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CHESTER W. MATTOCKS

CERTIFIED PUBLIC ACCOUNTANT

STATE OF NEW MEXICO
COUNTY OF TORRANCE

**ANNUAL FINANCIAL REPORT AND INDEPENDENT
AUDITOR'S REPORT FOR THE YEAR ENDED
JUNE 30, 2003**

STATE OF NEW MEXICO
COUNTY OF TORRANCE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003

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COUNTY OF TORRANCE

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COUNTY OF TORRANCE**

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STATE OF NEW MEXICO
COUNTY OF TORRANCE

OFFICIAL ROSTER
AS OF
JUNE 30, 2003

COUNTY COMMISSION

Bill R. Williams
Douglas Johnston
Chester Riley, Jr.

Chairman
Commissioner
Commissioner

ELECTED OFFICIALS

Linda Jaramillo
Dorothy Sandoval
Cris Pohl
Pete Golden
Mary Ann C. Anaya

County Clerk
County Treasurer
County Assessor
Sheriff
Probate Judge

ADMINISTRATIVE OFFICIALS

Bob Ayre
Tracy Sedillo
Shana Brazil

County Manager
Assistant County Manager
Senior Citizens Director



CHESTER W. MATTOCKS
CERTIFIED PUBLIC ACCOUNTANT

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Albuquerque, New Mexico 87125
(505) 299-5233

INDEPENDENT AUDITOR'S REPORT

Members of the Board of County Commissioners
County of Torrance
Estancia, New Mexico
and
Domingo P. Martinez, CGFM
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 individual account group financial statements of the County as of and for the year ended June 30, 2003, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

The County does not have detailed records to support the recorded amounts of fixed assets in the General Fixed Assets Account Group. As a result, I was not able to audit the actual additions and deletions to the fixed assets occurring during the fiscal year ended June 30, 2003, and I was not able to audit the recorded amounts for fixed assets as of June 30, 2003 in the General Fixed Assets Account Group.

The records of the Medicaid Transportation Special Revenue Fund were inaccurate in prior years, and as a result, the Attorney General of the State of New Mexico has claimed that the County owes the State \$269,905, which the County disputes. As this matter has not been resolved, I was unable to determine total liabilities and total expenditures of the Medicaid Transportation Special Revenue Fund.

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, and except for the effects of any adjustments required as a result of the claim by the Attorney General of the State of New Mexico to the Medicaid Transportation Special Revenue Fund, 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, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America. 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, and except for the effects of any adjustments required as a result of the claim by the Attorney General of the State of New Mexico to the Medicaid Transportation Special Revenue Fund, 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, 2003, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 29, 2004 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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. The accompanying schedules listed as Supplementary Information are presented for purposes of additional analysis as required by the Office of the State Auditor, and are 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 and such information have been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and the combining, individual fund and individual account group financial statements and, in my opinion, are 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.

Arthur W. Mattaba, CPA

December 29, 2004

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Agency			
\$ 104,738			\$ 300
			1,823,999
			96,583
			445,809
			110,324
			271,998
	\$ 11,260,837		11,260,837
		\$ 153,993	153,993
		4,063,649	4,063,649
<u>\$ 104,738</u>	<u>\$ 11,260,837</u>	<u>\$ 4,217,642</u>	<u>\$ 18,227,492</u>

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Agency			\$ 548,385
			208,975
			136,534
			271,998
		\$ 2,975,000	2,975,000
		125,846	125,846
		1,048,239	1,048,239
		68,557	68,557
\$ 104,738			104,738
104,738	\$ -0-	4,217,642	5,488,272
	11,260,837		11,260,837
			300
			153,993
			1,328,408
			(4,318)
	11,260,837		12,739,220
\$ 104,738	\$ 11,260,837	\$ 4,217,642	\$ 18,227,492

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Debt Service Fund			All Capital Projects Funds		
Amended Budget	Actual	Variance Favorable (Unfavorable)	Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ 269,810	\$ 33,793	\$ (236,017)			
			\$ 299,815	\$ 124,768	\$ (175,047)
			46,446	46,446	
			25,000	22,687	(2,313)
<u>269,810</u>	<u>33,793</u>	<u>(236,017)</u>	<u>371,261</u>	<u>193,901</u>	<u>(177,360)</u>
			2,664,351	2,306,361	357,990
75,000	75,000				
194,810	144,831	49,979			
<u>269,810</u>	<u>219,831</u>	<u>49,979</u>	<u>2,664,351</u>	<u>2,306,361</u>	<u>357,990</u>
	(186,038)	(186,038)	(2,293,090)	(2,112,460)	180,630
<u>\$ -0-</u>	<u>\$ (186,038)</u>	<u>\$ (186,038)</u>	<u>\$ (2,293,090)</u>	<u>\$ (2,112,460)</u>	<u>\$ 180,630</u>

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.

Under the above criteria, the County had no component units during the fiscal year.

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 modified accrual basis of accounting. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, street and sidewalks, drainage systems and lighting systems have not been capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not included in the General Fixed Assets Account Group. The County's policy is to capitalize fixed assets with an individual cost exceeding \$1,000. The County does not capitalize interest costs. The County capitalizes purchased software, but has no internally-developed software.

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

4. Long-term Obligations

The government reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. For governmental fund types, bond issuance costs are recognized during the current period.

5. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Department of Finance and Administration Local Government Division requires all counties to establish and maintain a cash balance in the general fund equal to 3/12th (25%) of its budgeted expenditures and a 1/12th cash balance in the road fund which will help maintain an adequate cash flow until the next significant property tax collection. These cash balance requirements are classified as "unreserved designated for subsequent year expenditures" in the County's governmental fund type fund balances. The County did not meet this requirement for the General Fund at June 30, 2003.

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.

2. The Local Government Division in relation to the County shall:
 - a. Examine each proposed budget, and on or before July 1 of each year, approve and certify for the County an operating budget for use pending approval of a final budget;
 - b. Hold public hearings on proposed budgets;
 - c. Make such corrections, revisions, and amendments to proposed budgets as may be necessary to meet to requirements of law;
 - d. Certify a final budget for the County prior to the first Monday in September of each year. Such budgets, when approved, shall be binding upon all officials of the state;
 - e. Upon the approval of the director of the Department of Finance and Administration, authorize the transfer of funds from one budget item to another when such transfer is requested and an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of emergency necessitating the expenditure for item or items not provided for in the budget, upon approval of the director of the Department of Finance and Administration, the budget may be revised to authorize such expenditures;
 - f. With written approval of the director of the Department of Finance and Administration, increase the total budget of the County in the event the County undertakes an activity, service, project or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project or construction program will produce sufficient revenue to cover such increase in the budget or the County has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget;
 - g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted and that there will not be illegal expenditures;
 - h. Prescribe the form for all budgets, books, records and accounts for the County; and
 - i. With the approval of the director of the Department of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any matter relating to the financial affairs of the County.
3. The County Manager is authorized to transfer budgeted amounts between departments within any fund;
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Budgetary and actual comparisons presented for these funds in this report are on the non-GAAP (cash) budgetary basis;
5. Budgeted amounts are as originally adopted, or as amended by the County Commissioners and approved by the Department of Finance and Administration;

50% collateral requirement

\$ 299,283

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

Description	CUSIP	Rate	Maturity Date	Face	Market
GNSF 781048	36225BEV6	6.50%	6/15/29	\$ 294,832	309,791
GNSF 781130	36225BHF8	7.00%	1/15/30	42,409	44,805
GNSF 781259	36225BMG0	6.00%	3/15/31	170,296	178,700
GNSF 781316	36225BN95	6.00%	7/15/31	741,949	777,852
Total pledged					<u>1,311,148</u>
Amount over requirement					<u>\$ 1,011,865</u>

B. Investments

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

Total cash invested with New Mexico
State Treasurer at June 30, 2003

\$ 873,428

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

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

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

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

3. RECEIVABLES

Receivables, by fund type, at June 30, 2003 are comprised of the following:

	General	Special Revenue	Debt Service	Capital Projects
State-shared taxes	\$ 62,260	\$ 152,072		
Property taxes	106,737		\$ 3,587	
Federal grants receivable		87,490		
State grants receivable		143,987		
Accounts receivable	25,674	70,909		
Total	<u>\$ 194,671</u>	<u>\$ 454,458</u>	<u>\$ 3,587</u>	<u>\$ -0-</u>

All amounts are considered collectible.

4. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the year:

	Balance, June 30, 2002	Additions	Deletions	Balance, June 30, 2003
Land and right-of-way	\$ 81,825	\$ 178,200		\$ 260,025
Building and improvements	2,917,868	1,956,943		4,874,811
Furniture, fixtures and equipment	5,522,472	236,367	\$ (95,490)	5,663,349
Vehicles	193,845	323,807	(55,000)	462,652
Total	<u>\$ 8,716,010</u>	<u>\$ 2,695,317</u>	<u>\$ (150,490)</u>	<u>\$ 11,260,837</u>

5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2003, the following changes occurred in the General Long-Term Debt Account Group:

	Balance, June 30, 2002	Additions	Deletions	Balance, June 30, 2003
General obligation bonds payable	\$ 3,050,000		\$ (75,000)	\$ 2,975,000
Notes payable	149,489		(23,643)	125,846
Capital leases payable	1,092,812	\$ 132,600	(177,173)	1,048,239
Compensated absences payable	48,190	104,582	(84,215)	68,557
	<u>\$ 4,340,491</u>	<u>\$ 237,182</u>	<u>\$ (360,031)</u>	<u>\$ 4,217,642</u>

A. General Obligation Bonds

During the fiscal year ended June 30, 2002, the County issued \$3,050,000 of General Obligation Bonds, to acquire and improve a necessary site for and acquiring constructing, furnishing, equipping and improving a new County Courthouse. The bonds are secured by the full faith and credit of the county and are payable from taxes levied on all property located within the County.

C. Capital Leases

At June 30, 2003, the County had the following lease purchase agreements payable. These contracts are written so as to be in compliance with applicable state statutes.

<u>Description</u>	<u>Date of Contract</u>	<u>Effective Rate of Interest</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 2003</u>
1. Information Leasing Corporation - Pierce Contender (Fire Truck)	June, 2001	5.76%	\$ 119,090	\$ 106,958
2. Bank One - (9) Motor Graders	March, 2001	6.48%	780,106	539,930
3. LaSalle National Bank - Energy Conservation Program	March, 1998	6.09%	84,675	48,549
4. Bank One - (2) Motor Graders	September, 2001	5.32%	294,174	249,802
5. Wells Fargo - (7) Sheriff Vehicles	November, 2002	4.02%	132,600	103,000
Totals			<u>\$ 1,410,645</u>	<u>\$ 1,048,239</u>

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

<u>Year ended June 30</u>	<u>Total Payments</u>
2004	\$ 249,657
2005	249,657
2006	249,657
2007	249,657
2008	151,297
2009-2013	63,393
Total	<u>1,213,318</u>
Less amount representing interest	<u>(165,079)</u>
Present value of minimum lease payments	<u>\$ 1,048,239</u>

7. TAX ROLL RECONCILIATION

Property taxes receivable, beginning of year	\$ 1,151,785
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	5,168,342
Adjustments:	
Net adjustments	(23,611)
Charge off of taxes receivables	<u>(2,270)</u>
Total receivables prior to collections	6,294,246
Collections for fiscal year ended June 30, 2003	<u>(5,098,734)</u>
Property taxes receivable, end of year	<u>\$ 1,195,512</u>
Property taxes receivable by years:	
1993	\$ 10,434
1994	31,559
1995	23,021
1996	(5,947)
1997	705
1998	5,984
1999	30,976
2000	87,642
2001	260,547
2002	<u>750,591</u>
Total taxes receivable	<u>\$ 1,195,512</u>

8. OPERATING LEASES

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

2004	\$ 161,748
2005	155,109
2006	115,284
Total	<u>\$ 432,141</u>

The operating lease expenditures for the year ended June 30, 2003 were \$135,757.

9. COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION

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

Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires on or before July 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 1.30% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to 0.65% of the employee's annual salary. For the year ended June 30, 2003, each participating retire 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, 2003, the County remitted \$25,564 in employer contributions and \$12,796 in employee contributions to the Retiree Health Care Authority.

13. INSURANCE COVERAGE

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

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

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

16. EXCESS OF EXPENDITURES OVER BUDGET

For the fiscal year ended June 30, 2003, actual expenditures exceeded budgeted expenditures at the overall fund level in the following fund:

<u>Special Revenue Fund:</u>	<u>Amount Over Budget</u>
Law Enforcement Protection	<u>\$ (28,896)</u>

17. DEFICIT FUND BALANCES

The following individual funds have deficit fund balances at June 30, 2003, as a result of the expenditure of grant funds 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>Special Revenue:</u>	<u>Fund Balance (Deficit) at June 30, 2003</u>
Medicaid Transportation	\$ (10,009)
Seniors 3 B	(33,101)
Seniors 3 C-1	(4,219)
Seniors 3 C-2	(2,483)
Seniors Title V	(2,094)
Universal Hiring	(199,002)
<u>Capital Projects:</u>	
Seniors Capital Outlay	(2,548)

18. FUND BALANCE RESTATEMENT

The County has restated the fund balances of the General Fund (Fund 401) and the Jail Special Revenue Fund (Fund 420) due to a prior year error. The County has also restated the fund balance of the Medicaid Transportation Special Revenue Fund (Fund 630) due to the overstatement of accounts receivable at June 30, 2002. The effects of these changes are as follows:

	<u>General Fund</u>	<u>Jail Fund</u>	<u>Medicaid Transportation Fund</u>	<u>Total Special Revenue Funds</u>
Fund balance, June 30, 2002, as previously reported	\$ 677,235	\$ (395,709)	\$ -0-	\$ 263,565
Adjustment to correct cash balances	(11,000)	11,000		11,000
Adjustment to correct accounts receivable			(5,360)	(5,360)
Fund balance, June 30, 2002, as restated	<u>\$ 666,235</u>	<u>\$ (384,709)</u>	<u>\$ (5,360)</u>	<u>\$ 269,205</u>

SPECIAL REVENUE FUNDS

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

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

Farm and Range Fund - To account for the operations of farm and range activities, including soil and water conservation, predatory animal and insect control. Financing is provided from distributions made under the Taylor Grazing Act. Authority is Section 6-11-6, NMSA 1978.

Recreation Fund - To account for the operations and maintenance of County owned recreational facilities. Financing is provided by state shared one-cent cigarette tax, which is required by state law to be used for recreational facilities and salaries of instructors and other employees necessary to the operation of such facilities. Authority is Section 7-12-15, NMSA 1978.

Fire District Funds - To account for the operations of the five fire districts, which are defined by the area served. Financing is provided by state fire allotments. The individual fire districts are Northeast Torrance, Torrance County District II, Duran, McIntosh, and Torreon-Tajique. Financing is provided from the County's share of the fire allotment issued by the State Fire Marshall under NMSA 59A-53-5, NMSA 1978, and also by gross receipts tax approved by the voters of the County.

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

Fire Pool ¼% Tax Fund - To account for expenditures incurred in providing services and equipment purchases for the fire districts. Financing is provided by the County's share of gross receipts tax and may be used only for that purpose. Authority granted by Section 7-20E-15 and 7-20E-16, NMSA 1978.

County Fair Board Fund - To account for the proceeds and expenditures of a special gross receipts tax. The purpose of the tax is to fund the annual county fair. Authority is the County Commission.

Indigent Fund - To account for expenditures incurred in providing services for the care of indigents. Financing is provided by the County's share of gross receipts tax and may be used only for that purpose. Authority is 27-5-7, NMSA 1978.

Emergency Medical Services Fund - To account for a grant from the State of New Mexico to be used for the provision of emergency medical services to County residents. Sources of funds are the State of New Mexico Health Department Emergency Medical Services Bureau. Authority is Section 24-10A-3 through 10, NMSA 1978.

Maternal Health Care Program Fund - To account for a grant from the State of New Mexico Department of Health, to provide maternal child health coordination, adolescent pregnancy prevention, prenatal care coordination, information and referral services and maternal child health tracking services. Authority is Section 24-1B-1 to 24-1B-7, NMSA 1978.

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

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

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

Forest Co-op Fund - To account for funds received under a cooperative agreement with the U.S. Forest Service for maintenance and improvements of Forest Service and surrounding areas. This fund also accounts for a grant from the State of New Mexico, Energy, Minerals, and Natural Resources Department. Authority is the U.S. Forest Service.

ATTF Grant - To account for resources provided to purchase computer equipment in support of the Anti-Terrorism Task Force (ATTF) operated by the U.S. Attorney's Office, Albuquerque, New Mexico. Authority is the United State Department of Justice.

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

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

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

COPS (Community Oriented Policing Services) More Grant Fund - To account for grant monies provided by the U.S. Department of Justice for making officer redeployment effective. The grant is to be used to fund an officer position. Authority is the U.S. Department of Justice.

Troops to COPS Fund - To account for grant funds received from the U.S. Department of Justice to fund police officer positions. Authority is the U.S. Department of Justice.

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

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

Traffic Safety Grant Fund - To account for funds received from the U.S. Department of Transportation passed through the State of New Mexico Highway and Transportation Department for the purpose of helping local law enforcement officers reduce highway deaths and injuries resulting from individuals riding unrestrained or improperly restrained in motor vehicles, to increase seat belt use rates, and to encourage New Mexico to establish a 0.08 percent blood alcohol concentration as the legal limit for drunk driving. Authority is the U.S. Department of Transportation.

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

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

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<u>407</u> <u>Duran</u> <u>Fire</u> <u>District</u>	<u>408</u> <u>McIntosh</u> <u>Fire</u> <u>District</u>	<u>409</u> <u>Torreon-</u> <u>Tajique</u> <u>Fire District</u>	<u>410</u> <u>Law</u> <u>Enforcement</u> <u>Protection</u>	<u>411</u> <u>Fire Pool</u> <u>1/4% Tax</u>	<u>412</u> <u>County Fair</u> <u>Board</u>
\$ 115,654	\$ 8,479	\$ 158,416	\$ 704	\$ 37,230	
2,430	1,820	2,430		2,430	\$ 6,271
<u>\$ 118,084</u>	<u>\$ 10,299</u>	<u>\$ 160,846</u>	<u>\$ 704</u>	<u>\$ 39,660</u>	<u>\$ 6,271</u>
				\$ 1,878	
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,878</u>	<u>\$ -0-</u>
115,654	8,479	158,416	704	37,230	
<u>2,430</u>	<u>1,820</u>	<u>2,430</u>		<u>552</u>	<u>6,271</u>
<u>118,084</u>	<u>10,299</u>	<u>160,846</u>	<u>704</u>	<u>37,782</u>	<u>6,271</u>
<u>\$ 118,084</u>	<u>\$ 10,299</u>	<u>\$ 160,846</u>	<u>\$ 704</u>	<u>\$ 39,660</u>	<u>\$ 6,271</u>

<u>600</u>	<u>604</u>	<u>605</u>	<u>606</u>	<u>610</u>	<u>612</u>
<u>Safety Program</u>	<u>Civil Defense</u>	<u>DWI Program</u>	<u>Energy Conservation</u>	<u>Reappraisal</u>	<u>Clerk's Equipment</u>
\$ 7,608	\$ 13,489		\$ 11,554	\$ 113,105	\$ 16,884
		\$ 58,834			
<u>\$ 7,608</u>	<u>\$ 13,489</u>	<u>58,834</u>	<u>\$ 11,554</u>	<u>\$ 113,105</u>	<u>\$ 16,884</u>
		\$ 55,497			
	\$ 1,388	3,337			
<u>\$ -0-</u>	<u>1,388</u>	<u>58,834</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
7,608	12,101		11,554	113,105	16,884
<u>7,608</u>	<u>12,101</u>		<u>11,554</u>	<u>113,105</u>	<u>16,884</u>
<u>\$ 7,608</u>	<u>\$ 13,489</u>	<u>\$ 58,834</u>	<u>\$ 11,554</u>	<u>\$ 113,105</u>	<u>\$ 16,884</u>

<u>641</u>	<u>650</u>	<u>675</u>	<u>680</u>	<u>688</u>	<u>690</u>
<u>Dr. Saul Scholarship</u>	<u>Estancia Basin Water Study</u>	<u>Rural Addressing</u>	<u>Forest Co-op Grant</u>	<u>ATTF Grant</u>	<u>Domestic Violence</u>
\$ 101	\$ 584	\$ 892			\$ 25,133
		2,430	\$ 22,331		
<u>\$ 101</u>	<u>\$ 584</u>	<u>\$ 3,322</u>	<u>\$ 22,331</u>	<u>\$ -0-</u>	<u>\$ 25,133</u>
			\$ 19,278 3,053		
		\$ 1,180			\$ 3,506
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,180</u>	<u>22,331</u>	<u>\$</u>	<u>3,506</u>
101	584	2,142			21,627
<u>101</u>	<u>584</u>	<u>2,142</u>			<u>21,627</u>
<u>\$ 101</u>	<u>\$ 584</u>	<u>\$ 3,322</u>	<u>\$ 22,331</u>	<u>\$ -0-</u>	<u>\$ 25,133</u>

<u>600</u>	<u>604</u>	<u>605</u>	<u>606</u>	<u>610</u>	<u>612</u>
<u>Safety Program</u>	<u>Civil Defense</u>	<u>DWI Program</u>	<u>Energy Conservation</u>	<u>Reappraisal</u>	<u>Clerk's Equipment</u>
\$ - 5,112			\$ 11,554	\$ 49,317	\$ 28,333
	\$ 28,763	\$ 238,305			
<u>5,112</u>	<u>28,763</u>	<u>238,305</u>	<u>11,554</u>	<u>49,317</u>	<u>28,333</u>
	34,763		12,242	25,146	21,498
		172,314			
<u>12,177</u>				<u>50,804</u>	
<u>12,177</u>	<u>34,763</u>	<u>172,314</u>	<u>12,242</u>	<u>75,950</u>	<u>21,498</u>
<u>(7,065)</u>	<u>(6,000)</u>	<u>65,991</u>	<u>(688)</u>	<u>(26,633)</u>	<u>6,835</u>
	27,364		36,914	23,464	
	<u>27,364</u>		<u>36,914</u>	<u>23,464</u>	
(7,065)	21,364	65,991	36,226	(3,169)	6,835
<u>14,673</u>	<u>(9,263)</u>	<u>(65,991)</u>	<u>(24,672)</u>	<u>116,274</u>	<u>10,049</u>
<u>\$ 7,608</u>	<u>\$ 12,101</u>	<u>\$ -0-</u>	<u>\$ 11,554</u>	<u>\$ 113,105</u>	<u>\$ 16,884</u>

<u>641</u>	<u>650</u>	<u>675</u>	<u>680</u>	<u>688</u>	<u>690</u>
<u>Dr. Saul Scholarship</u>	<u>Estancia Basin Water Study</u>	<u>Rural Addressing</u>	<u>Forest Co-op Grant</u>	<u>ATTTF Grant</u>	<u>Domestic Violence</u>
	\$ 8,835	\$ 2,720 13,613			\$ 2,626
			\$ 22,331	\$ 3,500	207,540
<u>\$ -0-</u>	<u>8,835</u>	<u>16,333</u>	<u>22,331</u>	<u>3,500</u>	<u>210,166</u>
		23,374			
	14,580		22,331		175,136
				3,500	13,403
	<u>14,580</u>	<u>23,374</u>	<u>22,331</u>	<u>3,500</u>	<u>188,539</u>
	(5,745)	(7,041)			21,627
	(5,745)	(7,041)			21,627
<u>101</u>	<u>6,329</u>	<u>9,183</u>			
<u>\$ 101</u>	<u>\$ 584</u>	<u>\$ 2,142</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 21,627</u>

<u>805</u>	<u>808</u>	<u>809</u>	<u>810</u>	<u>911</u>	
<u>Traffic Safety</u>	<u>Forest Service Patrol</u>	<u>Bulletproof Vest</u>	<u>COPS In Schools</u>	<u>Emergency 911</u>	<u>Total</u>
					\$ 569,990
					1,002,909
					1,255,029
\$ 24,894	\$ 13,342	\$ 2,503	\$ 130,102		800,140
					6,941
<u>24,894</u>	<u>13,342</u>	<u>2,503</u>	<u>130,102</u>	<u>\$ -0-</u>	<u>6,231</u>
					3,641,240
					82,260
	13,342	1,365	130,102		1,597,166
22,394					1,251,848
					1,411,024
2,500					19,250
<u>24,894</u>	<u>13,342</u>	<u>1,365</u>	<u>130,102</u>		<u>234,003</u>
					4,595,551
		1,138			(954,311)
					1,436,083
					(6,019)
					1,430,064
		1,138			475,753
					269,205
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,138</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 744,958</u>

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND - FARM AND RANGE
FOR THE YEAR ENDED JUNE 30, 2003**

	403		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources			
Federal sources	\$ 1,400	\$ 1,523	\$ 123
Charges for services			
Interest			
Total Revenues	1,400	1,523	123
Other financing sources:			
Transfers in	17,700	17,700	
Total revenues and other financing sources	19,100	19,223	123
EXPENDITURES:			
General government			
Public safety			
Highways and streets			
Health and welfare	19,000	19,000	
Culture and recreation			
Total Expenditures	19,000	19,000	
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 100	\$ 223	\$ 123

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) - SPECIAL REVENUE FUND - NORTHEAST TORRANCE FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2003**

	405		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources	\$ 24,092	\$ 26,462	\$ 2,370
Federal sources	30,592	30,592	
Charges for services			
Interest	600	76	(524)
Total Revenues	55,284	57,130	1,846
Other financing sources:			
Transfers in		12,326	12,326
Total revenues and other financing sources	55,284	69,456	14,172
EXPENDITURES:			
General government			
Public safety			
Highways and streets	69,408	69,408	
Health and welfare			
Culture and recreation			
Total Expenditures	69,408	69,408	
Excess (deficiency) of revenues and other financing sources over expenditures (prior year cash balance required to balance budget)	\$ (14,124)	\$ 48	\$ 14,172

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) - SPECIAL REVENUE FUND -
DURAN FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2003**

	407		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources		\$ 2,585	\$ 2,585
State-shared taxes	\$ 7,500	11,182	3,682
State sources	30,592	30,592	
Federal sources			
Charges for services			
Interest	1,429	1,038	(391)
Total Revenues	39,521	45,397	5,876
EXPENDITURES:			
General government			
Public safety	127,094	17,316	109,778
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	127,094	17,316	109,778
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (87,573)	\$ 28,081	\$ 115,654

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) - SPECIAL REVENUE FUND - TORREON-TAJIQUE FIRE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2003**

	409		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources		\$ 66	\$ 66
State-shared taxes	\$ 11,836	11,183	(653)
State sources	30,592	30,592	
Federal sources			
Charges for services			
Interest	2,000	1,645	(355)
Total Revenues	44,428	43,486	(942)
EXPENDITURES:			
General government			
Public safety	198,806	27,122	171,684
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	198,806	27,122	171,684
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (154,378)	\$ 16,364	\$ 170,742

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) - SPECIAL REVENUE FUND -
FIRE POOL 1/4% TAX
FOR THE YEAR ENDED JUNE 30, 2003**

	411		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 8,000	\$ 3,723	\$ (4,277)
State-shared taxes	8,000	11,182	3,182
State sources		14,000	14,000
Federal sources			
Charges for services			
Interest			
Total Revenues	16,000	28,905	12,905
EXPENDITURES:			
General government			
Public safety	48,399	24,074	24,325
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	48,399	24,074	24,325
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (32,399)	\$ 4,831	\$ 37,230

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) - SPECIAL REVENUE FUND - INDIGENT
FOR THE YEAR ENDED JUNE 30, 2003

	414		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources		\$ 6,667	\$ 6,667
State-shared taxes	\$ 286,520	227,168	(59,352)
State sources			
Federal sources			
Charges for services			
Interest			
Total Revenues	286,520	233,835	(52,685)
EXPENDITURES:			
General government			
Public safety			
Highways and streets			
Health and welfare	369,427	253,564	115,863
Culture and recreation			
Total Expenditures	369,427	253,564	115,863
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (82,907)	\$ (19,729)	\$ 63,178

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) - SPECIAL REVENUE FUND - MATERNAL HEALTH CARE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2003**

	418		Variance
	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes	\$ 486,905	\$ 350,864	\$ (136,041)
State sources	189,569	187,318	(2,251)
Federal sources			
Charges for services			
Interest			
Total Revenues	<u>676,474</u>	<u>538,182</u>	<u>(138,292)</u>
EXPENDITURES:			
General government			
Public safety			
Highways and streets	623,344	531,468	91,876
Health and welfare			
Culture and recreation			
Total Expenditures	<u>623,344</u>	<u>531,468</u>	<u>91,876</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 53,130</u>	<u>\$ 6,714</u>	<u>\$ (46,416)</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) - SPECIAL REVENUE FUND - CIVIL DEFENSE
FOR THE YEAR ENDED JUNE 30, 2003**

	604		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources	\$ 18,031	\$ 28,763	\$ 10,732
Federal sources			
Charges for services			
Interest			
Total Revenues	18,031	28,763	10,732
Other financing sources:			
Transfers in	27,364	27,364	
Total revenues and other financing sources	45,395	56,127	10,732
EXPENDITURES:			
General government			
Public safety	36,132	33,375	2,757
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	36,132	33,375	2,757
Excess (deficiency) of revenues and other financing	\$ 9,263	\$ 22,752	\$ 13,489

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) - SPECIAL REVENUE FUND - ENERGY CONSERVATION
FOR THE YEAR ENDED JUNE 30, 2003**

	606		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources		\$ 11,554	\$ 11,554
Federal sources			
Charges for services			
Interest			
Total Revenues	\$ -0-	11,554	11,554
Other financing sources:			
Transfers in	36,914	36,914	
Total revenues and other financing sources	36,914	48,468	11,554
EXPENDITURES:			
General government	12,242	12,242	
Public safety			
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	12,242	12,242	
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 24,672	\$ 36,226	\$ 11,554

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) - SPECIAL REVENUE FUND - CLERK'S EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2003**

	612		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 20,278	\$ 28,333	\$ 8,055
State-shared taxes			
State sources			
Federal sources			
Charges for services			
Interest			
Total Revenues	20,278	28,333	8,055
EXPENDITURES:			
General government	30,327	21,498	8,829
Public safety			
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	30,327	21,498	8,829
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (10,049)	\$ 6,835	\$ 16,884

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) - SPECIAL REVENUE FUND - SENIORS 3 B
FOR THE YEAR ENDED JUNE 30, 2003

	631		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 13,690	\$ 877	\$ (12,813)
State-shared taxes			
State sources	75,000	10,708	(64,292)
Federal sources	25,083	14,238	(10,845)
Charges for services			
Interest			
Total Revenues	113,773	25,823	(87,950)
EXPENDITURES:			
General government			
Public safety			
Highways and streets			
Health and welfare	105,083	50,234	54,849
Culture and recreation			
Total Expenditures	105,083	50,234	54,849
Excess (deficiency) of revenues over expenditures	\$ 8,690	\$ (24,411)	\$ (33,101)

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) - SPECIAL REVENUE FUND - SENIORS 3 C-2
FOR THE YEAR ENDED JUNE 30, 2003

	633		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 28,068	\$ 2,682	\$ (25,386)
State-shared taxes			
State sources	26,396	16,304	(10,092)
Federal sources	4,455	5,024	569
Charges for services			
Interest			
Total Revenues	58,919	24,010	(34,909)
EXPENDITURES:			
General government			
Public safety			
Highways and streets			
Health and welfare	39,046	6,620	32,426
Culture and recreation			
Total Expenditures	39,046	6,620	32,426
Excess (deficiency) of revenues over expenditures	\$ 19,873	\$ 17,390	\$ (2,483)

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) - SPECIAL REVENUE FUND - SENIORS TITLE V
FOR THE YEAR ENDED JUNE 30, 2003**

	636		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 3,838		\$ (3,838)
State-shared taxes			
State sources			
Federal sources	11,531	\$ 5,823	(5,708)
Charges for services			
Interest			
Total Revenues	15,369	5,823	(9,546)
EXPENDITURES:			
General government			
Public safety			
Highways and streets			
Health and welfare	11,531	4,079	7,452
Culture and recreation			
Total Expenditures	11,531	4,079	7,452
Excess (deficiency) of revenues over expenditures	\$ 3,838	\$ 1,744	\$ (2,094)

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) - SPECIAL REVENUE FUND - RURAL ADDRESSING
FOR THE YEAR ENDED JUNE 30, 2003

	675		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 200	\$ 2,720	\$ 2,520
State-shared taxes	12,811	11,183	(1,628)
State sources			
Federal sources			
Charges for services			
Interest			
Total Revenues	13,011	13,903	892
EXPENDITURES:			
General government	22,194	22,194	
Public safety			
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	22,194	22,194	
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (9,183)	\$ (8,291)	\$ 892

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) - SPECIAL REVENUE FUND - ATTF GRANT
FOR THE YEAR ENDED JUNE 30, 2003**

	688		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources			
Federal sources	\$ 3,500	\$ 3,500	
Charges for services			
Interest			
Total Revenues	3,500	3,500	\$ -0-
EXPENDITURES:			
General government			
Public safety	3,500	3,500	
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	3,500	3,500	
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-

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) - SPECIAL REVENUE FUND - DOMESTIC VIOLENCE COURT FEE
FOR THE YEAR ENDED JUNE 30, 2003

	692		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 1,500	\$ 6,004	\$ 4,504
State-shared taxes			
State sources			
Federal sources			
Charges for services			
Interest			
Total Revenues	1,500	6,004	4,504
EXPENDITURES:			
General government			
Public safety	4,370		4,370
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	4,370		4,370
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	\$ (2,870)	\$ 6,004	\$ 8,874

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) - SPECIAL REVENUE FUND - COPS MORE GRANT
FOR THE YEAR ENDED JUNE 30, 2003**

	800		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources			
Federal sources		\$ 1,250	\$ 1,250
Charges for services			
Interest			
Total Revenues	\$ -0-	1,250	1,250
Other financing sources:			
Transfers in	6,040	6,040	
Total revenues and other financing sources	6,040	7,290	1,250
EXPENDITURES:			
General government			
Public safety			
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures			
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 6,040	\$ 7,290	\$ 1,250

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) - SPECIAL REVENUE FUND - UNIVERSAL HIRING GRANT
FOR THE YEAR ENDED JUNE 30, 2003**

	802		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 48,210		\$ (48,210)
State-shared taxes			
State sources			
Federal sources	369,953	\$ 61,914	(308,039)
Charges for services			
Interest			
Total Revenues	418,163	61,914	(356,249)
Other financing sources:			
Transfers in	104,256	104,256	
Total revenues and other financing sources	522,419	166,170	(356,249)
EXPENDITURES:			
General government			
Public safety	368,365	299,831	68,534
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	368,365	299,831	68,534
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 154,054	\$ (133,661)	\$ (287,715)

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) - SPECIAL REVENUE FUND - TRAFFIC SAFETY GRANT
FOR THE YEAR ENDED JUNE 30, 2003**

	805		
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Local sources	\$ 6,207		\$ (6,207)
State-shared taxes			
State sources			
Federal sources	24,852	\$ 20,522	(4,330)
Charges for services			
Interest			
Total Revenues	<u>31,059</u>	<u>20,522</u>	<u>(10,537)</u>
Other financing sources:			
Transfers in		3,211	3,211
Total revenues and other financing sources	<u>31,059</u>	<u>23,733</u>	<u>(7,326)</u>
EXPENDITURES:			
General government			
Public safety	24,852	24,852	
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	<u>24,852</u>	<u>24,852</u>	
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ 6,207</u>	<u>\$ (1,119)</u>	<u>\$ (7,326)</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) - SPECIAL REVENUE FUND -
BULLETPROOF VEST
FOR THE YEAR ENDED JUNE 30, 2003**

	809		Variance
	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources			
Federal sources	\$ 2,503	\$ 2,503	
Charges for services			
Interest			
Total Revenues	2,503	2,503	\$ -0-
EXPENDITURES:			
General government			
Public safety	2,503	1,365	1,138
Highways and streets			
Health and welfare			
Culture and recreation			
Total Expenditures	2,503	1,365	1,138
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ 1,138	\$ 1,138

See notes to financial statements.

CAPITAL PROJECTS FUNDS

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

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

CDBG - Senior Center Fund - To account for funds received through a grant from the U.S. Department of Housing and Urban Development to build a Senior Center for County Residents. Authority is Title I of the Housing and Community Development Act and 1974 (Public Law 93-383).

Seniors Capital Outlay Fund - To account for resources received from a state appropriation from the State Agency on Aging, Chapter 21, Laws of 2000 to purchase a vehicle for Torrance County. Also, for an appropriation from the State Agency on Aging, Chapter 21, Laws of 2000 to purchase a freezer for the Senior Citizen Program.

Legislative Appropriations Fund - To account for resources received from State of New Mexico Legislative Appropriations for the purpose of building and/or acquiring various capital assets.

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	424	625	635	803	
	Judicial Complex	CDBG - Senior Center	Seniors Capital Outlay	Legislative Appropriations	Total
Revenues:					
Local sources					
State-shared taxes					
State sources			\$ 7,503	\$ 117,264	\$ 124,767
Federal sources					
Charges for services					
Interest	\$ 22,687				22,687
Total Revenues	22,687	\$ -0-	7,503	117,264	147,454
Expenditures:					
Current:					
General government					
Public safety					
Highways and streets					
Health and welfare					
Culture and recreation					
Capital outlay	2,135,147		7,503	117,265	2,259,915
Total Expenditures	2,135,147		7,503	117,265	2,259,915
Excess (deficiency) of revenues over expenditures	(2,112,460)			(1)	(2,112,461)
Other financing sources (uses):					
Operating transfers in					
Operating transfers out					
Total other financing sources (uses)					
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(2,112,460)			(1)	(2,112,461)
Fund Balances, beginning of year	2,295,638		(2,548)	12,384	2,305,474
Fund Balances, end of year	\$ 183,178	\$ -0-	\$ (2,548)	\$ 12,383	\$ 193,013

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) - CAPITAL PROJECTS FUND - CDBG - SENIOR CENTER
FOR THE YEAR ENDED JUNE 30, 2003**

	625		Variance
	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES:			
Local sources			
State-shared taxes			
State sources			
Federal sources	\$ 46,446	\$ 46,446	
Charges for services			
Interest			
Total Revenues	46,446	46,446	\$ -0-
EXPENDITURES:			
Current:			
General government			
Public safety			
Highways and streets			
Health and welfare			
Culture and recreation			
Capital Outlay	46,446	46,446	
Total Expenditures	46,446	46,446	
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ -0-

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) - CAPITAL PROJECTS FUND -
LEGISLATIVE APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2003**

	803		
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Local sources			
State-shared taxes			
State sources	\$ 228,810	\$ 117,265	\$ (111,545)
Federal sources			
Charges for services			
Interest			
Total Revenues	<u>228,810</u>	<u>117,265</u>	<u>(111,545)</u>
EXPENDITURES:			
Current:			
General government			
Public safety			
Highways and streets			
Health and welfare			
Culture and recreation			
Capital Outlay	<u>228,810</u>	<u>117,265</u>	<u>111,545</u>
Total Expenditures	<u>228,810</u>	<u>117,265</u>	<u>111,545</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

COMBINING BALANCE SHEET - ALL AGENCY FUNDS
JUNE 30, 2003

	Children's Trust Fund	Undistributed Taxes	Overpayment Of Taxes	Taxes Paid In Advance	Cost to State/ Penalty and Interest	Total
ASSETS						
Cash	\$ 90	\$ 65,753	\$ 2,097	\$ 31,156	\$ 5,642	\$ 104,738
Total Assets	\$ 90	\$ 65,753	\$ 2,097	\$ 31,156	\$ 5,642	\$ 104,738
LIABILITIES						
Deposit held for others	\$ 90	\$ 65,753	\$ 2,097	\$ 31,156	\$ 5,642	\$ 104,738
Total Liabilities	\$ 90	\$ 65,753	\$ 2,097	\$ 31,156	\$ 5,642	\$ 104,738

See notes to financial statements.

**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, 2003**

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
TAXES PAID IN ADVANCE:				
ASSETS				
Cash	\$ 32,185	\$	\$ 1,029	\$ 31,156
Total Assets	\$ 32,185	\$	\$ 1,029	\$ 31,156
LIABILITIES				
Deposits held for others	\$ 32,185	\$	\$ 1,029	\$ 31,156
Total Liabilities	\$ 32,185	\$	\$ 1,029	\$ 31,156
COST TO STATE / PENALTY AND INTEREST:				
ASSETS				
Cash	\$ 5,891	\$ 42,701	\$ 42,950	\$ 5,642
Total Assets	\$ 5,891	\$ 42,701	\$ 42,950	\$ 5,642
LIABILITIES				
Deposits held for others	\$ 5,891	\$ 42,701	\$ 42,950	\$ 5,642
Total Liabilities	\$ 5,891	\$ 42,701	\$ 42,950	\$ 5,642
TOTALS - ALL AGENCY FUNDS:				
ASSETS				
Cash	\$ 106,404	\$ 2,601,279	\$ 2,602,945	\$ 104,738
Total Assets	\$ 106,404	\$ 2,601,279	\$ 2,602,945	\$ 104,738
LIABILITIES				
Deposits held for others	\$ 106,404	\$ 2,601,279	\$ 2,602,945	\$ 104,738
Total Liabilities	\$ 106,404	\$ 2,601,279	\$ 2,602,945	\$ 104,738

See notes to financial statements.

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of the Interior</u>			
Bureau of Land Management			
Payments in Lieu of Taxes	15.226	None	\$ 206,440
Passed through Department of Finance and Administration:			
Taylor Grazing Act	15.227	None	1,523
Total U.S. Department of the Interior			207,963
<u>U.S. Department of Agriculture</u>			
Forest Service Patrol	10.664	01-LE-11030300-010	13,342
Forest Service Co-op Agreement	10.664	None	22,331
Title I Forest Reserve	10.664	None	10,849
Total U.S. Department of Agriculture			46,522
<u>U.S. Department of Justice</u>			
COPS in Schools	16.710	2001-SHWX-0208	130,102
Universal Hiring	16.710	95CFWX4761	316,294
			446,396
Domestic Violence and Child Victimization Enforcement	16.589	97-WR-VX-0021	188,539
Bulletproof Vest Partnership Grant	16.607	None	1,365
Passed through U.S. Attorney's Office:			
Antiterrorism Task Force (ATTF) Grant	16.000	None	3,500
Total U.S. Department of Justice			639,800
<u>U.S. Department of Health and Human Services</u>			
Passed through Medical Assistance Division			
Medicaid Transportation	93.778	None	4,649
Passed through New Mexico Department of Health			
Families First Program	93.000	None	38,097
Passed through North Central New Mexico Economic Development District Area Agency on Aging:			
Title III B	93.044/ 93.045	None	11,257
Title III C-1	93.044/ 93.045	None	8,637
Title III C-2	93.044/ 93.045	None	2,081
Subtotal			21,975
Seniors Title V	93.000	None	2,963

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2003

Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements:

Total expenditures of federal awards	\$ 1,257,951
Excess of federal expenditures over federal revenue	(307,907)
Excess of federal revenue over federal expenditures	<u>56,536</u>
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types - Federal Sources	\$ <u>1,006,580</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Accounting

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

2. Non-Cash Assistance

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

3. Subrecipients

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

Description:	Estancia Valley Solid Waste Authority
Purpose:	Coordinate solid waste resources in the area.
Participants:	County of Torrance, City of Moriarty, Towns of Estancia and Mountainair, Villages of Willard and Encino.
Party responsible for operations:	Estancia Valley Solid Waste Authority.
Beginning date of agreement:	1996.
Ending date:	When parties decide.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	\$55,919 for loan payment.
Audit responsibility:	Estancia Valley Solid Waste Authority.
Fiscal Agent:	N/A.
Name of government where revenues and expenditures are reported:	Estancia Valley Solid Waste Authority.
Description:	Estancia Valley Regional Animal Shelter
Purpose:	Animal shelter facilities.
Participants:	County of Torrance, City of Moriarty, Town of Estancia, Edgewood.
Party responsible for operations:	Estancia Regional Animal Shelter Board.
Beginning date of agreement:	2003.
Ending date:	When parties decide.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	Land and building.
Audit responsibility:	County of Torrance.
Fiscal Agent:	County of Torrance.
Name of government where revenues and expenditures are reported:	Revenues: County of Torrance. Expenditures: Each participant.

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

Members of the Board of County Commissioners
County of Torrance
Estancia, New Mexico
and
Domingo P. Martinez, CGFM
State Auditor
Santa Fe, New Mexico

I have audited the general-purpose financial statements and the combining, individual fund and individual account group financial statements of the State of New Mexico, County of Torrance (County) as of and for the year ended June 30, 2003, and have issued my report thereon dated December 29, 2004, in which I did not express an opinion on the General Fixed Assets Account Group due to a lack of detailed records and in which I did not express an opinion on the Medicaid Transportation Special Revenue Fund due to inaccurate records. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings and Questioned Costs as the following items: 96-01, 00-01, 00-07, 01-06, 01-07, 02-03, 02-04, 03-01, 03-02, and 03-03.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the County's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting 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 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 the following items: 96-01, 00-01, 00-03, 00-07, 01-03, 01-06, 01-07, 02-03, 02-04, 03-01, 03-02, and 03-03.



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

Members of the Board of County Commissioners
County of Torrance
Estancia, New Mexico
and
Domingo P. Martinez, CGFM
State Auditor
Santa Fe, New Mexico

Compliance

I have audited the compliance of the State of New Mexico, County of Torrance (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. My responsibility is to express an opinion on the County's compliance based on my audit.

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

As described in items 96-01, 00-01, 00-03, and 03-03 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding accounting for federal grants and equipment and property management that were applicable to each of its major programs. Compliance with such requirements is necessary, in my opinion, for the County to comply with the requirements applicable to those programs.

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Disclaimer of opinion on the General Fixed Assets Account Group and on the Medicaid Transportation Special Revenue Fund. Unqualified on all other funds.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s) Name of Federal program or Cluster

16.710 U.S. Department of Justice:
COPS/Universal Hiring

15.226 U.S. Department of the Interior:
Payment in Lieu of Taxes

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

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

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2003**

fund to that grant fund as it can until the grant deficit (which is the matching requirement) is taken care of in full.

00-03 - MULTIPLE PROGRAMS IN ONE FUND

Statement of finding: The Traffic Safety Fund contains at least two different grant programs. The County has not provided sub-accounts for these grants in order to track grant revenues and expenditures.

Criteria: Revenues and expenditures should be recorded for each grant in separate accounts.

Effect: Reimbursements may not be received because the expenditures are not shown or reported in the correct grant/program.

Cause: Sub-accounts for each grant were not established.

Recommendation: Management should create sub-accounts to ensure the correct expenditures and revenues are recorded under the correct grant/program.

Management's response: The County is establishing separate departments for each different grant from Traffic Safety within the 805 fund. This will be done at the start of the FY2005 grants.

00-07 - LATE AUDIT REPORT

Statement of finding: The June 30, 2003 audit report was not submitted to the State Auditor by the required deadline.

Criteria: County audits are required to be submitted to the State Auditor by November 15 of the year in question, per State Auditor Rule 2.2.2.9A(1) (c).

Effect: The County was not in compliance with Rule 2.2.2.9A(1)(c), which is a violation of state regulation. Loss of funding could result.

Cause: The contract for the June 30, 2003 audit was not signed until October, 2004.

Recommendation: The County should institute procedures to comply with Rule 2.2.2.9A(1)(c).

Management's response: The County has been experiencing financial difficulties, primarily with cash flow and loss of revenue. Because of the financial problems, the County was late initiating the 2003 and 2004 audit contracts. The County has entered into a three year contract with Chester Mattocks, CPA for the 2003, 2004 and 2005 audits. Since the contract for the 2005 audit is already secured, the 2005 audit should be able to get completed in a timely manner.

STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2003

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

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

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

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

Management's response: It appears that two checks were issued in fiscal year 2003 for the same loan payment to Wells Fargo Equipment Leasing in the amount of 29,600. One of the checks didn't get voided until July 21, 2003 (fiscal year 2004), so it appears that line item 410-10-2618 was over expended at June 30, 2003. Since one of the checks should have been voided, this was not actually an over expenditure.

02-03 - DEPOSITING WITHIN TWENTY-FOUR HOURS

Statement of finding: Certain departments, particularly Domestic Violence, the Drug Education Program, and the Sheriff's Office, are not depositing funds received with the County Treasurer within twenty-four hours of receipt.

Criteria: Per the Public Money Act, Section 6-10-1 to 6-10-63, NMSA, 1978 Comp., and DFA regulations, public monies should be deposited within twenty-four hours or the next business day after receipt.

Effect: Internal control is weakened. Monies could be lost, stolen or misused. The County is not in compliance with state statute.

Cause: Department supervisors have not taken past audit findings on this subject seriously.

Recommendation: The management of the County should ensure that all departments are aware of this regulation and adhere to it.

Management's response: The County Manager has held numerous meetings with all the various departments within the County to address this issue. Many departments have gotten better about the timeliness of their deposits, but this problem has not been completely taken care of as it should. The County will continue to seek solutions to this ongoing problem.

02-04 - COUNTY TREASURERS PROPERTY TAX SCHEDULE

Statement of finding: The County did not provide a Property Tax Schedule that conforms to the State Auditors Rule 2.2.2.12D(2).

Criteria: State Auditors Rule 2.2.2.12D(2) requires a property tax schedule providing detailed tax information for the last ten years.

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

STATE OF NEW MEXICO
COUNTY OF TORRANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2003

Recommendation: The County should take steps in order to be in compliance with this regulation.

Management's response: Due to may unforeseen budget problems, the County did not have a 3/12 cash balance at the close of the fiscal year. We have been working very closely with DFA to resolve our budget issues.

03-03 – GRANTS MANAGEMENT

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

- a) Amount of Federal funds expended;
- b) Matching requirements;
- c) Equipment purchased with Federal funds;
- d) Individual grant reports.

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

Effect: Grant requirements may not be met.

Cause: Personnel time has been limited.

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

Management's response: The County is in the process of adopting formal procedures in regards to grants management. The County has created a Finance Department and hired a Comptroller in July of 2004. Since that time, the Comptroller has been working on a grants management system. Once formal procedures are adopted by the County Commission, each department will be forced to comply with the established system.

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2003**

Management's response: The County Commission has adopted a procedure for approving and accepting new grants. This will allow the Commission an opportunity to review new grants and know about the required matching funds. In the past, grants were accepted by elected officials or department heads without proper approval by the County Commission. In addition, copies of the grant agreements were not given to the County Manager's office for proper monitoring. The County was unaware of the matching require until the grant was renewed. The County has made every effort to comply with the requirement of the grant including the matching part. The expenditures were made and now the County will make transfers from the general fund to that grant fund as it can until the grant deficit (which is the matching requirement) is taken care of in full.

The following finding relates to Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant, CFDA # 20.601 and Safety Incentive Grant for Use of Seatbelts, CFDA # 20.604.

00-03 - MULTIPLE PROGRAMS IN ONE FUND

Statement of finding: The Traffic Safety Fund contains at least two different grant programs. The County has not provided sub-accounts for these grants in order to track grant revenues and expenditures.

Criteria: Revenues and expenditures should be recorded for each grant in separate accounts.

Effect: Reimbursements may not be received because the expenditures are not shown or reported in the correct grant/program.

Cause: Sub-accounts for each grant were not established.

Questioned costs: None.

Recommendation: Management should create sub-accounts to ensure the correct expenditures and revenues are recorded under the correct grant/program.

Management's response: The County is establishing separate departments for each different grant from Traffic Safety within the 805 fund. This will be done at the start of the FY2005 grants.

The following finding relates to all Federal programs.

03-03 - GRANTS MANAGEMENT

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

- a) Amount of Federal funds expended;
- b) Matching requirements;
- c) Equipment purchased with Federal funds;
- d) Individual grant reports.

**STATE OF NEW MEXICO
COUNTY OF TORRANCE**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

96-1 - Fixed Assets - Repeated.

97-22 - Receipt of Grant Monies – Repeated as part of 03-03.

00-1 - County's Matching Share – Repeated.

00-2 - Payroll Classifications – Resolved.

00-3 - Multiple Programs in One Fund - Repeated.

00-7 - Late Audit Report - Repeated.

01-1 - Disbursements Charged to Wrong Fund - Resolved.

01-2 - Grant Payments - Resolved.

01-3 - CCA Jail Contract – Repeated.

01-5 - Compensating Tax – Resolved.

01-6 - Social Security Withholding – Repeated.

01-7 - Budget Overruns - Repeated.

01-8 - Expenditure Category Overruns – Considered part of 01-7.

01-9 - General Fund Supporting Smaller Funds – Repeated as part of 03-03.

02-1 - Disbursements Made Twice - Resolved.

02-2 - Outstanding Checks Restored to Cash – Resolved.

02-3 - Depositing Within Twenty-Four Hours - Repeated.

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

