

**C<sub>W</sub>M** **Chester W. Mattocks**  
**Certified Public Accountant**

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 1998**



State of New Mexico  
Office of the State Auditor

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

ROBERT E. VIGIL, CPA  
STATE AUDITOR

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

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

Transmitted herein is the annual financial and compliance audit report of Torrance County for the fiscal year ended June 30, 1998; the audit was performed by Chester W. Mattocks, Certified Public Accountant, under the authority granted the State Auditor of New Mexico by the Audit Act, Section 12-6-3.A NMSA 1978, "Annual and special audits," which states in part:

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

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

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

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

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

A handwritten signature in black ink that reads "Robert E. Vigil". The signature is written in a cursive style with a large, stylized "R" and "V".

ROBERT E. VIGIL, CPA, CGFM  
STATE AUDITOR

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 1998**

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**OFFICIAL ROSTER**

**AS OF JUNE 30, 1998**

**ELECTED OFFICIALS**

Bill R. Williams	Chairman
Rodger E. Rayner	Commissioner
Chester Riley, Jr.	Commissioner
Linda Lujan	County Clerk
Dorothy Sandoval	County Treasurer
James Ford	County Assessor
Donald Lyles	Sheriff
Woodrow Woodburn	Probate Judge

**ADMINISTRATIVE OFFICIALS**

Babette Berkshire	County Manager
Tracy Sedillo	Assistant County Manager
Della Tapia	Senior Citizens Director

C W Chester W. Mattocks  
M Certified Public Accountant

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

**INDEPENDENT AUDITOR'S REPORT**

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

and

Mr. Robert E. Vigil, CPA  
State Auditor  
Santa Fe, New Mexico

I have audited the accompanying general-purpose financial statements of the State of New Mexico, County of Torrance (County) and the combining, individual fund and account group financial statements of the County as of and for the year ended June 30, 1998, as listed in the Table of Contents. These general-purpose financial statements and the combining, individual fund and account group financial statements are the responsibility of the County's management. My responsibility is to express an opinion on these general-purpose financial statements and the combining, individual fund and account group financial statements based on my audit. I did not audit the financial statements of the Torrance County Solid Waste Authority, a component unit which reflects total assets and revenues constituting 19.0 percent and 15.1 percent, respectively, of the reporting entity totals. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Torrance County Solid Waste Authority, is based solely on the report of the other auditors.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of the other auditors provide a reasonable basis for my opinion.

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

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to obtain complete and accurate accounting records of the General Fixed Assets Account Group, on which I do not express an opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County at June 30, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. Also, in my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to obtain the complete and accurate accounting records of the General Fixed Assets Account Group, on which I do not express an opinion, the combining, individual fund and individual account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County as of June 30, 1998, and the results of operations of such funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 28, 1998, on my consideration of the County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. 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 general-purpose financial statements and the combining, individual fund and account group financial statements of the County. Such Schedule has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, individual fund and account group financial statements and, in my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to obtain the complete and accurate accounting records of the General Fixed Assets Account Group, on which I do not express an opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Chester W. Matticks, CPA*

December 28, 1998

<u>Account Groups</u>		<u>Totals</u> <u>Primary</u> <u>Government</u> <u>(Memorandum</u> <u>Only)</u>	<u>Component</u> <u>Unit</u> <u>Solid</u> <u>Waste</u> <u>Authority</u>	<u>Totals</u> <u>Reporting</u> <u>Entity</u> <u>(Memorandum</u> <u>Only)</u>
<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>			
		\$ 300		\$ 300
		2,148,981	\$ 32,814	2,181,795
		1,050,259	47,650	1,097,909
		56,855		56,855
		33,495		33,495
		35,698		35,698
		3,303		3,303
\$ 5,803,792		5,803,792	2,608,326	8,412,118
	\$ 167,592	167,592		167,592
	2,130,567	2,130,567		2,130,567
<u>\$ 5,803,792</u>	<u>\$ 2,298,159</u>	<u>\$ 11,430,842</u>	<u>\$ 2,688,790</u>	<u>\$ 14,119,632</u>
		\$ 197,628		\$ 197,628
		510,995	\$ 93,740	604,735
		42,028	1,452	43,480
		33,495		33,495
	\$ 54,339	880,301		880,301
	955,000	54,339	8,282	62,621
	245,000	955,000		955,000
	1,043,820	245,000		245,000
<u>\$ -0-</u>	<u>2,298,159</u>	<u>1,043,820</u>	<u>192,386</u>	<u>1,236,206</u>
		<u>3,962,606</u>	<u>295,860</u>	<u>4,258,466</u>
5,803,792		5,803,792		5,803,792
			2,048,228	2,048,228
			344,702	344,702
		300		300
		35,698		35,698
		167,592		167,592
		469,048		469,048
<u>5,803,792</u>		<u>991,806</u>		<u>991,806</u>
<u>\$ 5,803,792</u>	<u>\$ 2,298,159</u>	<u>7,468,236</u>	<u>2,392,930</u>	<u>9,861,166</u>
		<u>\$ 11,430,842</u>	<u>\$ 2,688,790</u>	<u>\$ 14,119,632</u>



**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND EQUITY - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>REVENUES</b>					
Taxes	\$ 2,196,273	\$ 882,848	\$ 260,078		\$ 3,339,199
Intergovernmental	308,604	2,420,334			2,728,938
Charges for services	253,345				253,345
Miscellaneous	<u>133,562</u>	<u>156,249</u>		\$ 9,397	<u>299,208</u>
Total revenues	<u>2,891,784</u>	<u>3,459,431</u>	<u>260,078</u>	<u>9,397</u>	<u>6,620,690</u>
Current:					
General government	1,690,036	13,724		1,829	1,705,589
Public safety	824,411	609,451			1,433,862
Highways and streets		730,004			730,004
Health and welfare		831,707			831,707
Culture and recreation		21,686			21,686
Capital expenditures	12,804	851,305		465,627	1,329,736
Debt service:					
Principal			125,000		125,000
Interest			77,067		77,067
Bank service charges			<u>1,693</u>		<u>1,693</u>
Total expenditures	<u>2,527,251</u>	<u>3,057,877</u>	<u>203,760</u>	<u>467,456</u>	<u>6,256,344</u>
Excess (deficiency) of revenues over expenditures	<u>364,533</u>	<u>401,554</u>	<u>56,318</u>	<u>(458,059)</u>	<u>364,346</u>
Other financing sources (uses):					
Operating transfers in	619,156	180,559			799,715
Operating transfers out	<u>(748,895)</u>	<u>(50,820)</u>			<u>(799,715)</u>
Total other financing sources (uses)	<u>(129,739)</u>	<u>129,739</u>			
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>234,794</u>	<u>531,293</u>	<u>56,318</u>	<u>(458,059)</u>	<u>364,346</u>
Fund balance, beginning of year, as originally reported	145,437	627,095	111,274	502,046	1,385,852
Adjustment	<u>19,482</u>	<u>(105,236)</u>			<u>( 85,754)</u>
Fund balance, beginning of year, as restated	<u>164,919</u>	<u>521,859</u>	<u>111,274</u>	<u>502,046</u>	<u>1,300,098</u>
Fund balance, end of year	<u>\$ 399,713</u>	<u>\$ 1,053,152</u>	<u>\$ 167,592</u>	<u>\$ 43,987</u>	<u>\$ 1,664,444</u>

See notes to financial statements.

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**All Special Revenue Funds**

<b><u>Revised Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance- Favorable (Unfavorable)</u></b>
\$ 706,546	\$ 851,892	\$ 145,346
2,471,484	2,219,196	(252,288)
11,845	7,166	(4,679)
<u>66,594</u>	<u>132,766</u>	<u>66,172</u>
<u>3,256,469</u>	<u>3,211,020</u>	<u>(45,449)</u>
30,172	11,350	18,822
892,022	540,243	351,779
720,996	710,395	10,601
949,973	850,570	99,403
26,200	20,800	5,400
1,027,572	869,905	157,667
<u>3,646,935</u>	<u>3,003,263</u>	<u>643,672</u>
 <u>\$ (390,466)</u>	 <u>\$ 207,757</u>	 <u>\$ 598,223</u>

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All Capital Projects Funds

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>\$ -0-</u>	<u>\$ 14,495</u> <u>14,495</u>	<u>\$ 14,495</u> <u>14,495</u>
	1,829	(1,829)
	465,627	(465,627)
<u>      </u>	<u>467,456</u>	<u>(467,456)</u>
<u>\$ -0-</u>	<u>\$ (452,961)</u>	<u>\$ (452,961)</u>

**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF CASH FLOWS**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 275,486
Cash received from grants	875,000
Cash received from ad valorem tax	28,035
Interest received	1,298
Cash received from miscellaneous sources	6,750
Cash paid to suppliers and employees	<u>(515,855)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>670,714</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from debt financing	192,386
Proceeds from capital contributions	<u>1,738,228</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>1,930,614</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Capital outlay	<u>(2,643,941)</u>
NET CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	<u>(2,643,941)</u>

NET INCREASE (DECREASE) IN CASH (42,613)

CASH, July 1, 1997 75,427  
CASH, June 30, 1998 \$ 32,814

**RECONCILIATION OF NET INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Net income (loss) \$ 523,118

Adjustment to reconcile net income to  
net cash provided by operating activities:

Depreciation	56,975
Uncollectible accounts	55,776
(Increase) decrease in receivables	5,783
Increase (decrease) in accounts payables	55,148
Increase (decrease) in other payables	<u>(26,086)</u>
Net cash provided by operating activities	<u>\$ 670,714</u>

See notes to financial statements.

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A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the County and is generally available to citizens.

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

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

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

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

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

## B. FUND ACCOUNTING

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

The County has the following fund types and account groups:

**Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and



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

C. ASSETS, LIABILITIES AND EQUITY

1. *Deposits and Investments*

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

2. *Receivables and Payables*

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

3. *Prepaid Expenditures*

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

4. *Restricted Assets*

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

#### D. PROPERTY TAXES

The County Treasurer receives deposits of monies from and collect taxes for the various County funds and other entities located within the County. These monies are deposited by the Treasurer in banks. In the accompanying financial statements monies held for other than County entities are presented as Agency Fund 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 1<sup>st</sup>, the first half of the assessed tax is due November 10<sup>th</sup> and becomes delinquent December 10<sup>th</sup>, the second half of the assessed tax becomes due April 10<sup>th</sup> and becomes delinquent May 10<sup>th</sup>. The applicable property is subject to lien and penalties and interest is assessed when property taxes become delinquent. When property taxes are delinquent three years, the property is transferred to the State Property Tax Department for public sale.

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

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

Taxes levied upon tangible property shall be in proportion to the value thereof, and taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent. The legislature shall provide by law for the valuation of residential property for property taxation purposes in a manner that limits annual increases in valuation of residential property. The limitation may be applied to classes of residential property taxpayers based on owner-occupancy, age or income. The limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions under which the limitation is applied. Any valuation limitations authorized as a local jurisdiction option shall provide for applying statewide or multi-jurisdictional property tax rates to the value of the property as if the evaluation increase limitation did not apply.

Taxes levied upon real or personal property for state revenue shall not exceed four mills annually on each dollar of the assessed valuation thereof except for the support of the educational, penal and charitable institutions of the state, payment of the state debt and interest thereon; and the total annual tax levy upon such property for all state purposes exclusive of necessary levies for the state debt shall not exceed ten mills; provided, however, that taxes levied upon real or personal tangible property for all purposes, except special levies on specific classes of property and except necessary levies for public debt, shall not exceed twenty mills annually on each dollar of the assessed valuation thereof, but laws may be passed authorizing additional



- i. With the approval of the director of the Department of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any matter relating to the financial affairs of the County.
3. The County Manager is authorized to transfer budgeted amounts between departments within any fund;
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Funds. The County did not adopt a budget for the General Obligation Bond Debt Service Fund, and the General Obligation Bond Acquisition Capital Projects Fund.

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Budgetary and actual comparisons presented for these funds in this report are on the non-GAAP (cash) budgetary basis;

5. Budgeted amounts are as originally adopted, or as amended by the County Commissioners and the Department of Finance and Administration. Individual amendments were not material in relation to the original budgets;
6. The level of classification detail in which expenditures may not legally exceed appropriation for budget is at the fund level; and
7. Appropriation of funds unused during the fiscal year may not be carried over into the next fiscal year by budgeting those funds in the subsequent year's budget. All annual appropriations lapse at fiscal year-end.

F. 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 General Long-Term Debt Account Group as "Compensated absences payable" with a corresponding "Amount to be provided for payment of General Long-Term Debt" because they are not expected to be liquidated with expendable available financial resources.

G. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

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

Amount over requirement at June 30, 1998

\$ 547,262

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, 1998

\$ 872,752

The Governmental Accounting Standards Board has issued its Statement #3 which requires deposits and investments to be classified in three categories of risk. The categories of risk relate only to custodial credit risk which is the risk that the District will not be able either to recover deposits if the depository financial institution fails or to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. Classification in category 1 indicates that the exposure of deposits or investments to potential custodial credit risk is low. The level of potential custodial credit risk is higher for deposits and investments classified in category 2 and highest for those in category 3.

Deposits with financial institutions are classified depending on whether they are insured or collateralized.

- Insured deposits are classified as category 1. Deposits in excess of insurance are classified in one of the three categories depending on conditions concerning the pledging of collateral.
- Uninsured, uncollateralized deposits are classified category 3.
- Uninsured, collateralized deposits are classified depending upon the District's ability to assert its rights to the collateral securities. These deposits are classified in one of the three categories based on who holds the collateral securities and how they are held. The classification is performed as if the collateral were investment securities of the District not held by the District.

Deposits at June 30, 1998, which were insured by Federal Deposit Insurance Corporation insurance and the deposits secured by the pledged collateral held by a third-party financial institution in safekeeping, have been classified as Category 1.

Deposits held by another governmental entity are not subject to the requirements of Statement #3.

The following summarizes the categories for deposits of the County at June 30, 1998

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Insured deposits	\$ 200,000			\$ 200,000
Deposits secured by pledged collateral held by pledging institution's Trust Dept.		\$ 1,209,421		1,209,421
Uninsured deposits not collateralized by pledged securities			\$ 114,897	114,897
Totals by category	<u>\$ 200,000</u>	<u>\$ 1,209,421</u>	<u>\$ 114,897</u>	<u>\$ 1,524,318</u>

#### 4. CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 60,741			\$ 60,741
Right-of-way	21,084			21,084
Buildings and improvements	1,300,463	\$ 442,747		1,743,210
Furniture and equipment	3,300,112	678,645		3,978,757
Total	<u>\$ 4,682,400</u>	<u>\$ 1,121,392</u>	<u>\$ -0-</u>	<u>\$ 5,803,792</u>

Investments in general fixed assets:

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Acquisition prior to June 30, 1985 not identifiable by source	\$ 822,432			\$ 822,432
General Fund	1,617,005	\$ 150,250		1,767,255
Special Revenue Funds	1,901,153	654,196		2,555,349
Capital Projects Funds	341,810	316,946		658,756
Total	<u>\$ 4,682,400</u>	<u>\$ 1,121,392</u>	<u>\$ -0-</u>	<u>\$ 5,803,792</u>

#### 5. CHANGES IN LONG-TERM DEBT

During the year ended June 30, 1998, the following changes occurred in the liabilities reported in the General Long-Term Debt Account Group:

	Balance June 30, 1997 as originally Reported	Adjustment	Balance June 30, 1997 Restated	Additions	Deletions	Balance June 30, 1998
Capital leases payable	\$ 880,325		\$ 880,325	\$ 578,000	\$ (414,505)	\$ 1,043,820
Revenue bonds payable	270,000		270,000		(25,000)	245,000
General Obligation bonds payable	1,055,000		1,055,000		(100,000)	955,000
Accrued compensated absences payable		\$ 43,869	43,869	10,470		54,339
Total	<u>\$ 2,205,325</u>	<u>\$ 43,869</u>	<u>\$ 2,249,194</u>	<u>\$ 588,470</u>	<u>\$ (539,505)</u>	<u>\$ 2,298,159</u>



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

<u>Year Ended</u>	<u>Total Payments</u>
1999	\$ 313,957
2000	229,884
2001	229,884
2002	181,403
2003	56,029
Thereafter	<u>201,549</u>
Total	1,212,706
Less amount represent interesting payments	<u>(168,886)</u>
Present value of minimum lease payments	<u>\$ 1,043,820</u>

#### General Obligation Bonds

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

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

<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1999	\$ 52,504	\$ 120,000	\$ 172,504
2000	45,304	135,000	180,304
2001	38,284	150,000	188,284
2002	30,184	165,000	195,184
2003	20,944	185,000	205,944
2004	<u>11,000</u>	<u>200,000</u>	<u>211,000</u>
Total	<u>\$ 198,220</u>	<u>\$ 955,000</u>	<u>\$ 1,153,220</u>

#### Environmental Revenue Bonds

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

## 6. INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>General</u>	Recreation	<u>\$ 2,350</u>
<u>Special Revenue</u>		
Farm and Range	General	1,658
Fire District No. 2	General	2,250
Duran Fire District	General	2,250
McIntosh Fire District	General	2,250
Torreón/Tajique		
Fire District	General	<u>2,250</u>
		<u>10,658</u>
<u>Debt Service</u>		
Solid Waste		
Revenue Bond	General	<u>467</u>
<u>Capital Projects</u>		
General Obligation		
Bond Acquisition	Road	<u>20,020</u>
Total		<u>\$ 33,495</u>

## 7. FUND EQUITY DEFICIT

The following individual Special Revenue Funds have deficit fund balances for the year ended June 30, 1998. These are a result of the expenditure of grant funds in prior years in excess of reimbursements. 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>Fund</u>	<u>Deficit</u> <u>June 30, 1998</u>
Recreation	\$ (2,449)
Senior Citizens	(33,588)
DWI Grant	(41,240)
COPS FAST	(667)
COPS MORE	(6,865)
Legislative Appropriations	(7,041)
Emergency 911	(2,361)
U.S. Forest Co-op	(910)
Total	<u>\$ (95,121)</u>

## 9. INSURANCE COVERAGE

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

Coverage provided to the County through membership in 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 a deductible of \$3,000 for each civil rights claim. The Authority pays losses up to \$150,000 for property and \$250,000 for liability per occurrence.

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

Coverage provided to the County through membership in the New Mexico Association of Counties Law Enforcement Liability Program (Association) 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.

## 10. BUDGET RECONCILIATION

The "Combined Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" presents the budget comparison using cash basis revenues and expenditures, while the "Combined Statement of Revenues, Expenditures and Changes in Fund Equity - All Governmental Fund Types" utilizes the modified accrual basis of accounting. The following is a reconciliation of revenues and expenditures between the two statements:

	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>
		<u>Revenue</u>	<u>Service</u>	<u>Projects</u>
Revenues per modified accrual basis	\$ 2,891,784	\$ 3,459,431	\$ 260,078	\$ 9,397
Differences attributable to accruals at beginning and ending of year:				
Accounts receivable		(1,518)		
Taxes	(104,039)	(49,233)	(14,080)	
Interest	885			5,098
Intergovernmental receivables	(101,231)	(197,402)		
Revenue of fund prior to dissolution by County Commission	<u>(10,296)</u>	<u>(258)</u>	<u>          </u>	<u>          </u>
Revenues per budgetary basis	<u>\$ 2,677,103</u>	<u>\$3,211,020</u>	<u>\$ 245,998</u>	<u>\$ 14,495</u>

before July 1, 1995, in which event the time period for contributions becomes the time between July 1, 1990, and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

Each participating employer makes contributions to the fund in the amount of one percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to one-half of one percent of the employee's annual salary. For the year ended June 30, 1998, each participating retiree paid a monthly premium of \$56.00 if on Medicare and \$59.38 if not on Medicare for the basic single plan plus an additional \$5.00 if the eligible participant retired prior to July 1, 1990, and made no contributions to the plan.

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

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

For the fiscal year ended June 30, 1998, the County remitted \$15,248 in employer contributions and \$7,642 in employee contributions to the Retiree Health Care Authority.

### 13. PRIOR PERIOD ADJUSTMENTS

The County has restated some of its June 30, 1997 fund balances for the correction of errors. Accrued compensated absences were incorrectly recorded in several funds. These have been correctly reported in the General Long-Term Debt Account Group. In addition, the State Fire Allotment was incorrectly accrued as a receivable in the Fire District Special Revenue Funds. These corrections are summarized as follows:

	Correction of Accrued Compensated <u>Absences</u>	Correction of State Fire Allotment <u>Accrual</u>	<u>Total</u>
<u>General</u>	\$ 19,482		<u>\$ 19,482</u>
<u>Special Revenue</u>			
Road	13,060		13,060
N.E. Torrance Fire Dist.		\$ (25,550)	(25,550)
Fire Dist. No. 2		(25,550)	(25,550)
Duran Fire Dist.		(25,550)	(25,550)
McIntosh Fire Dist.		(16,096)	(16,096)
Torreón-Tajique Fire Dist.		(25,550)	(25,550)
Total Special Revenue Funds			<u>(105,236)</u>
Total			<u>\$ (85,754)</u>



was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entities is the existence of special financing relations, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units were included in the Authority's reporting entity.

#### B. Fund Accounting

The Authority uses a single proprietary fund with no account groups to report on its financial position and the results of its operation. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The Authority accounts for its operations using a single proprietary fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

#### C. Basis of Accounting

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Authority reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current



## **I. 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. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

## **J. Long-term Obligations**

Notes payable from cash advances and purchase agreements are reflected as a liability of the fund. On purchase agreements which reflect no interest, the interest was imputed and the liability reflects the net amount. Long-term financing lease purchases are recorded as a fund liability.

## **K. Fund Equity**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from other governmental entities, customers or other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. The Authority does not have reserved funds as of the date of these statements.

## **NOTE 2. LEGAL COMPLIANCE - BUDGETS**

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

Prior to June 1, the Authority's administration submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Prior to July 1, the budget is legally enacted through formal adoption by the Board and then must be approved by Local Government Division of the State Department of Finance and Administration.

The Authority's treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors and the State Department of Finance and Administration.

Formal budgetary integration is employed as a management control device during the year for the Proprietary Funds.

## **NOTE 3. DEPOSIT COLLATERAL**

The following is the computation of required pledged securities to secure cash deposited with banks in accordance with Section 6-10-17, NMSA, 1978. The statute requires that deposits of public monies are to be collateralized in an aggregate amount equal to 50% of deposits in excess on Federal Deposit Insurance Corporation insurance coverage. At June 30, 1998, the Authority had the following deposits at one bank:

*Funding Policy.* Plan members are required to contribute 9.15% of their gross salary. The Torrance County Solid Waste Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Torrance County Solid Waste Authority are established under Chapter 10, Article 11 NMSA 1978. The Requirements may be amended by acts of the legislature. The Authority was accepted to participate in the plan in February, 1998. The Torrance County Solid Waste Authority's contributions to PERA for those employees covered for the year ended June 30, 1998 was \$6,440.

#### **NOTE 7. RETIREE HEALTH CARE ACT CONTRIBUTIONS**

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D, of Chapter 6, Laws of 1990, the Authority has elected not to participate in the program.

#### **NOTE 8. LANDFILL CLOSURE COSTS**

State and Federal laws and regulations require the Torrance County Solid Waste Authority place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$0 as of June 30, 1998. The landfill began accepting waste on August 4, 1998. It is estimated that \$437,000 will be recognized as closure and postclosure care expenses between the balance sheet date and the date the landfill is expected to be filled to capacity (2016). The estimated total current cost of the landfill closure and postclosure care (\$437,000) is based on the amount that would be paid if all equipment and facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 1998. However, the actual cost of closure and postclosure care may vary due to inflation, changes in technology, or changes in landfill laws and regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The Authority has not funded the estimated closure and postclosure costs for the current year.

#### **NOTE 9. RISK COVERAGE**

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained insurance through a commercial carrier to insure against potential losses and claims. The premiums are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end, based on the ultimate level of expenditures.

#### NOTE 16. RECONCILIATION OF BUDGETARY AND GAAP BASES AMOUNTS

The Board of Directors of the Authority approves a formal budget. The Authority budgets revenues on the basis of cash receipts. For financial reporting purposes, revenues are recognized when measurable and available. Budgetary resource uses are recognized when cash disbursements are made. For financial reporting purposes, expenditures are recognized as incurred. The differences in budgetary and GAAP basis reporting are reflected in the following schedules for the year ended June 30, 1998:

<b>Revenues:</b>	
Revenues on budgetary basis	\$ 1,819,569
Changes in account receivable	(5,783)
Reclassification capital contributions	<u>(633,000)</u>
Revenues on GAAP basis	<u>1,180,786</u>
<b>Expenditures:</b>	
Expenditures on budgetary basis	1,862,182
Changes in accounts payable	55,148
Change in accrued expenses	(26,086)
Current year depreciation	56,974
Current year uncollectible accounts	55,775
GO bond expenditures	26,034
Reclassification of capital outlay	<u>(1,372,359)</u>
Expenditures on GAAP basis	<u>657,668</u>
<b>Net Income (Loss) GAAP Basis</b>	<b><u>\$ 523,118</u></b>

#### NOTE 17. JOINT POWERS AGREEMENT TORRANCE COUNTY/BERNALILLO COUNTY LANDFILL

The members of the Authority and the County of Bernalillo entered into a joint powers agreement to participate in the construction and operation of the landfill. Bernalillo County agreed to contribute \$633,000 toward the construction and acquisition of equipment. The County of Bernalillo agreed to annually guarantee a certain tonnage in support of the landfill and have the ability to participate in the determination of fees charged for use of the facility. The landfill received final approval to receive waste and opened August 4, 1998.

**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, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Taxes	\$ 1,974,507	\$ 2,082,119	\$ 107,612
Intergovernmental	141,000	138,034	(2,966)
Charges for services	554,785	423,897	(130,888)
Miscellaneous	27,544	33,053	5,509
Total revenues	<u>2,697,836</u>	<u>2,677,103</u>	<u>(20,733)</u>
Expenditures:			
General Government			
County Commission:			
Operating	<u>365,428</u>	<u>345,024</u>	<u>20,404</u>
County Manager:			
Operating	190,164	186,520	3,644
Capital outlay	<u>4,533</u>	<u>4,533</u>	
	<u>194,697</u>	<u>191,053</u>	<u>3,644</u>
Planning and Zoning:			
Operating	<u>43,326</u>	<u>40,667</u>	<u>2,659</u>
Maintenance:			
Operating	<u>66,843</u>	<u>64,689</u>	<u>2,154</u>
County Clerk:			
Operating	<u>114,945</u>	<u>112,863</u>	<u>2,082</u>
Bureau of Elections:			
Operating	<u>42,369</u>	<u>39,640</u>	<u>2,729</u>
Probate Court:			
Operating	<u>8,548</u>	<u>7,074</u>	<u>1,474</u>
County Assessor:			
Operating	<u>206,267</u>	<u>193,762</u>	<u>12,505</u>
County Treasurer:			
Operating	<u>139,910</u>	<u>135,554</u>	<u>4,356</u>
Court Forfeitures:			
Operating	<u>60</u>	<u>60</u>	<u>60</u>
Total general government	<u>1,182,393</u>	<u>1,130,326</u>	<u>52,067</u>
Public Safety			
Sheriff:			
Operating	354,154	322,585	31,569
Capital outlay	<u>23,139</u>	<u>23,139</u>	
	<u>377,293</u>	<u>345,724</u>	<u>31,569</u>
Animal Control:			
Operating	<u>30,387</u>	<u>30,361</u>	<u>26</u>
Dispatch Center:			
Operating	<u>224,730</u>	<u>224,018</u>	<u>712</u>
Corrections:			
Operating	<u>612,718</u>	<u>584,117</u>	<u>28,601</u>
Total public safety	<u>1,245,128</u>	<u>1,184,220</u>	<u>60,908</u>
Total expenditures	<u>2,427,521</u>	<u>2,314,546</u>	<u>112,975</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 270,315</u>	<u>\$ 362,557</u>	<u>\$ 92,242</u>

See notes to financial statements.



#### 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. Authority is Section 24-1.B-3, NMSA 1978.

#### MOUNTAINAIR CLINIC GRANT FUND

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

#### SENIOR CITIZENS FUND

To account for the operations of various senior citizens centers funded by Eastern New Mexico Area Agency on Aging, fund raising income, and the County's contributions. Authorized by grant from Area Agency on Aging from the Older Americans Act, Title III-B, III-c!, and III C-1 monies and with monies appropriated in Chapter 12, 1996 Laws of New Mexico.

#### CIVIL DEFENSE FUND

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

#### D.W.I. GRANT FUND

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

#### ASSESSOR REAPPRAISAL FUND

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

#### CLERK'S EQUIPMENT FUND

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

#### MEDICAID TRANSPORTATION FUND

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

#### U.S. FOREST CO-OP FUND

To account for funds received under a cooperative agreement with the U.S. Forest Service for police protection of Forest Service areas.

#### LODGER'S TAX FUND

To account for funds received from the imposition of the lodger's tax on the overnight accommodations of area motels. Funds are to be used for the promotion of tourism-related activities.

#### INTERDISCIPLINARY PROGRAM FUND

To account for a grant received to enhance law enforcement activities.

#### DOMESTIC VIOLENCE FUND

To account for a grant from the State of New Mexico to be used for the prevention of domestic violence.

#### DRUG EDUCATION FUND

To account for a grant received from the U.S. Department of Justice to be used to educate people about the dangers of drug abuse.

#### LANDFILL/SAFETY PROGRAM FUND

To be used to account for fees received from the use of a separate dumping area. The proceeds are used in the County's safety program.

#### 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.

#### FIRE POOL FUND

To account for monies pooled by the various Fire Districts for equipment purchases. This fund and the Ambulance Fund were dissolved by the County Commission on November 12, 1997 and their assets transferred to the Fire Districts, to the 1/4% Fire Excise Tax Fund, and to the Rural Addressing Fund.

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**N.E.  
TORRANCE  
FIRE DISTRICT**

**FIRE DISTRICT  
NO. 2**

**DURAN  
FIRE DISTRICT**

\$ 44,115  
6,044  
\_\_\_\_\_  
\$ 50,159

\$ 121,785  
6,664  
2,250  
\_\_\_\_\_  
\$ 130,699

\$ 23,826  
3,332  
2,250  
\_\_\_\_\_  
\$ 29,408

\$ 36,326  
\_\_\_\_\_  
36,326

\$ 3,390  
\_\_\_\_\_  
3,390

\_\_\_\_\_  
\$ -0-

13,833  
\_\_\_\_\_  
13,833  
\$ 50,159

121,785  
5,524  
\_\_\_\_\_  
127,309  
\$ 130,699

23,826  
5,582  
\_\_\_\_\_  
29,408  
\$ 29,408

---

**COUNTY**  
**INDIGENT**

**EMS**

**MATERNAL**  
**HEALTH**  
**CARE**

\$ 22,259  
29,953

\$ 3,313

\$ 46,195

\$ 52,212

\$ 3,313

\$ 46,195

\$ 4,620

\$ 19,190  
22,160  
926

4,620

\$ -0-

42,276

22,259  
25,333

3,313

3,919

47,592

3,313

3,919

\$ 52,212

\$ 3,313

\$ 46,195

---



-53-

---

**COPS  
MORE**

**COPS  
FAST**

**UNIVERSAL  
HIRING**

\$ 19,000

\$ -0-

\$ -0-

\$ 19,000

\$ 6,865

\$ 667

\$ 13,129

706

6,865

667

13,835

(6,865)

(667)

5,165

(6,865)

(667)

5,165

\$ -0-

\$ -0-

\$ 19,000

---

**DR. SAUL  
SCHOLARSHIP**

**U.S. FOREST  
CO-OP**

**LODGER'S  
TAX**

\$ 3,137

\$ 1,589

\$ 3,137

\$ -0-

\$ 1,589

\$ 910

\$ -0-

910

\$ -0-

3,137

1,442

(910)

147

3,137

(910)

1,589

\$ 3,137

\$ -0-

\$ 1,589

---

**RURAL**  
**ADDRESSING**

**TOTALS**  
**(Memorandum**  
**Only**)

\$ 12,850  
3,332

\$ 16,182

\$ 101  
529  
630

15,552

15,552

\$ 16,182

\$ 656,314  
711,362  
10,658  
6,173  
\$ 1,384,507

\$ 197,628  
92,421  
18,936  
22,370  
331,355

6,173

385,883  
661,096

1,053,152

\$ 1,384,507



<u>N.E. TORRANCE FIRE DISTRICT</u>	<u>FIRE DISTRICT NO. 2</u>	<u>DURAN FIRE DISTRICT</u>
\$ 33,033	\$ 37,064	\$ 16,544
25,550	25,550	25,550
<u>5,699</u>	<u>5,526</u>	<u>4,701</u>
<u>64,282</u>	<u>68,140</u>	<u>46,795</u>
79,796	46,493	11,628
<u>12,336</u>	<u>3,026</u>	<u>104,102</u>
<u>92,132</u>	<u>49,519</u>	<u>115,730</u>
<u>(27,850)</u>	<u>18,621</u>	<u>(68,935)</u>
24,195	24,195	12,098
<u>24,195</u>	<u>24,195</u>	<u>12,098</u>
<u>(3,655)</u>	<u>42,816</u>	<u>(56,837)</u>
43,038	110,043	111,795
<u>(25,550)</u>	<u>(25,550)</u>	<u>(25,550)</u>
<u>17,488</u>	<u>84,493</u>	<u>86,245</u>
<u>\$ 13,833</u>	<u>\$127,309</u>	<u>\$ 29,408</u>

---

<u>COUNTY INDIGENT</u>	<u>EMS</u>	<u>MATERNAL HEALTH CARE</u>
\$ 182,738		
<u>2,335</u>	\$ 19,164	\$ 339,386
<u>185,073</u>	<u>19,164</u>	<u>260</u>
		<u>339,646</u>
	15,261	
148,195		367,572
<u>148,195</u>	<u>15,261</u>	<u>367,572</u>
<u>36,878</u>	<u>3,903</u>	<u>(27,926)</u>
	<u>(7,000)</u>	
	<u>(7,000)</u>	
<u>36,878</u>	<u>(3,097)</u>	<u>(27,926)</u>
10,714	6,410	31,845
<u>10,714</u>	<u>6,410</u>	<u>31,845</u>
<u>\$ 47,592</u>	<u>\$ 3,313</u>	<u>\$ 3,919</u>

---

<u>DWI GRANT</u>	<u>ASSESSOR REAPPRAISAL</u>	<u>CLERK'S EQUIPMENT</u>
\$ 167,503	\$ 21,385	
<u>167,503</u>	<u>21,385</u>	<u>\$ 12,261</u>
190,688	11,611	<u>12,261</u>
<u>7,115</u>	<u>10,000</u>	<u>14,280</u>
<u>197,803</u>	<u>21,611</u>	<u>14,280</u>
<u>(30,300)</u>	<u>(226)</u>	<u>(2,019)</u>
	14,979	
	<u>14,979</u>	
<u>(30,300)</u>	<u>14,753</u>	<u>(2,019)</u>
(10,940)	47,397	3,788
<u>(10,940)</u>	<u>47,397</u>	<u>3,788</u>
<u>\$ (41,240)</u>	<u>\$ 62,150</u>	<u>\$ 1,769</u>

<u>FIRE POOL</u>	<u>1/4% FIRE EXCISE TAX</u>	<u>COPS MORE</u>	<u>COPS FAST</u>
\$ 258	\$ 31,744	\$ 9,000	\$ 22,807
<u>258</u>	<u>31,744</u>	<u>9,000</u>	<u>22,807</u>
	10,643	14,514	12,933
<u>258</u>	<u>10,643</u>	<u>14,514</u>	<u>12,933</u>
<u>(43,820)</u>	<u>21,101</u>	<u>(5,514)</u>	<u>9,874</u>
<u>(43,820)</u>	4,869	4,931	2,065
<u>(43,562)</u>	<u>4,869</u>	<u>4,931</u>	<u>2,065</u>
43,562	<u>25,970</u>	<u>(583)</u>	<u>11,939</u>
<u>43,562</u>		(6,282)	(12,606)
<u>43,562</u>		<u>(6,282)</u>	<u>(12,606)</u>
<u>\$ -0-</u>	<u>\$ 25,970</u>	<u>\$ (6,865)</u>	<u>\$ (667)</u>



<u>FAIR BOARD</u>	<u>DR. SAUL SCHOLARSHIP</u>	<u>U.S. FOREST CO-OP</u>
\$ 19,369		
<u>          </u>	<u>\$ 4,823</u>	<u>\$ 1,000</u>
<u>19,369</u>	<u>4,823</u>	<u>1,000</u>
		1,910
19,000	1,686	
<u>19,000</u>	<u>1,686</u>	<u>1,910</u>
<u>369</u>	<u>3,137</u>	<u>(910)</u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>369</u>	<u>3,137</u>	<u>(910)</u>
2,035		
<u>2,035</u>	<u>          </u>	<u>          </u>
<u>\$ 2,404</u>	<u>\$ 3,137</u>	<u>\$ (910)</u>

<u>DRUG EDUCATION</u>	<u>LANDFILL/ SAFETY PROG.</u>	<u>RURAL ADDRESSING</u>	<u>TOTALS (Memorandum Only)</u>
\$ 2,106		\$ 24,417	\$ 882,848
<u>2,106</u>	<u>\$ 8,744</u>	<u>24,417</u>	<u>2,420,334</u>
			<u>156,249</u>
			<u>3,459,431</u>
	2,113		13,724
		16,094	609,451
			730,004
			831,707
			21,686
			<u>851,305</u>
	<u>2,113</u>	<u>16,094</u>	<u>3,057,877</u>
<u>2,106</u>	<u>6,631</u>	<u>8,323</u>	<u>401,554</u>
		7,229	180,559
			<u>(50,820)</u>
		<u>7,229</u>	<u>129,739</u>
<u>2,106</u>	<u>6,631</u>	<u>15,552</u>	<u>531,293</u>
			627,095
			<u>(105,236)</u>
			<u>521,859</u>
<u>\$ 2,106</u>	<u>\$ 6,631</u>	<u>\$ 15,552</u>	<u>\$ 1,053,152</u>

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY  
BASIS) - FARM AND RANGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 1998**

---

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Revenues:			
Intergovernmental	\$ 1,586	\$ 1,262	\$ (324)
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>1,586</u>	<u>1,262</u>	<u>(324)</u>
Expenditures:			
Current operations:			
Health and welfare	17,000	17,000	
Capital expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>17,000</u>	<u>17,000</u>	<u>          </u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (15,414)</u>	<u>\$ (15,738)</u>	<u>\$ (324)</u>

See notes to financial statements.

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY**  
**BASIS) - NORTHEAST TORRANCE FIRE DISTRICT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 7,300	\$ 27,758	\$ 20,458
Intergovernmental	25,550	25,550	
Miscellaneous	<u>2,104</u>	<u>6,328</u>	<u>4,224</u>
Total revenues	<u>34,954</u>	<u>59,636</u>	<u>24,682</u>
Expenditures:			
Current operations:			
Public safety	81,292	44,303	36,989
Capital expenditures	<u>16,757</u>	<u>12,336</u>	<u>4,421</u>
Total expenditures	<u>98,049</u>	<u>56,639</u>	<u>41,410</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (63,095)</u>	<u>\$ 2,997</u>	<u>\$ 66,092</u>

See notes to 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) - DURAN FIRE DISTRICT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Taxes		\$ 13,212	\$ 13,212
Intergovernmental	\$ 25,550	25,550	
Miscellaneous	<u>5,189</u>	<u>4,700</u>	<u>(489)</u>
Total revenues	<u>30,739</u>	<u>43,462</u>	<u>12,723</u>
Expenditures:			
Current operations:			
Public safety	19,183	11,744	7,439
Capital expenditures	<u>107,765</u>	<u>104,102</u>	<u>3,663</u>
Total expenditures	<u>126,948</u>	<u>115,846</u>	<u>11,102</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (96,209)</u>	<u>\$ (72,384)</u>	<u>\$ 23,825</u>

See notes to 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) - TORREON-TAJIQUE FIRE DISTRICT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 1998**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Taxes		\$ 13,212	\$ 13,212
Intergovernmental	\$ 25,550	25,550	
Miscellaneous	<u>3,271</u>	<u>2,565</u>	<u>(706)</u>
Total revenues	<u>28,821</u>	<u>41,327</u>	<u>12,506</u>
Expenditures:			
Current operations:			
Public safety	63,182	20,851	42,331
Capital expenditures	<u>36,789</u>	<u>27,979</u>	<u>8,810</u>
Total expenditures	<u>99,971</u>	<u>48,830</u>	<u>51,141</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (71,150)</u>	<u>\$ (7,503)</u>	<u>\$ 63,647</u>

See notes to financial statements.

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY**  
**BASIS) - COUNTY INDIGENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 108,890	\$ 166,354	\$ 57,464
Miscellaneous	<u>                    </u>	<u>2,335</u>	<u>2,335</u>
Total revenues	<u>108,890</u>	<u>168,689</u>	<u>59,799</u>
Expenditures:			
Current operations:			
Health and welfare	166,129	151,999	14,130
Capital expenditures	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>166,129</u>	<u>151,999</u>	<u>14,130</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (57,239)</u>	<u>\$ 16,690</u>	<u>\$ 73,929</u>

See notes to 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) - MATERNAL HEALTH CARE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 406,436	\$ 385,708	\$ (20,728)
Miscellaneous			
Total revenues	<u>406,436</u>	<u>385,708</u>	<u>(20,728)</u>
Expenditures:			
Current operations:			
Health and welfare	413,543	358,886	54,657
Capital expenditures			
Total expenditures	<u>413,543</u>	<u>358,886</u>	<u>54,657</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (7,107)</u>	<u>\$ 26,822</u>	<u>\$ 33,929</u>

See notes to 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) - SENIOR CITIZENS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 440,527	\$ 328,436	\$ (112,091)
Miscellaneous	<u>23,600</u>	<u>24,613</u>	<u>1,013</u>
Total revenues	<u>464,127</u>	<u>353,049</u>	<u>(111,078)</u>
Expenditures:			
Current operations:			
Health and welfare	212,072	212,072	
Capital expenditures	<u>124,225</u>	<u>114,932</u>	<u>9,293</u>
Total expenditures	<u>336,297</u>	<u>327,004</u>	<u>9,293</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 127,830</u>	<u>\$ 26,045</u>	<u>\$ (101,785)</u>

See notes to 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) - D.W.I. GRANT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 214,400	\$ 241,431	\$ 27,031
Miscellaneous			
Total revenues	<u>214,400</u>	<u>241,431</u>	<u>27,031</u>
Expenditures:			
Current operations:			
Public safety	192,105	190,234	1,871
Capital expenditures	<u>2,495</u>	<u>2,495</u>	
Total expenditures	<u>194,600</u>	<u>192,729</u>	<u>1,871</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 19,800</u>	<u>\$ 48,702</u>	<u>\$ 28,902</u>

See notes to 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) - CLERK'S EQUIPMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 11,947	\$ 12,321	\$ 374
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>11,947</u>	<u>12,321</u>	<u>374</u>
Expenditures:			
Current operations:			
General government			
Capital expenditures	<u>13,947</u>	<u>13,947</u>	<u>          </u>
Total expenditures	<u>13,947</u>	<u>13,947</u>	<u>          </u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (2,000)</u>	<u>\$ (1,626)</u>	<u>\$ 374</u>

See notes to 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) - ESTANCIA VALLEY CONTINUING EDUCATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Intergovernmental			
Miscellaneous	\$ 3,000	\$ 351	\$ (2,649)
Total revenues	<u>3,000</u>	<u>351</u>	<u>(2,649)</u>
Expenditures:			
Current operations:			
Culture and recreation	4,900		4,900
Capital expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>4,900</u>	<u>          </u>	<u>4,900</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (1,900)</u>	<u>\$ 351</u>	<u>\$ 2,251</u>

See notes to financial statements.

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY**  
**BASIS) - 1/4% FIRE EXCISE TAX SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

---

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	\$ 59,576	\$ 28,412	\$ (31,164)
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>59,576</u>	<u>28,412</u>	<u>(31,164)</u>
Expenditures:			
Current operations:			
Public safety	41,192	10,142	31,050
Capital expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>41,192</u>	<u>10,142</u>	<u>31,050</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 18,384</u>	<u>\$ 18,270</u>	<u>\$ (114)</u>

See notes to financial statements.

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY**  
**BASIS) - COPS FAST GRANT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 16,524	\$ 22,807	\$ 6,283
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>16,524</u>	<u>22,807</u>	<u>6,283</u>
Expenditures:			
Current operations:			
Public safety	18,589	14,300	4,289
Capital expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>18,589</u>	<u>14,300</u>	<u>4,289</u>
Excess (deficiency) of revenues over expenditures - (prior year cash balance required to balance budget)	<u>\$ (2,065)</u>	<u>\$ 8,507</u>	<u>\$ 10,572</u>

See notes to 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) - LEGISLATIVE APPROPRIATIONS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 50,000	\$ 42,959	\$ (7,041)
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>50,000</u>	<u>42,959</u>	<u>(7,041)</u>
Expenditures:			
Capital expenditures	<u>7,041</u>	<u>7,041</u>	<u>          </u>
Total expenditures	<u>7,041</u>	<u>7,041</u>	<u>          </u>
Excess (deficiency) of revenues over expenditures	<u>\$ 42,959</u>	<u>\$ 35,918</u>	<u>\$ (7,041)</u>

See notes to 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) - FAIR BOARD SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Taxes	\$ 19,000	\$ 19,000	
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>          </u>
Expenditures:			
Current operations:			
Culture and recreation	<u>19,000</u>	<u>19,000</u>	<u>          </u>
Total expenditures	<u>19,000</u>	<u>19,000</u>	<u>          </u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See notes to 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) - U.S. FOREST CO-OP SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 7,400	\$ 1,000	\$ (6,400)
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>7,400</u>	<u>1,000</u>	<u>(6,400)</u>
Expenditures:			
Current operations:			
Health and welfare	900		900
Capital expenditures	<u>6,500</u>	<u>1,110</u>	<u>5,390</u>
Total expenditures	<u>7,400</u>	<u>1,110</u>	<u>6,290</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ (110)</u>	<u>\$ (110)</u>

See notes to 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) - INTERDISCIPLINARY PROGRAM SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Taxes			
Miscellaneous	<u>\$ 800</u>	<u>\$ 800</u>	<u>      </u>
Total revenues	<u>800</u>	<u>800</u>	<u>      </u>
Expenditures:			
Current operations:			
Culture and recreation	<u>800</u>	<u>800</u>	<u>      </u>
Total expenditures	<u>800</u>	<u>800</u>	<u>      </u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See notes to 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) - DRUG EDUCATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 1,000	\$ 2,106	\$ 1,106
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>1,000</u>	<u>2,106</u>	<u>1,106</u>
Expenditures:			
Current operations:			
Health and welfare	1,000		1,000
Capital expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>1,000</u>	<u>          </u>	<u>1,000</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ 2,106</u>	<u>\$ 2,106</u>

See notes to financial statements.

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY**  
**BASIS) - RURAL ADDRESSING SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 17,098	\$ 21,085	\$ 3,987
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>17,098</u>	<u>21,085</u>	<u>3,987</u>
Expenditures:			
Capital expenditures	<u>17,098</u>	<u>15,464</u>	<u>1,634</u>
Total expenditures	<u>17,098</u>	<u>15,464</u>	<u>1,634</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ 5,621</u>	<u>\$ 5,621</u>

See notes to financial statements.



**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUND**  
**JUNE 30, 1998**

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	<b>General Obligation <u>Bond</u></b>	<b>Solid Waste Revenue <u>Bond</u></b>	<b>Totals (Memorandum <u>Only</u>)</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash	\$ 105,907	\$ 42,015	\$ 147,922
Accounts receivable	3,209	15,994	19,203
Due from other funds	<u>          </u>	<u>467</u>	<u>467</u>
Total assets	<u><u>\$ 109,116</u></u>	<u><u>\$ 58,476</u></u>	<u><u>\$ 167,592</u></u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Due to other funds	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>
Fund Balance:			
Reserved for Debt Service	<u>109,116</u>	<u>58,476</u>	<u>167,592</u>
Total fund balance	<u>109,116</u>	<u>58,476</u>	<u>167,592</u>
Total liabilities and fund balance	<u><u>\$ 109,116</u></u>	<u><u>\$ 58,476</u></u>	<u><u>\$ 167,592</u></u>

See notes to financial statements.

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**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP**  
**BUDGETARY BASIS)**  
**GENERAL OBLIGATION BOND DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Revenues:			
Taxes		\$ 158,467	\$ 158,467
Miscellaneous			
Total revenues	<u>\$ -0-</u>	<u>158,467</u>	<u>158,467</u>
Expenditures:			
Debt service:			
Principal paid		100,000	(100,000)
Interest paid		58,504	(58,504)
Bank service charges		<u>1,693</u>	<u>(1,693)</u>
Total expenditures	<u>      </u>	<u>160,197</u>	<u>(160,197)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ (1,730)</u>	<u>\$ (1,730)</u>

See notes to financial statements.

## **CAPITAL PROJECT FUND**

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

### **General Obligation Bond Acquisition Capital Projects Fund**

To account for the acquisition and construction of solid waste landfill costs funded by a \$1,000,000 bond issue and to account for improvements to the County road system funded by a \$300,000 bond issue.

## **AGENCY FUNDS**

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

### **Children's Trust Fund**

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

### **Treasurer - Undistributed Taxes**

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

### **Treasurer - Overpayment of Taxes 7-38-38**

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

### **Treasurer - Taxes Paid in Advance**

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

### **Federal Prisoner Agreement**

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

### **State Prisoner Agreement**

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

### **Treasurer - Unknown Taxes Collected**

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

### **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 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS - (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 1998**

	<b>Balance July 1, 1997</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 1998</b>
<b><u>FEDERAL PRISONER AGREEMENT</u></b>				
<b><u>Assets</u></b>				
Cash	\$ -0-	\$ 3,204,433	\$ 3,204,433	\$ -0-
<b><u>Liabilities</u></b>				
Deposits held for others	\$ -0-	\$ 3,204,433	\$ 3,204,433	\$ -0-
<b><u>STATE PRISONER AGREEMENT</u></b>				
<b><u>Assets</u></b>				
Cash	\$ -0-	\$ 4,643,755	\$ 3,896,669	\$ 747,086
<b><u>Liabilities</u></b>				
Deposits held for others	\$ -0-	\$ 4,643,755	\$ 3,896,669	\$ 747,086
<b><u>TREASURER-UNKNOWN TAXES COLLECTED</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 69	\$ -0-	\$ 69	\$ -0-
<b><u>Liabilities</u></b>				
Deposits held for others	\$ 69	\$ -0-	\$ 69	\$ -0-
<b><u>COST TO STATE/PENALTY AND INTEREST</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 5,234	\$ 21,251	\$ 24,114	\$ 2,371
<b><u>Liabilities</u></b>				
Deposits held for others	\$ 5,234	\$ 21,251	\$ 24,114	\$ 2,371
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 95,191	\$ 9,931,102	\$ 9,145,992	\$ 880,301
<b><u>Liabilities</u></b>				
Deposits held for others	\$ 95,191	\$ 9,931,102	\$ 9,145,992	\$ 880,301

See notes to financial statements.

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State of New Mexico Local Government Division: Community Development Block Grant/ State's Program	14.228	95-C-RS-I-3-G25	<u>\$ 316,945</u>
<u>U.S. Department of Justice</u>			
COPS MORE	16.710	N/A	14,514
COPS FAST	16.710	N/A	12,933
Universal Hiring	16.710	N/A	<u>50,261</u>
			<u>77,708</u>
Domestic Violence	16.588	N/A	<u>60,266</u>
Total U.S. Department of Justice			<u>137,974</u>
<u>U.S. Department of Agriculture</u>			
U.S. Forest Co-op	10.664	N/A	1,910
Passed through State of New Mexico: Cash in lieu of commodities	10.565	N/A	<u>17,799</u>
Total U.S. Department of Agriculture			<u>19,709</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State of New Mexico Agency on Aging: Senior Citizens Program	93.044	N/A	<u>46,312</u>
Total Expenditures of Federal Awards			<u>\$ 520,940</u>



**OTHER REPORTS**

consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 96-1, 96-4, 96-7, 97-1, 97-4, 97-5, 97-6, 97-10, 97-11, 97-13, 97-16, 97-20, 97-21, 97-22, 97-23, 97-24, 98-1, 98-2, 98-3 and 98-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 96-1 to be a material weakness.

#### Exit Conference

An exit conference was held on January 14, 1999 to discuss the findings. Present were Babette Berkshire, County Manager; Tracy Sedillo, Assistant County Manager; Chester W. Mattocks, CPA; and Richard H. Torrence, CPA.

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

*Chester W. Mattocks, CPA*

December 28, 1998

Compliance with such requirements is necessary, in my opinion, for the County to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, County of Torrance complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

#### 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that in my judgment could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 96-1, 98-1, and 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider item 96-1 to be a material weakness.

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

*Chester W. Mattoche, CPA*

December 28, 1998

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

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

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

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

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

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

**Management's response:** The County has developed a process to verify compliance with its purchasing policies and the New Mexico Procurement Code.

#### **96-7 - UNAUTHORIZED BANK ACCOUNTS**

**Statement of finding:** The County has unauthorized bank accounts open under its identification number at Norwest Bank. The following unauthorized bank accounts were open as of June 30, 1998:

Account Number	Date Opened	Account Name
Checking 1668015617	4/30/93	Torrance County Fair
NOW Account 1600732249	7/19/91	Torrance County Fair
Savings		

**Criteria:** Proper internal control procedures dictate that the County only has authorized County bank accounts open under its tax identification number.

Section 6-10-8 "County boards of finance" states in part, "The board of county commissioners in each county in the state shall...constitute a county board of finance and as such, subject to the limitations of this



**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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**Section II. FINANCIAL STATEMENTS FINDINGS**

**96-1 - FIXED ASSETS**

**Statement of finding:**

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

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

**4.1 Identification**

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

**4.2 Inventory Information**

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

**Management's response:** The County has developed a process to review all disbursement vouchers before payment.

#### **97-4 - PHYSICAL ACCESS TO COMPUTER ROOM**

**Statement of finding:** Physical access to the room which contains the County's IBM AS400 mainframe computer is not restricted.

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

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

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

**Recommendation:** The County should develop formal written electronic data processing and computer policies and procedures which include restricting access to the computer room to authorized personnel in order to avoid any unauthorized alteration or loss of system data.

**Management's response:** The County will develop a formal policy pertaining to electronic data processing and computer policies and procedures.

#### **97-5 - COMPUTER DATA BACK-UP AND SECURITY**

**Statement of finding:** Computer backup tapes are not kept in a secure area, and computers are not protected with uninterrupted power supply and surge protection devices.

**Criteria:** Proper internal controls require that:

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

**Effect:** Computer data could be lost, stolen or damaged.

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

**Recommendation:** The County should develop and implement formal written policies and procedures designed to protect computer data from being lost or stolen.



## **97-10 - TRANSFER OF FUNDS FROM INDIGENT FUND**

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

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

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

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

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

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

**Cause:** The State Auditor, in a letter dated January 27, 1997, informed the County that they incorrectly disbursed \$30,400 from the indigent fund on September 8, 1996, for the purchase of land, citing the New Mexico Laws of 1996, Chapter 29, amendment to Section 7-20E-9E NMSA 1978. The State Auditor, with the concurrence of the County's Department of Finance and Administration (DFA) Local Government Budget Analyst, recommended that the County reimburse the indigent fund for the \$30,400 incorrectly disbursed. The County Commission is in disagreement with the State Auditor's recommendation and has indicated in their commission board minutes dated April 23, 1997, that it intends to pursue legal remedies to resolve the situation.

**Recommendation:** The County should comply with Sections 27-5-7E and 27-5-7.1 NMSA 1978 and its DFA Local Government Budget Analyst's recommendation that it reimburse the indigent fund for the \$30,400 incorrectly disbursed.

**Management's response:** The County Attorney is working on a resolution to this problem.

## **97-11 - UNSECURED INVESTMENTS**

**Statement of finding:** The County entered into a Trust Agreement and deposited \$1,000,000 of general obligation proceeds in a trust fund account with Norwest Bank on January 20, 1993, for the purpose of

### **97-13 - COUNTY BOARD OF FINANCE**

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

**Criteria:** Section 6-10-8 NMSA 1978 "County boards of finance" states in part, "The board of county commissioners in each county in the state shall, ex officio and without additional compensation, constitute a county board of finance and as such shall, subject to the limitations of this act, have supervision over the determination of the qualifications and selection of banks, savings and loan associations and credit unions, whose deposits are insured by an agency of the United States, to receive the public money of their respective counties. The County Clerk in each county shall, ex officio and without additional compensation, act as clerk of such county board of finance. Every county board of finance shall hold meetings whenever necessary for the discharge of its duties, and the chairman shall convene such board whenever necessity therefor exists or when requested so to do by two of its members or at any time when the county treasurer shall advise the chairman that he has in his custody public money in excess of the aggregate amount which depositories qualified by law are entitled to hold. A majority of the board shall constitute a quorum for the transaction of business."

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

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

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

**Recommendation:** The County Commission should meet periodically as the County Board of Finance for the sole purpose of reviewing and approving the County's investment policies and practices.

**Management's response:** The County Commission will meet as the Board of Finance on a regular basis.

### **97-16 - INTEREST EARNED ON BANK DEPOSITS**

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

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



#### **97-21 - ENTERPRISE FUND - NEGATIVE CASH BALANCE**

**Statement of finding:** The Solid Waste Department separated from the County as of July 1, 1996, to become the Torrance County Solid Waste Authority (Authority); however, the Solid Waste Enterprise Fund (Fund 413) is still maintained on the County's financial records and has a negative cash balance in the amount of \$66,443. The County Treasurer's Office maintains that the negative cash balance reflects cash due to the County from the Authority; however, this amount is not recognized in the Solid Waste Authority's fiscal year 1998 audited financial statements as a liability to the County.

**Criteria:** All funds should reflect an actual economic position.

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

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

**Recommendation:** The County should make a determination as to whether to collect an amount equal to the negative cash balance from the Authority or transfer money from the general fund to remove the negative cash balance before removing the enterprise fund from its books.

**Management's response:** The County will do a budget transfer next fiscal year to clear this negative balance.

#### **97-22 - GRANT REIMBURSEMENTS**

**Statement of finding:** The Senior Citizens Fund and DWI Fund have negative cash balances of \$63,761 and \$83,281, respectively, as of June 30, 1998.

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

**Effect:** The County may not have adequate cash flow for operating purposes and may have to utilize cash resources from other County funds. The Senior Citizens and DWI funds will always have a negative cash balance for grant expenditures incurred by the County which are not reimbursed by the grantor agency.

**Cause:** In prior years, reimbursement requests may have been incomplete.

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

**Management's response:** The County has policies in place that require grant reimbursements to be done on a monthly basis. The negative balances are caused by slow processing of the grant reimbursements by the granting agency.

- Provide state inmates with access to routine medical care, dental care and infirmary care at the County Facility;
- Meet the New Mexico Corrections Department (NMCD) certification requirements within 18 months of the date of the contract;
- Submit detailed invoices for payment with supporting documentation on a monthly basis;
- Provide food and beverages;
- Provide inmates with all educational services required by the Inmate Literacy Act;
- Provide clothing to inmates;
- Provide routine transportation and security from NMCD's facilities to the County facility;
- Provide telecommunications service for the operation of the facility;
- Maintain an inmate account system and abide by NMCD's inmate trust account policy;
- Maintain the facility in compliance with all federal, state and local safety, health and fire codes;
- Maintain a comprehensive inmate records and reporting system; and
- Provide a fiscal management system for the facility, including income expenditure reports, consolidated audit reports, internal controls, petty cash, inmate trust account, check control, purchasing, requisitions and payroll.

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

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

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

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

**Recommendation:** The County should take the following actions to minimize any potential liability:

- The County should contract directly with CCA for its own prisoners only. The State and U.S. Marshall Service should contract directly with CCA and not with the County for the housing of prisoners.
- If the County continues to act in the same capacity, the County should consider modifying the language in their contracts with the State and U.S. Marshall Service that removes their obligation to ensure that CCA is in compliance with state and federal contract specifications. The County should not certify that they have met the obligations of their contract with the State and U.S. Marshall Service unless the County knows through their own verification process that the obligations have been met. The County should also quantify the benefit bestowed on CCA against the cost to the



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

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

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

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

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

**Questioned costs:** None.

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

**Management's response:** The County has developed a process to verify compliance with its purchasing policies and the New Mexico Procurement Code.

#### **98-1 - DAVIS BACON WAGES**

**Statement of finding:** Seven out of twenty-two wages tested for compliance with Davis Bacon wage requirements were understated.

**Criteria:** The Davis Bacon Act requires that workers on certain construction projects financed with Federal funds be paid at established rates (the prevailing wage rate).

**Effect:** The County and the contractor were not in compliance with this Federal law.

**Cause:** The County did not monitor the contractor adequately.

**Questioned costs:** None.

**Recommendation:** The County should advise its contractor that it must comply with all applicable laws.

**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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**Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Findings Nos. 96-1, 98-1 and 98-2 relate to the major program 14.228 Community Development Block Grant which had expenditures of \$316,945 during the year ended June 30, 1998.

**96-1 - FIXED ASSETS**

**Statement of finding:**

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

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

**4.1 Identification**

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

**4.2 Inventory Information**

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

**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 1998 (UNAUDITED)**

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The Corrective Action Plan was unavailable at the time of publication of this report.



**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

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- 96-1 - FIXED ASSETS** - Repeated in the current year.
- 96-2 - STALE-DATED WARRANTS** - Resolved.
- 96-3 - TRAVEL AND PER DIEM REQUESTS** - Resolved.
- 96-4 - COMPETITIVE BID DOCUMENTATION** - Repeated in the current year.
- 96-5 - INDIGENT CLAIMS** - Resolved.
- 96-6 - BUDGET OVEREXPENDITURES** - Resolved.
- 96-7 - UNAUTHORIZED BANK ACCOUNTS** - Partially repeated in the current year.
- 97-1 - REVIEW OF DISBURSEMENT VOUCHERS PRIOR TO PAYMENT** - Repeated in the current year.
- 97-2 - BUDGETED EXPENDITURES** - Resolved.
- 97-3 - PAYROLL OVERPAYMENT** - Resolved.
- 97-4 - PHYSICAL ACCESS TO COMPUTER ROOM** - Repeated in the current year.
- 97-5 - COMPUTER DATA BACK-UP AND SECURITY** - Repeated in the current year.
- 97-6 - USER ACCESS/PASSWORD SECURITY** - Repeated in the current year.
- 97-7 - SHERIFF'S DEPARTMENT EVIDENCE ROOM - INTERNAL CONTROLS** - Resolved.
- 97-8 - BLANK CHECK STOCK** - Resolved.
- 97-9 - NEW MEXICO PROCUREMENT CODE** - Repeated as part of 96-4 in the current year.
- 97-10 - TRANSFER OF FUNDS FROM INDIGENT FUND** - Repeated in the current year.
- 97-11 - UNSECURED INVESTMENTS** - Repeated in the current year.
- 97-12 - UNINSURED/UNCOLLATERALIZED SECURITIES PURCHASED FROM A COMPANY LOCATED OUTSIDE THE COUNTY** - Resolved.

