670	\$ 14,670	22,309	7,639
State sources				
Federal sources				
Charges for services				
Interest	2,755	2,755	10,099	7,344
Total Revenues	17,425	17,425	35,379	17,954
EXPENDITURES:				
General government				
Public safety	291,437	291,437	10,646	280,791
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	291,437	291,437	10,646	280,791
Excess (deficiency) of revenues over expenditures	(274,012)	(274,012)	\$ 24,733	\$ 298,745
Prior year cash balance required to balance budget	\$ 274,012	\$ 274,012		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - MCINTOSH FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2007

	408			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources			\$ 586	\$ 586
Local and state-shared taxes	\$ 32,781	\$ 32,781	42,590	9,809
State sources				
Federal sources	203,300	205,730	205,994	264
Charges for services				
Interest	2,328	2,328	2,835	507
Total Revenues	238,409	240,839	252,005	11,166
Other financing sources:				
Transfers in	5,553	5,553	5,553	
Total revenues and other financing sources	243,962	246,392	257,558	11,166
EXPENDITURES:				
General government				
Public safety	320,255	322,685	319,744	2,941
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	320,255	322,685	319,744	2,941
Excess (deficiency) of revenues and other financing sources over expenditures	(76,293)	(76,293)	\$ (62,186)	\$ 14,107
Prior year cash balance required to balance budget	\$ 76,293	\$ 76,293		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TORREON-TAJIQUE FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2007

	409			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 14,670	\$ 14,670	\$ 22,309	\$ 7,639
State sources	-0-	180,000	180,000	-0-
Federal sources				
Charges for services				
Interest	<u>2,755</u>	<u>2,755</u>	<u>9,091</u>	<u>6,336</u>
Total Revenues	<u>17,425</u>	<u>197,425</u>	<u>211,400</u>	<u>13,975</u>
EXPENDITURES:				
General government				
Public safety	223,213	403,213	13,932	389,281
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>223,213</u>	<u>403,213</u>	<u>13,932</u>	<u>389,281</u>
Excess (deficiency) of revenues over expenditures	(205,788)	(205,788)	<u>\$ 197,468</u>	<u>\$ 403,256</u>
Prior year cash balance required to balance budget	<u>\$ 205,788</u>	<u>\$ 205,788</u>		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
FOR THE YEAR ENDED JUNE 30, 2007

	410			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources	\$ 25,400	\$ 25,400	\$ 25,400	\$ -0-
Federal sources				
Charges for services				
Interest				
Total Revenues	25,400	25,400	25,400	-0-
EXPENDITURES:				
General government				
Public safety	26,019	26,019	26,019	-0-
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	26,019	26,019	26,019	-0-
Excess (deficiency) of revenues over expenditures	(619)	(619)	\$ (619)	\$ -0-
Prior year cash balance required to balance budget	\$ 619	\$ 619		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FIRE POOL 1/4% TAX
FOR THE YEAR ENDED JUNE 30, 2007

	411			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 19,900	\$ 19,900	\$ 30,422	\$ 10,522
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	19,900	19,900	30,422	10,522
EXPENDITURES:				
General government				
Public safety	50,880	50,880	19,337	31,543
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	50,880	50,880	19,337	31,543
Excess (deficiency) of revenues over expenditures	(30,980)	(30,980)	\$ 11,085	\$ 42,065
Prior year cash balance required to balance budget	\$ 30,980	\$ 30,980		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - COUNTY FAIR BOARD
FOR THE YEAR ENDED JUNE 30, 2007

	412			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 19,000	\$ 19,000	\$ 19,000	\$ -0-
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>-0-</u>
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>-0-</u>
Total Expenditures	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FIRE DEPARTMENT ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2007**

	413			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes			\$ 22,839	\$ 22,839
State sources	\$ -0-	\$ 30,000	-0-	(30,000)
Federal sources				
Charges for services				
Interest				
Total Revenues	-0-	30,000	22,839	(7,161)
EXPENDITURES:				
General government				
Public safety	42,058	72,058	20,616	51,442
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	42,058	72,058	20,616	51,442
Excess (deficiency) of revenues over expenditures	(42,058)	(42,058)	\$ 2,223	\$ 44,281
Prior year cash balance required to balance budget	\$ 42,058	\$ 42,058		

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

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - INDIGENT
FOR THE YEAR ENDED JUNE 30, 2007**

	414			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ 5,000	\$ 5,000	\$ 7,746	\$ 2,746
Local and state-shared taxes	301,580	301,580	214,841	(86,739)
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>306,580</u>	<u>306,580</u>	<u>222,587</u>	<u>(83,993)</u>
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	306,831	306,831	199,527	107,304
Culture and recreation				
Total Expenditures	<u>306,831</u>	<u>306,831</u>	<u>199,527</u>	<u>107,304</u>
Excess (deficiency) of revenues over expenditures	(251)	(251)	\$ 23,060	\$ 23,311
Prior year cash balance required to balance budget	<u>\$ 251</u>	<u>\$ 251</u>		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - EMS
FOR THE YEAR ENDED JUNE 30, 2007

	415			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources			\$ 90,183	\$ 90,183
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	90,183	90,183
EXPENDITURES:				
General government				
Public safety	112,124	112,124	92,557	19,567
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	112,124	112,124	92,557	19,567
Other financing uses:				
Transfers out	5,553	5,553	5,553	-0-
Total expenditures and other financing uses	117,677	117,677	98,110	19,567
Excess (deficiency) of revenues over expenditures and other financing uses	(117,677)	(117,677)	\$ (7,927)	\$ 109,750
Prior year cash balance required to balance budget	\$ 117,677	\$ 117,677		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DWI SEIZURE ORDINANCE
FOR THE YEAR ENDED JUNE 30, 2007

	416			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ 5,000	\$ 5,000	\$ 445	\$ (4,555)
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>445</u>	<u>(4,555)</u>
EXPENDITURES:				
General government				
Public safety	3,600	3,600	2,475	1,125
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>3,600</u>	<u>3,600</u>	<u>2,475</u>	<u>1,125</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ (2,030)</u>	<u>\$ (3,430)</u>

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

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - MATERNAL HEALTH CARE
FOR THE YEAR ENDED JUNE 30, 2007**

	418			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ 12,377	\$ 12,377		\$ (12,377)
Local and state-shared taxes				
State sources	503,576	853,693	\$ 385,419	(468,274)
Federal sources	176,339	176,339	174,840	(1,499)
Charges for services				
Interest				
Total Revenues	<u>692,292</u>	<u>1,042,409</u>	<u>560,259</u>	<u>(482,150)</u>
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	645,286	995,403	703,515	291,888
Culture and recreation				
Total Expenditures	<u>645,286</u>	<u>995,403</u>	<u>703,515</u>	<u>291,888</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 47,006</u>	<u>\$ 47,006</u>	<u>\$ (143,256)</u>	<u>\$ (190,262)</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ENVIRONMENTAL GROSS RECEIPTS TAX
FOR THE YEAR ENDED JUNE 30, 2007

	423			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 86,000	\$ 86,000	\$ 90,281	\$ 4,281
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	86,000	86,000	90,281	4,281
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay	86,000	86,000	90,281	(4,281)
Total Expenditures	86,000	86,000	90,281	(4,281)
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - SAFETY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007

	600			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources			\$ 5,222	\$ 5,222
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 10,300	\$ 10,300	9,403	9,403
Interest				
Total Revenues	10,300	10,300	14,625	14,625
EXPENDITURES:				
General government	15,201	15,201	14,286	915
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	15,201	15,201	14,286	915
Excess (deficiency) of revenues over expenditures and other financing uses	(4,901)	(4,901)	\$ 339	\$ 15,540
Prior year cash balance required to balance budget	\$ 4,901	\$ 4,901		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DWI PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007

	605			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 140,786	\$ 153,362	\$ 141,450	\$ (11,912)
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>140,786</u>	<u>153,362</u>	<u>141,450</u>	<u>(11,912)</u>
EXPENDITURES:				
General government				
Public safety	120,898	133,474	131,520	1,954
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>120,898</u>	<u>133,474</u>	<u>131,520</u>	<u>1,954</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 19,888</u>	<u>\$ 19,888</u>	<u>\$ 9,930</u>	<u>\$ (9,958)</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ENERGY CONSERVATION
FOR THE YEAR ENDED JUNE 30, 2007

	606			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other financing sources:				
Transfers in	11,554	11,554	11,554	-0-
Total revenues and other financing sources	11,554	11,554	11,554	-0-
EXPENDITURES:				
General government	12,242	12,242	11,554	688
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	12,242	12,242	11,554	688
Excess (deficiency) of revenues and other financing sources over expenditures	(688)	(688)	\$ -0-	\$ 688
Prior year cash balance required to balance budget	\$ 688	\$ 688		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TREASURER'S FEE
FOR THE YEAR ENDED JUNE 30, 2007

	609			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 11,000	\$ 11,000	\$ 10,388	\$ (612)
Interest				
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>10,388</u>	<u>(612)</u>
EXPENDITURES:				
General government	10,000	10,000	3,568	6,432
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,568</u>	<u>6,432</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,820</u>	<u>\$ 5,820</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - REAPPRAISAL
FOR THE YEAR ENDED JUNE 30, 2007

	610			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 66,225	\$ 66,225	\$ 68,204	\$ 1,979
Interest				
Total Revenues	66,225	66,225	68,204	1,979
Other financing sources:				
Transfers in	30,093	30,093	30,093	-0-
Total revenues and other financing sources	96,318	96,318	98,297	1,979
EXPENDITURES:				
General government	152,936	152,936	94,679	58,257
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	152,936	152,936	94,679	58,257
Excess (deficiency) of revenues and other financing sources over expenditures	(56,618)	(56,618)	\$ 3,618	\$ 60,236
Prior year cash balance required to balance budget	\$ 56,618	\$ 56,618		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - CLERK'S EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2007

	612			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 24,000	\$ 24,000	\$ 23,928	\$ (72)
Interest				
Total Revenues	24,000	24,000	23,928	(72)
EXPENDITURES:				
General government	47,545	47,545	41,125	6,420
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	47,545	47,545	41,125	6,420
Excess (deficiency) of revenues over expenditures	(23,545)	(23,545)	\$ (17,197)	\$ 6,348
Prior year cash balance required to balance budget	\$ 23,545	\$ 23,545		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ESPERANZA CLINIC
FOR THE YEAR ENDED JUNE 30, 2007

	630			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 1,200	\$ 1,200	\$ 1,200	\$ -0-
Interest				
Total Revenues	1,200	1,200	1,200	-0-
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	2,600	2,600	-0-	2,600
Culture and recreation				
Total Expenditures	2,600	2,600	-0-	2,600
Excess (deficiency) of revenues over expenditures	(1,400)	(1,400)	\$ 1,200	\$ 2,600
Prior year cash balance required to balance budget	\$ 1,400	\$ 1,400		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - RODEO INITIATIVE
FOR THE YEAR ENDED JUNE 30, 2007

	632			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources	\$ 1,657	\$ 1,657	\$ -0-	\$ (1,657)
Local and state-shared taxes				
State sources	46,111	46,111	-0-	(46,111)
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>47,768</u>	<u>47,768</u>	<u>-0-</u>	<u>(47,768)</u>
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation	<u>92,222</u>	<u>92,222</u>	<u>49,127</u>	<u>43,095</u>
Total Expenditures	<u>92,222</u>	<u>92,222</u>	<u>49,127</u>	<u>43,095</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(44,454)	(44,454)	<u>\$ (49,127)</u>	<u>\$ (4,673)</u>
Prior year cash balance required to balance budget	<u>\$ 44,454</u>	<u>\$ 44,454</u>		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - COURT FORFEITURE
FOR THE YEAR ENDED JUNE 30, 2007

	634			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources	\$ -0-	\$ 3,628	\$ 3,628	\$ -0-
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	-0-	3,628	3,628	-0-
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay	-0-	3,628	3,628	-0-
Total Expenditures	-0-	3,628	3,628	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - ESTANCIA BASIN WATER STUDY
FOR THE YEAR ENDED JUNE 30, 2007

	650			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	96,160	96,160	56,961	39,199
Culture and recreation				
Total Expenditures	96,160	96,160	56,961	39,199
Excess (deficiency) of revenues over expenditures	(96,160)	(96,160)	\$ (56,961)	\$ 39,199
Prior year cash balance required to balance budget	\$ 96,160	\$ 96,160		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - RURAL ADDRESSING
FOR THE YEAR ENDED JUNE 30, 2007

	675			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 4,325	\$ 4,325	\$ 4,150	\$ (175)
Interest				
Total Revenues	4,325	4,325	4,150	(175)
EXPENDITURES:				
General government	18,042	18,042	12,337	5,705
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	18,042	18,042	12,337	5,705
Excess (deficiency) of revenues over expenditures	(13,717)	(13,717)	\$ (8,187)	\$ 5,530
Prior year cash balance required to balance budget	\$ 13,717	\$ 13,717		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - PLANNING AND ZONING COURT FEES
FOR THE YEAR ENDED JUNE 30, 2007

	685			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 11,325	\$ 11,325	\$ 8,210	\$ (3,115)
Interest				
Total Revenues	11,325	11,325	8,210	(3,115)
EXPENDITURES:				
General government	12,825	12,825	11,176	1,649
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	12,825	12,825	11,176	1,649
Excess (deficiency) of revenues over expenditures	(1,500)	(1,500)	\$ (2,966)	\$ (1,466)
Prior year cash balance required to balance budget	\$ 1,500	\$ 1,500		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DOMESTIC VIOLENCE
FOR THE YEAR ENDED JUNE 30, 2007

	690			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources	\$ 1,860	\$ 1,860	\$ 3,720	\$ 1,860
Local and state-shared taxes				
State sources				
Federal sources	112,364	112,364	98,110	(14,254)
Charges for services				
Interest				
Total Revenues	114,224	114,224	101,830	(12,394)
Other financing sources:				
Transfers in	19,077	19,077	19,077	-0-
Total revenues and other financing sources	133,301	133,301	120,907	(12,394)
EXPENDITURES:				
General government				
Public safety	100,000	100,000	94,984	5,016
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	100,000	100,000	94,984	5,016
Excess (deficiency) of revenues over expenditures	\$ 33,301	\$ 33,301	\$ 25,923	\$ (7,378)

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DOMESTIC VIOLENCE COURT FEE
FOR THE YEAR ENDED JUNE 30, 2007

	692			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services	\$ 2,600	\$ 2,600	\$ 4,185	\$ 1,585
Interest				
Total Revenues	2,600	2,600	4,185	1,585
EXPENDITURES:				
General government				
Public safety	12,406	12,406	-0-	12,406
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	12,406	12,406	-0-	12,406
Excess (deficiency) of revenues over expenditures	(9,806)	(9,806)	\$ 4,185	\$ 13,991
Prior year cash balance required to balance budget	\$ 9,806	\$ 9,806		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TITLE III FOREST RESERVE
FOR THE YEAR ENDED JUNE 30, 2007

	693			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources	\$ -0-	\$ 10,000	\$ -0-	\$ (10,000)
Federal sources				
Charges for services				
Interest				
Total Revenues	-0-	10,000	\$ -0-	(10,000)
EXPENDITURES:				
General government	-0-	10,000	5,070	4,930
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	-0-	10,000	5,070	4,930
Excess (deficiency) of revenues over expenditures and other financing uses	\$ -0-	\$ -0-	\$ (5,070)	\$ (5,070)

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - UHP 2002
FOR THE YEAR ENDED JUNE 30, 2007

	801			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources	\$ -0-	\$ 59,367	\$ 59,367	\$ -0-
Charges for services				
Interest				
Total Revenues	49,972	59,367	59,367	-0-
Other financing sources:				
Transfers in	72,516	72,516	72,516	-0-
Total revenues and other financing sources	122,488	131,883	131,883	-0-
EXPENDITURES:				
General government				
Public safety	72,516	81,911	74,292	7,619
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	72,516	81,911	74,292	7,619
Excess (deficiency) of revenues over expenditures	\$ 49,972	\$ 49,972	\$ 57,591	\$ 7,619

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - UNIVERSAL HIRING
FOR THE YEAR ENDED JUNE 30, 2007

	802			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources	\$ -0-	\$ -0-	\$ 119	\$ 119
Charges for services				
Interest				
Total Revenues	-0-	-0-	119	119
Other financing sources:				
Transfers in			-0-	-0-
Total revenues and other financing sources	-0-	-0-	119	119
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures		-0-	-0-	-0-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -0-	\$ -0-	\$ 119	\$ 119

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - DRUG EDUCATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007

	804			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources	\$ 19,500	\$ 19,500	\$ 10,200	\$ (9,300)
Federal sources				
Charges for services				
Interest				
Total Revenues	19,500	19,500	10,200	(9,300)
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	31,500	31,500	12,933	18,567
Culture and recreation				
Total Expenditures	31,500	31,500	12,933	18,567
Excess (deficiency) of revenues over expenditures	(12,000)	(12,000)	\$ (2,733)	\$ 9,267
Prior year cash balance required to balance budget	\$ 12,000	\$ 12,000		

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

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - TRAFFIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2007**

	805			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	\$ -0-	\$ -0-	\$ 7,308	\$ 7,308
Local and state-shared taxes				
State sources	4,376	20,754	5,903	(14,851)
Federal sources	9,415	9,415	-0-	(9,415)
Charges for services				
Interest				
Total Revenues	<u>13,791</u>	<u>30,169</u>	<u>13,211</u>	<u>(16,958)</u>
EXPENDITURES:				
General government				
Public safety	4,376	20,754	5,004	15,750
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	<u>4,376</u>	<u>20,754</u>	<u>5,004</u>	<u>15,750</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ 9,415</u>	<u>\$ 9,415</u>	<u>\$ 8,207</u>	<u>\$ (1,208)</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FOREST SERVICE PATROL
FOR THE YEAR ENDED JUNE 30, 2007

	808			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources	\$ 3,885	\$ 11,000	\$ 11,000	\$ -0-
Charges for services				
Interest				
Total Revenues	3,885	11,000	11,000	-0-
EXPENDITURES:				
General government				
Public safety	6,210	13,325	8,166	5,159
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	6,210	13,325	8,166	5,159
Excess (deficiency) of revenues over expenditures	(2,325)	(2,325)	\$ 2,834	\$ 5,159
Prior year cash balance required to balance budget	\$ 2,325	\$ 2,325		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - BULLETPROOF VEST
FOR THE YEAR ENDED JUNE 30, 2007

	809			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources	\$ 3,633	\$ 3,633	\$ 1,200	\$ (2,433)
Charges for services				
Interest				
Total Revenues	3,633	3,633	1,200	(2,433)
EXPENDITURES:				
General government				
Public safety	3,633	3,633	-0-	3,633
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	3,633	3,633	-0-	3,633
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 1,200	\$ 1,200

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - COPS IN SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2007

	810			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	-0-	-0-	-0-	-0-
Other financing uses:				
Transfers out	13,142	13,142	13,142	-0-
Total expenditures and other financing uses	13,142	13,142	13,142	-0-
Excess (deficiency) of revenues over expenditures	(13,142)	(13,142)	\$ 13,142	\$ -0-
Prior year cash balance required to balance budget	\$ 13,142	\$ 13,142		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - UNDERAGE DRINKING GRANT
FOR THE YEAR ENDED JUNE 30, 2007

	811			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources	\$ -0-	\$ 3,150	\$ 800	\$ (2,350)
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>-0-</u>	<u>3,150</u>	<u>800</u>	<u>(2,350)</u>
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare	-0-	3,150	2,262	888
Culture and recreation				
Total Expenditures	<u>-0-</u>	<u>3,150</u>	<u>2,262</u>	<u>888</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (1,462)</u>	<u>\$ (1,462)</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - EMERGENCY 911
FOR THE YEAR ENDED JUNE 30, 2007

	911			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes	\$ 385,000	\$ 385,000	\$ 468,818	\$ 83,818
State sources	42,000	42,000	29,722	(12,278)
Federal sources				
Charges for services	113,000	113,000	108,931	(4,069)
Interest	-0-	-0-	903	903
Total Revenues	540,000	540,000	608,374	68,374
Other financing sources:				
Transfers in	116,363	116,363	116,363	-0-
Total revenues and other financing sources	656,363	656,363	724,737	68,374
EXPENDITURES:				
General government				
Public safety	638,398	638,398	628,906	9,492
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	638,398	638,398	628,906	9,492
Other financing uses:				
Transfers out	25,000	25,000	25,000	-0-
Total expenditures and other financing uses	663,398	663,398	653,906	9,492
Excess (deficiency) of revenues over expenditures	(7,035)	(7,035)	\$ 70,831	\$ 77,866
Prior year cash balance required to balance budget	\$ 7,035	\$ 7,035		

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

DEBT SERVICE FUND

The Debt Service Fund accumulates resources to service the debt resulting from the issuance of general obligation bonds.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	562			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources	\$ 267,175	\$ 271,300	\$ 265,716	\$ (5,584)
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	267,175	271,300	265,716	(5,584)
EXPENDITURES:				
Debt service	267,175	271,300	271,300	-0-
Total Expenditures	267,175	271,300	271,300	-0-
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ (5,584)	\$ (5,584)

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

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition, construction and repair of major capital assets.

Judicial Complex - To account for resources from General Obligation Bonds issued for the purpose of improving a necessary site for and acquiring, constructing, furnishing, and equipping a new County Courthouse.

Reappraisal Loan - To account for proceeds of a loan from the State of New Mexico Property Valuation Fund used to purchase a computerized reappraisal system. Authorized by Section 7-35-3 (B), NMSA, 1978.

Legislative Appropriations - To account for resources received from State of New Mexico Legislative Appropriations for the acquisition of capital assets for Torrance County. Authorized by the legislation involved.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007

	424 Judicial Complex	633 Reappraisal Loan	803 Legislative Appropriations	Total
ASSETS				
Due from other funds	\$ 49,345			\$ 49,345
Intergovernmental receivable				
Total Assets	<u>\$ 49,345</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 49,345</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds			\$ 56,016	\$ 56,016
Accounts payable			25,088	25,088
Total Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>81,104</u>	<u>81,104</u>
Fund Balances:				
Unreserved:				
Designated for subsequent year's expenditures	49,200			49,200
Undesignated	145		(81,104)	(80,959)
Total Fund Balances	<u>49,345</u>	<u>-0-</u>	<u>(81,104)</u>	<u>(31,759)</u>
Total Liabilities and Fund Balances	<u>\$ 49,345</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 49,345</u>

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	424 Judicial Complex	633 Reappraisal Loan	803 Legislative Appropriations	Total
Revenues:				
Local sources				
Local and state-shared taxes				
State sources			\$ 569,168	\$ 569,168
Federal sources				
Charges for services				
Interest	\$ 3,387			3,387
Total Revenues	3,387	\$ -0-	569,168	572,555
Expenditures:				
Current:				
General government	32,685			32,685
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital outlay		97,326	650,272	747,598
Total Expenditures	32,685	97,326	650,272	780,283
Excess (deficiency) of revenues over Expenditures	(29,298)	(97,326)	(81,104)	(207,728)
Other financing sources (uses):				
Loan proceeds				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses)				
Net changes in fund balances	(29,298)	(97,326)	(81,104)	(207,728)
Fund Balances, beginning of year	78,643	97,326		175,969
Fund Balances, end of year	\$ 49,345	\$ -0-	\$ (81,104)	\$ (31,759)

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND - JUDICIAL COMPLEX
FOR THE YEAR ENDED JUNE 30, 2007

	424			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest	\$ 1,200	\$ 1,200	\$ 3,387	\$ 2,187
Total Revenues	1,200	1,200	3,387	2,187
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay	79,842	79,842	32,685	47,157
Total Expenditures	79,842	79,842	32,685	47,157
Excess (deficiency) of revenues over expenditures	(78,642)	(78,642)	\$ (29,298)	\$ 49,344
Prior year cash balance required to balance budget	\$ 78,642	\$ 78,642		

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND - REAPPRAISAL LOAN
FOR THE YEAR ENDED JUNE 30, 2007

	633			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources	\$ 97,326	\$ 97,326	\$ 95,811	\$ (1,515)
Federal sources				
Charges for services				
Interest				
Total Revenues	97,326	97,326	95,811	(1,515)
EXPENDITURES:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay	97,326	97,326	95,811	1,515
Total Expenditures	97,326	97,326	95,811	1,515
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUND - LEGISLATIVE APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2007

	803			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:				
Local sources				
Local and state-shared taxes				
State sources	\$ 851,681	\$ 1,577,292	\$ 569,168	\$ (1,008,124)
Federal sources				
Charges for services				
Interest				
Total Revenues	851,681	1,577,292	569,168	(1,008,124)
EXPENDITURES:				
Current:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay	590,450	1,316,067	381,103	934,964
Total Expenditures	590,450	1,316,067	381,103	934,964
Excess (deficiency) of revenues over expenditures	\$ 261,225	\$ 261,225	\$ (188,065)	\$ (73,160)

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

AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for other governments and/or other funds.

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.

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.

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.

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.

Cost to State/Penalty and Interest - To account for costs collected for the State of New Mexico and for penalty and interest on delinquent taxes collected for the State.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING BALANCE SHEET - ALL AGENCY FUNDS
JUNE 30, 2007

	Children's Trust Fund	Undistributed Taxes	Overpayment Of Taxes	Taxes Paid In Advance	Cost to State/ Penalty and Interest	Total
ASSETS						
Due from other governmental unit	\$ 195	\$ 77,724	\$ 2,080	\$ 26,924	\$ 10,369	\$ 117,292
Property taxes receivable		673,843				673,843
Total Assets	<u>\$ 195</u>	<u>\$ 751,567</u>	<u>\$ 2,080</u>	<u>\$ 26,924</u>	<u>\$ 10,369</u>	<u>\$ 791,135</u>
LIABILITIES						
Deposit held for others	\$ 195	\$ 77,724	\$ 2,080	\$ 26,924	\$ 10,369	\$ 117,292
Due to other governmental units		673,843				673,843
Total Liabilities	<u>\$ 195</u>	<u>\$ 751,567</u>	<u>\$ 2,080</u>	<u>\$ 26,924</u>	<u>\$ 10,369</u>	<u>\$ 791,135</u>

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number or Pass-Through Number	Federal Expenditures
<u>U.S. Department of the Interior</u>			
Bureau of Land Management			
Payments in Lieu of Taxes	15.226	None	\$ 220,587
Passed through Department of Finance and Administration:			
Taylor Grazing Act	15.227	None	1,667
Total U.S. Department of the Interior			222,254
<u>U.S. Department of Agriculture</u>			
Forest Reserve – Title I	10.664	None	8,197
Total U.S. Department of Agriculture			8,197
<u>U.S. Department of Justice</u>			
Universal Hiring	16.710	None	73,751
Total U.S. Department of Justice			73,751
<u>U.S. Department of Health and Human Services</u>			
Passed through New Mexico Department of Health:			
Drug-Free Communities	93.000	None	127,117
Passed through NM Voices for Children and NM Primary Care Association:			
Covering Kids	93.000	None	59,396
Total U.S. Department of Health and Human Services			186,513
<u>U.S. Department of Homeland Security</u>			
Assistance to Firefighters Grant	97.044	None	203,300
Passed through New Mexico Department of Public Safety:			
Pre-Disaster Mitigation Plan	97.047	None	89,946
Emergency Management Planning	97.047		31,894
Hazard Mitigation Grant	93.039		60,001
Total U.S. Department of Homeland Security			181,841
Total U.S. Department of Homeland Security			385,141

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through NM State Highway and Transportation Department:			
Section 5311 Transportation Program	20.509		<u>278,723</u>
Total U.S. Department of Transportation			<u>278,723</u>
Total Expenditures of Federal Awards			<u>\$ 1,154,579</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Torrance (County) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

2. Non-Cash Assistance

The County did not receive any federal awards in the form of non-cash assistance during the year.

3. Subrecipients

The County did not provide any federal awards to subrecipients during the year.

SUPPLEMENTARY INFORMATION - SUPPORTING SCHEDULES

STATE OF NEW MEXICO
COUNTY OF TORRANCE

TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Taxes Collected	Taxes Distributed	Balance June 30, 2007
County Funds				
Current Taxes		\$ 2,646,578	\$ 2,646,578	
Delinquent Taxes		215,738	215,738	
Debt Service 2001	\$ 285,699	265,716	271,300	\$ 280,115
Total	<u>285,699</u>	<u>3,128,032</u>	<u>3,133,616</u>	<u>280,115</u>
Special Districts				
Claunch/Pinto SWCD	400	34,249	34,131	518
Carrizozo SWCD		4	4	
East Torrance SWCD	(598)	60,980	61,063	(681)
Edgewood SWCD	1,177	59,719	60,681	215
Total	<u>979</u>	<u>154,952</u>	<u>155,879</u>	<u>52</u>
Municipalities				
Willard	166	5,402	5,377	191
Estancia	632	19,423	19,356	699
Moriarty	1,852	62,716	63,811	757
Mountainair	1,322	45,963	46,629	656
Encino	142	1,322	1,418	46
Total	<u>4,114</u>	<u>134,826</u>	<u>136,591</u>	<u>2,349</u>
State of New Mexico				
State Debt Service	8,146	311,030	312,019	7,157
Cattle	109	361	470	
Sheep	1	98	99	
Equines	23	26	54	(5)
Dairy Cattle		5	5	
Total	<u>8,279</u>	<u>311,520</u>	<u>312,647</u>	<u>7,152</u>
Schools				
Operational	2,831	109,191	109,569	2,453
Debt Service	48,270	1,509,808	1,521,485	36,593
Capital Improvements	13,237	482,819	484,801	11,255
Ed Tech Debt	14	175,170	171,187	3,997
Total	<u>64,352</u>	<u>2,276,988</u>	<u>2,287,042</u>	<u>54,298</u>
Grand Total	<u>\$ 363,423</u>	<u>\$ 6,006,318</u>	<u>\$ 6,025,775</u>	<u>\$ 343,966</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Description:	Estancia Valley Solid Waste Authority
Purpose:	Coordinate solid waste resources in the area.
Participants:	County of Torrance, City of Moriarty, Town of Estancia and Mountainair, Village of Willard and Encino.
Party responsible for operations:	Estancia Valley Solid Waste Authority.
Beginning date of agreement:	1996.
Ending date:	When parties decide.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	\$90,281 for loan payment.
Audit responsibility:	Estancia Valley Solid Waste Authority.
Fiscal Agent:	N/A.
Name of government where revenues and expenditures are reported:	Estancia Valley Solid Waste Authority.
Description:	Estancia Valley Regional Animal Shelter
Purpose:	Animal shelter facilities.
Participants:	County of Torrance, City of Moriarty, Town of Estancia, Edgewood.
Party responsible for operations:	Estancia Valley Regional Animal Shelter Board.
Beginning date of agreement:	2003.
Ending date:	When parties decide.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	Salary of staff (\$38,588).
Audit responsibility:	County of Torrance.
Fiscal Agent:	County of Torrance.
Name of government where revenues and expenditures are reported:	Revenues: County of Torrance. Expenditures: Each participant.
Description:	City of Moriarty Maintenance of Roads and Streets.
Purpose:	Assist the City of Moriarty in repairing roads and streets.
Participants:	City of Moriarty and Torrance County.
Party responsible for operations:	City of Moriarty.
Beginning date of agreement:	November 16, 2004.
Ending date:	December 31, 2009.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	\$ -0-
Audit responsibility:	County of Torrance.
Fiscal Agent:	County of Torrance.
Name of government where revenues and expenditures are reported:	Revenues: County of Torrance. Expenditures: Each participant.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

JOINT POWERS AGREEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Description:	911 Dispatch Services
Purpose:	Provide 911 dispatch services for municipalities.
Participants:	City of Moriarty, Town of Estancia, Town of Mountainair, Village of Willard and Torrance County.
Party responsible for operations:	Torrance County.
Beginning date of agreement:	July 1, 2006.
Ending date:	June 30, 2007.
Total estimated amount of project:	\$228,110.
Amount County contributed in current fiscal year:	\$657,828.
Audit responsibility:	County of Torrance.
Fiscal Agent:	County of Torrance.
Name of government where revenues and expenditures are reported:	Revenues: County of Torrance. Expenditures: Each participant.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
CHILDREN'S TRUST FUND:				
ASSETS:				
Due from other governmental unit	\$ 195	\$ 2,096	\$ 1,829	\$ 462
Total Assets	<u>\$ 195</u>	<u>\$ 2,096</u>	<u>\$ 1,829</u>	<u>\$ 462</u>
LIABILITIES				
Deposits held for others	\$ 195	\$ 2,096	\$ 1,829	\$ 462
Total Liabilities	<u>\$ 195</u>	<u>\$ 2,096</u>	<u>\$ 1,829</u>	<u>\$ 462</u>
UNDISTRIBUTED TAXES:				
ASSETS:				
Due from other governmental units	\$ 77,724	\$ 2,878,286	\$ 2,892,159	\$ 63,851
Property taxes receivable	673,843	742,006	673,843	742,006
Total Assets	<u>\$ 751,567</u>	<u>\$ 3,620,292</u>	<u>\$ 3,566,002</u>	<u>\$ 805,857</u>
LIABILITIES:				
Deposits held for others	\$ 77,724	\$ 2,878,286	\$ 2,892,159	\$ 63,851
Due to other governmental units	673,843	742,006	673,843	742,006
Total Liabilities	<u>\$ 751,567</u>	<u>\$ 3,620,292</u>	<u>\$ 3,566,002</u>	<u>\$ 805,857</u>
OVERPAYMENT OF TAXES:				
ASSETS:				
Due from other governmental unit	\$ 2,080	\$ 42,152	\$ 31,134	\$ 13,098
Total Assets	<u>\$ 2,080</u>	<u>\$ 42,152</u>	<u>\$ 31,134</u>	<u>\$ 13,098</u>
LIABILITIES:				
Deposits held for others	\$ 2,080	\$ 42,152	\$ 31,134	\$ 13,098
Total Liabilities	<u>\$ 2,080</u>	<u>\$ 42,152</u>	<u>\$ 31,134</u>	<u>\$ 13,098</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
TAXES PAID IN ADVANCE:				
ASSETS:				
Due from other governmental unit	\$ 26,924	\$ -0-	\$ 14,464	\$ 12,460
Total Assets	<u>\$ 26,924</u>	<u>\$ -0-</u>	<u>\$ 14,464</u>	<u>\$ 12,460</u>
LIABILITIES				
Deposits held for others	\$ 26,924	\$ -0-	\$ 14,464	\$ 12,460
Total Liabilities	<u>\$ 26,924</u>	<u>\$ -0-</u>	<u>\$ 14,464</u>	<u>\$ 12,460</u>
COST TO STATE / PENALTY AND INTEREST:				
ASSETS:				
Due from other governmental unit	\$ 10,369	\$ 38,183	\$ 43,603	\$ 4,949
Total Assets	<u>\$ 10,369</u>	<u>\$ 38,183</u>	<u>\$ 43,603</u>	<u>\$ 4,949</u>
LIABILITIES:				
Deposits held for others	\$ 10,369	\$ 38,183	\$ 43,603	\$ 4,949
Total Liabilities	<u>\$ 10,369</u>	<u>\$ 38,183</u>	<u>\$ 43,603</u>	<u>\$ 4,949</u>
TOTALS - ALL AGENCY FUNDS:				
ASSETS:				
Due from other governmental unit	\$ 117,292	\$ 2,960,717	\$ 2,983,189	\$ 94,820
Property taxes receivable	673,843	742,006	673,843	742,006
Total Assets	<u>\$ 791,135</u>	<u>\$ 3,702,723</u>	<u>\$ 3,657,032</u>	<u>\$ 836,826</u>
LIABILITIES:				
Deposits held for others	\$ 117,292	\$ 2,960,717	\$ 2,983,185	\$ 94,820
Due to other governmental units	673,843	742,006	673,843	742,006
Total Liabilities	<u>\$ 791,135</u>	<u>\$ 3,702,723</u>	<u>\$ 3,657,032</u>	<u>\$ 836,826</u>

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2007

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution.

The following is a description of cash on deposit by financial institution and the related pledged collateral at June 30, 2007:

WELLS FARGO BANK, NEW MEXICO, N.A., Albuquerque, NM	
Treasurer - Regular checking	\$ 682,953
Treasurer - CDBG	-0-
Treasurer- Warrants Account	-0-
Total demand deposits	682,953
Less FDIC insurance	(100,000)
Uninsured public funds	\$ 582,953
50% collateral requirement	\$ 291,477

Amounts are collateralized with the following securities held by Wells Fargo, Minneapolis, MN:

Description	CUSIP	Rate	Maturity Date	Face	Market
GNSF 781048	36225BEV6	6.50%	6/15/29	\$ 48,859	49,641
FNCL 865810	31409A3T4	6.00%	3/1/36	144,327	142,951
GNSF 781316	36225BN95	6.00%	7/15/31	175,813	175,633
G2SF 3133	36202DPS4	6.50%	9/20/31	472,279	484,382
FNIONP 256327	31371MVU8	6.00%	7/1/36	480,141	473,389
FNIONP 256327	31371MVU8	6.00%	7/1/36	240,071	236,695
Total pledged					1,562,691
Amount over requirement					\$ 1,271,214

OTHER REPORTS

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

Members of the Board of County Commissioners
County of Torrance
Estancia, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, County of Torrance (County) and the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the combining and individual fund financial statements as of and for the year ended June 30, 2007, and have issued my report thereon dated November 5, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the County's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. I consider the following deficiencies described in the

accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: Items 03-3,05-1,07-1,07-3 and 07-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe that the significant deficiencies Items 03-3,07-3 and 07-4 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, I noted instances of noncompliance that are required to be reported under Government Auditing Standards paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA, 1978, and which are described in the accompanying Schedule of Findings and Questioned Costs as Items 02-4,06-1 and 07-2.

The County's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the County's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the County Commission members, the management of the County, the State of New Mexico Department of Finance and Administration, the State of New Mexico Office of the State Auditor, the State of New Mexico Legislative Finance Committee, and the State of New Mexico Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Chester W. Matthews, CPA.

November 5, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Members of the Board of County Commissioners
County of Torrance
Estancia, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

I have audited the compliance of the State of New Mexico, County of Torrance (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. My responsibility is to express an opinion on the County's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the County's compliance with those requirements.

In my opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my

auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified a certain deficiency in internal control over compliance that I consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-4 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. However, I do consider the significant deficiency described above, item 07-4, to be a material weakness.

The County's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the County's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the County Commission members, the management of the County, the State of New Mexico Office of the State Auditor, the Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Chester W. Matthews, CPA.

November 5, 2009

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☒ yes ☐ no

Identification of major programs:

CFDA Number(s) Name of Federal program or Cluster

97.044	<u>Homeland Security:</u> Assistance to Firefighters Grant
20.509	<u>U.S. Department of Transportation:</u> Section 5311 Transportation Program
15.226	<u>U.S. Department of the Interior:</u> Payment in Lieu of Taxes

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: ☐ yes ☒ no

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

II. Financial Statement Findings

02-4 - COUNTY TREASURER'S PROPERTY TAX SCHEDULE

Statement of finding: The County Treasurer, after much effort, has been able to obtain much, but not all, of the detailed data by entity in order to provide a Property Tax Schedule that conforms to the State Auditor's Rule 2.2.2.12D(2).

Criteria: State Auditor's Rule 2.2.2.12D(2) requires a property tax schedule providing detailed information on taxes assessed and collected by tax year by entity for the past ten years.

Effect: The County Treasurer was not in compliance with Rule 2.2.2.12D(2).

Cause: The software used by the Treasurer's Office can provide much of the data needed for eight of the ten years required. Two years are not available in a form, which can be utilized by the software.

Recommendation: The County Treasurer should continue to work with the information available and attempt to compile a schedule in the required format.

Management's response: The County Treasurer continues to work with the software administrators to compile required data.

03-3 – GRANTS MANAGEMENT

Statement of finding: The County does not adequately monitor all grants and agreements for such things as:

- (a) Amount of Federal funds expended;
- (b) Matching requirements;
- (c) Individual grant reports;
- (d) Requests for reimbursements are not always maintained in the grant file;
- (e) Documentation supporting payments received is not always maintained in the grant file.

Criteria: All grants should be monitored for reporting and matching requirements and for reimbursement status.

Effect: If all costs charged are not reimbursed, the General Fund will have to make up any difference.

Cause: Although much improvement was made in this area in the past fiscal year, grant management needs additional monitoring.

Recommendation: All grants should be monitored through the manager's office and coordinated with the other departments.

Management's response: The County is currently attempting to fund a grant administrator position. This position would be primarily responsible for applying for and monitoring grant funds within the County.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

05-1 - NEGATIVE FUND BALANCES IN FUNDS

Statement of finding: The County had nine Special Revenue Funds and one Capital Projects Fund with negative fund balances at June 30, 2007: N.E. Torrance Fire District (21,933); Maternal Health Care (145,586); Jail (138,040); Civil Defense (47,608); DWI Program (11,323); Rodeo Grant (4,673); Domestic Violence (91); Traffic Safety (1,430); Underage Drinking (1,462); and Legislative Appropriations (81,104).

Criteria: While many entities in the State of New Mexico have Special Revenue Funds, which operate with a negative cash balance while awaiting grant reimbursements, a negative fund balance indicates that reimbursements may not be available.

Effect: These funds are depending on cash balances from other funds to continue.

Cause: Grant expenditures and receivables could be more closely monitored.

Recommendation: The County should establish procedures to ensure that grant expenditures are properly reimbursed.

Management's response: The County has established procedures to ensure that grant expenditures are properly reimbursed and reporting requirements are met. The County is trying to fund a full-time Grant Administrator who would be responsible for all grant reimbursements and reports.

06-1 – NOTIFICATION NOT MADE BEFORE DISPOSITION OF PROPERTY

Statement of finding: The Road Department held an auction of capital assets. Details of the sales were not provided to the County's comptroller. Additionally, written notification to the Office of the State Auditor was not made before capital assets were sold at auction.

Criteria: Per Sections 13-6-1 and 13-6-2, NMSA (1978 Comp.) and Rule 2.2.2.10 of 2.2.2 NMAC (the State Auditor Rule), written notification of a proposed disposition of property from the official inventory list must be made to the Office of the State Auditor.

Effect: The County was not in compliance with this section of the statute or the State Auditor Rule.

Cause: The requirement of this rule was not well known.

Recommendation: The County's and State's policies regarding disposition of property should be emphasized with all department heads.

Management's response: The County has formed a disposition committee, to make the recommendation to the Commission as to whether property should be disposed of. The County has since followed the statute regarding disposition of property.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

07 -1 – LATE AUDIT REPORT

Statement of finding: The audit report for the fiscal year ended June 30, 2007 was not filed timely by November 15, 2007 as required. The audit report was received by the Office of the State Auditor on November 13, 2009.

Criteria: The due date of November 15, 2007 is established in Section 2.2.2.9 NMAC of the 2007 State Auditor Rule.

Effect: The report was not made available on a timely basis for use by the Legislature, the administration, or by other users.

Cause: Initially, the audit was delayed because of an unexpected loss of staff by the auditor. As the audit progressed, documentation provided to the auditor was not always complete or accurate.

Recommendation: Future audit reports should be filed timely as possible.

Management's response: The County is working diligently to catch up on audit reports.

07 -2 – FILING OF DATA COLLECTION FORM

Statement of finding: The County did not file its Data Collection Form on a timely basis with the Federal Clearinghouse for the year ended June 30, 2007.

Criteria: The Data Collection Form and the related reporting package have to be filed within nine months of the District's fiscal year-end per the Single Audit Act.

Effect: The report was not made available on a timely basis for use by Federal grantors.

Cause: The County's audit was not completed in time to file the Data Collection Form on a timely basis.

Recommendation: The Data Collection Form and the related report package should be filed timely in the future.

Management's response: The County will file the Data Collection Form in a timely manner. This will require timely submission of audits.

07-3 - EXPENDITURES OVER BUDGET

Statement of finding: The County had expenditures in excess of budget for one of its Special Revenue Funds. "Environmental Gross Receipts Tax" exceeded its budget by \$4,281.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Criteria: Per Section 6-6-6, NMSA, 1978 Comp., expenditures may not exceed approved budgets.

Effect: The County was not in compliance with state statute.

Cause: Budget adjustments were not made in a timely manner.

Recommendation: Budget-expenditure reports should be reviewed monthly, and adjustments should be made if expenditures will exceed budgetary amounts.

Management's response: Monthly budget reports are now being reviewed monthly by Department heads as well as management. If a fund becomes over-expended, adjustments will be made in a timely manner.

07-4 – TRANSPORTATION GRANT

Statement of finding: In a sample of forty expenditures related to the Transportation Grant (CFDA # 20.509), there were nineteen invoices for payments to a company (Contractor) hired to manage certain grant agreements for Torrance County. The following items were observed in these nineteen invoices:

- (a). There was insufficient support attached to the invoices for the County to recalculate the amounts being billed for reimbursement.
- (b). The auditors met with Contractor personnel and it was determined that the Contractor did not maintain records as to how invoice amounts were calculated. Contractor personnel attempted to recalculate the amounts billed, but they were not always able to recreate the amounts billed on the original invoices.
- (c). It was noted that the Contractor did not charge a consistent "fringe rate" on reimbursement requests for personnel.
- (d). For the matching requirement of the grant, the Contractor allocated time of personnel instead of using actual hours worked by personnel.

Criteria: Amounts charged to grants should be completely supported.

Effect: There could be amounts charged to the Transportation Grant which are not necessarily related to the Transportation Grant.

Cause: The County was paying the Contractor's invoices without performing a thorough examination of supporting documentation or attempting to recalculate the amount billed.

Recommendation: The County should only pay invoices that are properly supported. A fringe rate should be negotiated in advance and be incorporated into the contract between the County and the Contractor. Matching requirements of the grant should be based on actual hours worked instead of an allocation of time.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Management's response: The County is taking steps towards correcting these issues. A Grant Coordinator has been worked into the budget and will be on board by the end of the calendar year. Part of the specific job duties of this position include overseeing grants to ensure that reporting requirements are being met, reimbursements are being submitted in a timely, consistent and correct manner and that match requirements are in place and sufficient.

The County is also in the process of updating the Contractor's agreement with the County. Points that are being considered and reviewed by the legal department include setting standard, consistent fringe rates, transparency of billing and required support documentation with invoice submittals.

III. Federal Award Findings and Questioned Costs

The following pertains to CFDA # 20.509:

07-4 – TRANSPORTATION GRANT

Statement of finding: In a sample of forty expenditures related to the Transportation Grant (CFDA # 20.509), there were nineteen invoices for payments to a company (Contractor) hired to manage certain grant agreements for Torrance County. The following items were observed in these nineteen invoices:

- (a). There was insufficient support attached to the invoices for the County to recalculate the amounts being billed for reimbursement.
- (b). The auditors met with Contractor personnel and it was determined that the Contractor did not maintain records as to how invoice amounts were calculated. Contractor personnel attempted to recalculate the amounts billed, but they were not always able to recreate the amounts billed on the original invoices.
- (c). It was noted that the Contractor did not charge a consistent "fringe rate" on reimbursement requests for personnel.
- (d). For the matching requirement of the grant, the Contractor allocated time of personnel instead of using actual hours worked by personnel.

Criteria: Amounts charged to grants should be completely supported.

Effect: There could be amounts charged to the Transportation Grant which are not necessarily related to the Transportation Grant.

Cause: The County was paying the Contractor's invoices without performing a thorough examination of supporting documentation or attempting to recalculate the amount billed.

Questioned Costs: Cannot be determined.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Recommendation: The County should only pay invoices that are properly supported. A fringe rate should be negotiated in advance and be incorporated into the contract between the County and the Contractor. Matching requirements of the grant should be based on actual hours worked instead of an allocation of time.

Management's response: The County is taking steps towards correcting these issues. A Grant Coordinator has been worked into the budget and will be on board by the end of the calendar year. Part of the specific job duties of this position include overseeing grants to ensure that reporting requirements are being met, reimbursements are being submitted in a timely, consistent and correct manner and that match requirements are in place and sufficient.

The County is also in the process of updating the Contractor's agreement with the County. Points that are being considered and reviewed by the legal department include setting standard, consistent fringe rates, transparency of billing and required support documentation with invoice submittals.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

02-4 - County Treasurer's Property Tax Schedule – Repeated.

03-2 – DFA Cash Balance Requirement Not Met – Resolved.

03-3 – Grants Management – Repeated.

05-1 - Negative Fund Balances in Funds – Repeated.

06-1 – Notification Not Made Before Disposition of Property – Repeated.

STATE OF NEW MEXICO
COUNTY OF TORRANCE

EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2007

An exit conference was held on November 8, 2009 to discuss the above findings. Attending were the following persons:

Representing the County:

Venessa Chavez-Gutierrez, County Commissioner
Joy Ansley, County Manager
Tracy Sedillo, Comptroller

Representing the Auditor:

Chester W. Mattocks, CPA
David Baca, Audit Senior

Note: The financial statements in this report were substantially prepared by the independent auditor, Chester W. Mattocks, CPA, with the assistance of County management.