

**C<sub>W</sub>  
M** **CHESTER W. MATTOCKS**  
**CERTIFIED PUBLIC ACCOUNTANT**

---

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

**ANNUAL FINANCIAL REPORT AND INDEPENDENT  
AUDITOR'S REPORT FOR THE YEAR ENDED  
JUNE 30, 2004**

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
INTRODUCTORY SECTION:	
Official Roster	1
FINANCIAL SECTION:	
Independent Auditor's Report	2
MANAGEMENT'S DISCUSSION AND ANALYSIS:	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet -	
Governmental Funds - to the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds - to the Statement of Activities	18
Statement of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis)	
and Actual (Non-GAAP Budgetary Basis):	
General	19
Road	20
Jail	21
Universal Hiring	22
Statement of Fiduciary Net Assets - Agency Funds	23
NOTES TO FINANCIAL STATEMENTS	24
SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds Combining Balance Sheet - By Fund Type	51
Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and	
Changes in Fund Balance - By Fund Type	52

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

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**TABLE OF CONTENTS (continued)**

	<b><u>Page</u></b>
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Statement of Revenues and Expenditures - Budget (Non-GAAP	
Budgetary Basis) and Actual (Non-GAAP Budgetary	
Basis) - Nonmajor Special Revenue Funds:	
Farm and Range	72
Recreation	73
Northeast Torrance Fire District	74
Fire District No. II	75
Duran Fire District	76
McIntosh Fire District	77
Torreon-Tajique Fire District	78
Law Enforcement Protection	79
Fire Pool 1/4% Tax	80
County Fair Board	81
Fire Department Administration	82
Indigent	83
Emergency Medical Services (EMS)	84
Maternal Health Care	85
Environmental Gross Receipts Tax	86
Safety Program	87
Civil Defense	88
DWI Program	89
Energy Conservation	90
Reappraisal	91
Clerk's Equipment	92
Medicaid Transportation	93
Seniors 3 B	94
Seniors 3 C-1	95
Seniors 3 C-2	96
Seniors Cash-in-Lieu	97
Seniors Title V	98
Estancia Basin Water Study	99
Rural Addressing	100
Forest Co-op	101
Planning and Zoning Court Fees	102
Domestic Violence	103
Domestic Violence Court Fee	104
Title III Forest Reserve	105

**STATE OF NEW MEXICO**  
**COUNTY OF TORRANCE**  
  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**TABLE OF CONTENTS (continued)**

	<b><u>Page</u></b>
<b>OTHER REPORTS:</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	139
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	141
Schedule of Findings and Questioned Costs	143
Summary Schedule of Prior Audit Findings	153
Exit Conference	154



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

**OFFICIAL ROSTER**  
**As Of**  
**June 30, 2004**

**COUNTY COMMISSION**

Chester Riley, Jr.  
James Frost  
Paul Chavez

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

County Manager  
Comptroller

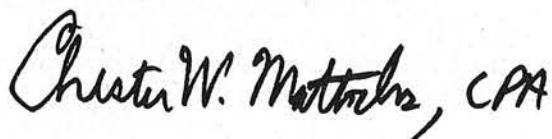
addition, in my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the County as of June 30, 2004, and the respective changes in financial position, thereof and the respective budgetary comparison for each nonmajor governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the budgetary comparison financial statement for the major fund, Debt Service, presents fairly, in all material respects, the respective budgetary comparison for the major fund, Debt Service.

In accordance with Government Auditing Standards, I have also issued a report dated January 21, 2005, on my consideration of the County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

As described in Note 1 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, and subsequent amendments thereto, as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, I did not audit the information and do not express an opinion on it.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements and on the combining and individual fund 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 basic financial statements and the combining and individual fund financial statements of the County. The accompanying financial information listed as Supplementary Information - Supporting Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and the combining and individual fund financial statements of the County. Such schedule and such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements and, in my opinion, are fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.

Chester W. Mottrich, CPA

January 21, 2005



**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Torrance County, reporting the County's operations in more detail than the government-wide statements.

The first of the government-wide financial statements presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The second of the government-wide financial statements (Statement of Activities) presents information showing how the County's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement on the full accrual method of accounting wherein revenue is recognized when earned, regardless of when actually received, and expenses are recognized when incurred, regardless of when paid.

The government-wide Statement of Activities of the County reflects the activities of the County, by its governmental functions. The Statement of Activities identifies financial resources that are directly related to the governmental function mentioned above. Financial resources that are not specifically related to the governmental functions are shown as general resources in the bottom portion of this statement. The Statement of Activities also shows the change in net assets for the fiscal year.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund Financial Statements – Governmental Funds.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County are considered *Governmental Funds*, except for the Agency Funds of the County.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements and resources.

The governmental funds use the modified accrual basis of accounting whereby revenues are recognized when they become available and measurable as net current assets. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide financial statements.

In addition to the General Fund, the County maintained forty-five (45) other individual governmental funds that are classified as Special Revenue funds of which the Road, Jail and Universal Hiring Special Revenue Funds are

Net Assets:	
Invested in capital assets, net of related debt	522,764
Restricted for:	
Debt Service	150,243
Capital Projects	153,486
Unrestricted	<u>3,514,719</u>
Total net assets	<u>\$ 4,341,212</u>

See page 10 for a more detailed look at the Statement of Net Assets.

**Governmental Activities.** Governmental activities during the year decreased the County's net assets by \$610,366. The decrease in net assets is partially attributed to an decrease in total revenues over total expenditures in the General Fund of an amount of \$315,929. Also, the capitalization of assets (\$562,155) was less than depreciation expenses of \$832,176 which also resulted in a net decrease in net assets of \$270,021. The overall decrease in the County's net assets is show in the following schedule.

Expenses:	
General government	\$ 1,860,708
Public safety	3,148,169
Highways and streets	1,027,295
Health and welfare	1,174,796
Culture and recreation	19,500
Depreciation – unallocated	832,176
Interest on long-term obligations	<u>140,519</u>
Total Governmental Activities	<u>8,203,163</u>
Program revenues:	
Charges for services	364,223
Operating grants and contributions	1,507,489
Capital grants and contributions	<u>356,233</u>
Total Program Revenues	<u>2,227,945</u>
Net (Expenses) Revenue	<u>(5,975,218)</u>
General Revenues:	
Property taxes	3,015,545
Gross receipts taxes	1,658,210
Federal and state aid not restricted to specific purposes	681,789
Interest and investment earnings	<u>9,308</u>
Total General Revenues	<u>5,364,852</u>
Decrease in net assets	<u>\$ (610,366)</u>

Key elements in the decrease of governmental activities are as follows:

- The deficit of \$315,929 in the General Fund for the year ended June 30, 2004 contributed to the decrease in net assets.
- Depreciation of \$832,176 taken during the year ended June 30, 2004 contributed to the decrease in net assets because it was \$270,021 greater than the capitalized assets of \$562,155.



bonds so \$2,900,000 in general obligation bonds were outstanding at June 30, 2004. \$24,258 in notes payable from the New Mexico Finance Authority were paid off during the year ended June 30, 2004 so \$101,688 was the remaining balance at June 30, 2004. In addition, \$181,875 of the principal of the capital lease obligations were paid off during the year ended June 30, 2004 which left an outstanding balance of \$866,364 at June 30, 2004. As noted earlier \$85,087 in new compensated absences payable were incurred while \$77,228 were deleted which left a balance of \$76,396 at June 30, 2004. \$383,702 was the current portion of all long-term debt at June 30, 2004.

#### **Request for information**

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or any request for additional financial information should be addressed to Bob Ayre, County Manager P.O. Box 48 Estancia, NM 87016.



**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>EXPENSES:</b>					
Governmental activities:					
General government	\$ 1,860,708	\$ 355,562	\$ 55,556	\$ 24,469	\$ (1,425,121)
Public safety	3,148,169		565,126		(2,583,043)
Highways and streets	1,027,295	8,661	273,684		(744,950)
Health and welfare	1,174,796		613,123	331,764	(229,909)
Culture and recreation	19,500				(19,500)
Depreciation - unallocated	832,176				(832,176)
Interest on long-term obligations	140,519				(140,519)
Total governmental activities	<u>8,203,163</u>	<u>364,223</u>	<u>1,507,489</u>	<u>356,233</u>	<u>(5,975,218)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,798,531
Property taxes, levied for debt service					217,014
Gross receipts taxes (all types)					1,658,210
Federal and State aid not restricted to specific purposes					681,789
Interest and investment earnings					<u>9,308</u>
Subtotal, general revenues					<u>5,364,852</u>
Change in net assets					(610,366)
Net assets - beginning of year					<u>4,951,578</u>
Net assets - end of year					<u>\$ 4,341,212</u>

See notes to financial statements.

<u>Universal Hiring</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 300
	\$ 879,673	1,311,320
		48,542
	609,723	1,051,439
		3,288,858
<u>\$ 135,276</u>		<u>422,601</u>
<u>\$ 135,276</u>	<u>\$ 1,489,396</u>	<u>\$ 6,123,060</u>
\$ 512,266	\$ 296,600	\$ 951,939
	279,939	727,269
3,828	3,509	53,023
	159,134	422,601
	73,384	73,384
		<u>3,184,909</u>
<u>516,094</u>	<u>812,566</u>	<u>5,413,125</u>
		300
		150,243
		70,190
(380,818)	523,344	335,716
	153,486	153,486
<u>(380,818)</u>	<u>676,830</u>	<u>709,935</u>
<u>\$ 135,276</u>	<u>\$ 1,489,396</u>	<u>\$ 6,123,060</u>

This page intentionally left blank.

---

Universal Hiring	Other Governmental Funds	Total Governmental Funds
		\$ 2,860,636
	\$ 140,805	494,283
	414,453	1,658,210
	782,033	1,175,010
	664,310	876,218
		364,223
	5,954	9,308
<u>\$ -0-</u>	<u>2,007,555</u>	<u>7,437,888</u>
	137,513	1,861,466
302,353	523,459	3,210,398
		1,162,502
	884,205	988,822
	19,500	19,500
	677,871	748,129
		75,000
		140,519
<u>302,353</u>	<u>2,242,548</u>	<u>8,206,336</u>
<u>(302,353)</u>	<u>(234,993)</u>	<u>(768,448)</u>
120,537	118,627	1,054,215
	(7,269)	(1,054,215)
<u>120,537</u>	<u>111,358</u>	
(181,816)	(123,635)	(768,448)
<u>(199,002)</u>	<u>800,465</u>	<u>1,478,383</u>
<u>\$ (380,818)</u>	<u>\$ 676,830</u>	<u>\$ 709,935</u>

---

**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, 2004**

	401			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 2,803,340	\$ 2,803,340	\$ 2,537,960	\$ (265,380)
Other local sources	273,815	273,815	175,383	(98,432)
State-shared taxes	579,845	579,845	628,393	48,548
State sources	45,000	45,000	45,000	
Federal sources	206,440	206,440	211,908	5,468
Charges for services	344,392	344,392	405,529	61,137
Interest	12,000	12,000	2,163	(9,837)
Total Revenues	4,264,832	4,264,832	4,006,336	(258,496)
<b>EXPENDITURES:</b>				
General government	1,655,700	1,655,700	1,732,044	(76,344)
Public safety	1,152,321	1,155,821	1,357,005	(201,184)
Highways and streets				
Health and welfare	154,312	154,312	103,664	50,648
Culture and recreation				
Total Expenditures	2,962,333	2,965,833	3,192,713	(226,880)
Other financing uses:				
Transfers out	1,048,118	1,048,118	1,046,946	1,172
Total expenditures and other financing sources	4,010,451	4,013,951	4,239,659	(225,708)
Excess (deficiency) of revenues over expenditures and other financing uses	\$ 254,381	\$ 250,881	\$ (233,323)	\$ (484,204)

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 - JAIL**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	420			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 246,344	\$ 246,344	\$ 252,218	\$ 5,874
State-shared taxes				
State sources	88,185	88,185	83,863	(4,322)
Federal sources				
Charges for services				
Interest				
Total Revenues	334,529	334,529	336,081	1,552
Other financing sources:				
Transfers in	490,030	490,030	490,030	
Total revenues and other financing sources	824,559	824,559	826,111	1,552
<b>EXPENDITURES:</b>				
General government				
Public safety	885,747	885,747	851,687	34,060
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	885,747	885,747	851,687	34,060
Excess (deficiency) of revenues and other financing sources over expenditures	(61,188)	(61,188)	\$ (25,576)	\$ 35,612
Prior year cash balance required to balance budget	\$ 61,188	\$ 61,188		

See notes to financial statements.

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

**STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 92,688
Total assets	<u>\$ 92,688</u>
<b>LIABILITIES</b>	
Deposits held for others	\$ 92,688
Total liabilities	<u>\$ 92,688</u>

See notes to financial statements.

receivables as well as long-term debt and obligations. The County did not have any business-type activities during the year ended June 30, 2004.

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

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

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

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

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

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

#### **C. BASIS OF PRESENTATION**

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

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



#### D. BASIS OF ACCOUNTING

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

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

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

Property tax and interest revenue are susceptible to accrual. Gross receipt taxes collected and held by the state at year end on behalf of the governmental are also recognized as revenue. These are generally received within 60 days of year end. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, which was adopted as of July 1, 2003 by the County, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

#### E. PROPERTY TAXES

The County Treasurer receives deposits of monies from and collect taxes for the various County funds and other entities located within the County. These monies are deposited by the Treasurer in banks. In the accompanying financial statements, monies held for other than County entities are presented as Agency Fund monies.

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

The County property tax bills must be mailed by November 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 haring in the tax.



- e. Upon the approval of the director of the Department of Finance and Administration, authorize the transfer of funds from one budget item to another when such transfer is requested and an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of emergency necessitating the expenditure for item or items not provided for in the budget, upon approval of the director of the Department of Finance and Administration, the budget may be revised to authorize such expenditures;
  - f. With written approval of the director of the Department of Finance and Administration, increase the total budget of the County in the event the County undertakes an activity, service, project or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project or construction program will produce sufficient revenue to cover such increase in the budget or the County has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget;
  - g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted and that there will not be illegal expenditures;
  - h. Prescribe the form for all budgets, books, records and accounts for the County; and
  - i. With the approval of the director of the Department of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any matter relating to the financial affairs of the County.
- 3. The County Manager is authorized to transfer budgeted amounts between departments within any fund;
  - 4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

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

- 5. Budgeted amounts are as originally adopted, or as amended by the County Commissioners and approved by the Department of Finance and Administration;
- 6. The level of classification detail in which expenditures may not legally exceed appropriation for budget is at the fund level.

#### **G. ASSETS, LIABILITIES AND FUND EQUITY**

##### ***1. Deposits and Investments***

The County's cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of one year or less from the date of acquisition. State statutes (Public Monies Act 6-10-1 through 6-10-63 NMSA 1978) authorize the County to invest in (1) bond or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time



5. *Compensated Absences*

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

6. *Long-term Liabilities*

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

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

7. *Fund Balances of Fund Financial Statements*

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

8. *Restricted Net Assets*

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

9. *Interfund Transactions*

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

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

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, 2004

\$ 161,205

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 Treasurers Investment Pool level. The accounts of the State Treasurer's Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

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

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

C. GASB #3

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.



### 3. RECEIVABLES

Receivables at June 30, 2004 are comprised of the following:

	General	Road	Jail	Debt Service	Other Governmental Funds
State-shared taxes	\$ 53,852	\$ 105,260			\$ 86,297
Property taxes	3,196,525			\$ 92,333	
Federal grants receivable					234,122
State grants receivable		273,684	\$ 8,920		289,304
Accounts receivable	11,162		37,380		
Total	<u>\$ 3,261,539</u>	<u>\$ 378,944</u>	<u>\$ 46,300</u>	<u>\$ 92,333</u>	<u>\$ 609,723</u>

All amounts are considered collectible.

### 4. CAPITAL ASSETS

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

	Balance, June 30, 2003	Additions	Deletions	Balance, June 30, 2004
Land and right-of-way	\$ 260,025			\$ 260,025
Assets being depreciated:				
Building and improvements	4,874,811	\$ 153,439		5,028,250
Furniture, fixtures and equipment	5,663,349	133,047		5,796,396
Vehicles	462,652	67,346		529,998
Infrastructure (Roads)		208,323		208,323
Subtotal	<u>11,260,837</u>	<u>562,155</u>		<u>11,822,992</u>
Less: Accumulated depreciation:				
Land and right-of way	-0-	-0-		-0-
Building and improvements	(2,900,000)	(125,706)		(3,025,706)
Furniture, fixtures and equipment	(3,500,000)	(579,639)		(4,079,639)
Vehicles	(200,000)	(105,999)		(305,999)
Infrastructure (Roads)		(20,832)		(20,832)
Total accumulated depreciation	<u>(6,600,000)</u>	<u>(832,176)</u>		<u>(7,432,176)</u>
Net capital assets	<u>\$ 4,660,837</u>	<u>\$ (270,021)</u>	<u>\$ -0-</u>	<u>\$ 4,390,816</u>

All capital assets except for land and right-of-way are being depreciated. All depreciation (\$832,176) is considered unallocated due to the lack of detail records by the County.

to 4.55%. The principal and interest payments are provided by the Fire Protection Fund and the Fire Protection Excise Tax Revenues, respectively. The New Mexico Finance Authority is intercepting these revenues. Debt service requirements for these notes is as follows:

Year Ended June 30	Principal	Interest	Total
2005	\$ 25,688	\$ 5,897	\$ 31,585
2006	8,000	4,575	12,575
2007	5,000	4,126	9,126
2008	5,000	3,812	8,812
2009	6,000	3,465	9,465
2010-2014	35,000	11,121	46,121
2015-2016	17,000	1,101	18,101
Totals	<u>\$ 101,688</u>	<u>\$ 34,097</u>	<u>\$ 135,785</u>

C. Capital Leases

At June 30, 2004, the County had the following lease purchase agreements payable. These contracts are written so as to be in compliance with applicable state statutes.

Description	Date of Contract	Effective Rate of Interest	Original Amount	Principal Balance June 30, 2004
1. Information Leasing Corporation - Pierce Contender (Fire Truck)	June, 2001	5.76%	\$ 119,090	\$ 94,126
2. Bank One - (9) Motor Graders	March, 2001	6.48%	780,106	432,782
3. LaSalle National Bank - Energy Conservation Program	March, 1998	6.09%	84,675	39,952
4. Bank One - (2) Motor Graders	September, 2001	5.32%	294,174	220,717
5. Wells Fargo - (7) Sheriff Vehicles	November, 2002	4.02%	132,600	78,787
Totals			<u>\$ 1,410,645</u>	<u>\$ 866,364</u>

## 6. ENVIRONMENTAL GROSS RECEIPTS TAX - PLEDGED REVENUES

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

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

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

## 7. TAX ROLL RECONCILIATION

Property taxes receivable, beginning of year	\$ 1,195,512
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	5,917,023
Adjustments:	
Net adjustments	(32,832)
Charge off of taxes receivables	(10,435)
Total receivables prior to collections	7,069,268
Collections for fiscal year ended June 30, 2004	(5,491,536)
Property taxes receivable, end of year	<u>\$ 1,577,732</u>
Property taxes receivable by years:	
1994	\$ 31,536
1995	22,921
1996	(6,085)
1997	(687)
1998	2,661
1999	9,038
2000	21,254
2001	97,467
2002	382,235
2003	<u>1,017,392</u>
Total taxes receivable	<u>\$ 1,577,732</u>



*Funding Policy.* Plan members are required to contribute 9.15% of gross covered salary for regular County employees and 7.0% for law enforcement personnel. The County is required to contribute 9.15% for regular employees and 10.0% for law enforcement personnel. The contribution requirements of the plan members and the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The County's contributions to PERA for the years ended 2004, 2003, and 2002 were \$206,268, \$188,360, and \$191,504, respectively, equal to the amount of the required contributions for each year.

## **12. RETIREE HEALTH CARE AUTHORITY**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990, and former legislators who served at least two years.

**Fund Contributions:** 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. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

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.

	<u>General</u>	<u>Road</u>	<u>Jail</u>	<u>Debt Service</u>	<u>Universal Hiring</u>
Expenditures per modified accrual basis	\$ 3,177,026	\$ 1,218,776	\$ 1,050,114	\$ 215,519	\$ 302,353
Differences attributable to accruals at beginning and ending of year:					
Accounts payable	(22,843)	(83,452)	(198,816)		
Accrued payroll	40,225	15,386	389		12,636
Reclassification of revenue	(1,695)				
Expenditures per budgetary basis	<u>\$ 3,192,713</u>	<u>\$ 1,150,710</u>	<u>\$ 851,687</u>	<u>\$ 215,519</u>	<u>\$ 314,989</u>

The following are descriptions of differences between the modified accrual basis and the budgetary basis for those nonmajor special revenue funds that have differences:

	<u>404</u>	<u>405</u>	<u>406</u>	<u>407</u>	<u>408</u>
	<u>Recreation</u>	<u>N.E. Torrance Fire District</u>	<u>Fire District No. II</u>	<u>Duran Fire District</u>	<u>McIntosh Fire District</u>
Revenues per modified accrual basis	\$ 184	\$ 66,614	\$ 75,481	\$ 47,472	\$ 65,929
Intergovernmental receivable	(2)	(539)	(539)	(270)	(539)
Deferred revenue		72,000			
Due to other funds					
Revenues per budgetary basis	<u>\$ 182</u>	<u>\$ 138,075</u>	<u>\$ 74,942</u>	<u>\$ 47,202</u>	<u>\$ 65,390</u>
Expenditures per modified accrual basis	\$ 500	\$ 49,115	\$ 94,054	\$ 7,934	\$ 72,238
Accounts payable					
Accrued payroll and taxes					
Expenditures per budgetary basis	<u>\$ 500</u>	<u>\$ 49,115</u>	<u>\$ 94,054</u>	<u>\$ 7,934</u>	<u>\$ 72,238</u>
	<u>409</u>	<u>411</u>	<u>412</u>	<u>413</u>	<u>414</u>
	<u>Torreon- Tajique Fire District</u>	<u>Fire Pool 1/4% Tax</u>	<u>County Fair Board</u>	<u>Fire Dept. Admin.</u>	<u>Indigent</u>
Revenues per modified accrual basis	\$ 48,703	\$ 29,054	\$ 19,132	\$ 32,343	\$ 186,236
Intergovernmental receivable	(270)	(270)	(132)		(13,524)
Deferred revenue					
Due to other funds					83,411
Revenues per budgetary basis	<u>\$ 48,433</u>	<u>\$ 28,784</u>	<u>\$ 19,000</u>	<u>\$ 32,343</u>	<u>\$ 256,123</u>



	650 Estancia Basin Water Study	675 Rural Addressing	680 Forest Co-op Grant	690 Domestic Violence	692 Domestic Violence Court Fee
Expenditures per modified accrual basis	\$ 10,000	\$ 11,762	\$ 31,915	\$ 74,400	\$ 3,488
Accounts payable	(10,000)		3,053		1,692
Accrued payroll and taxes		1,154		2,970	
Expenditures per budgetary basis	<u>\$ -0-</u>	<u>\$ 12,916</u>	<u>\$ 34,968</u>	<u>\$ 77,370</u>	<u>\$ 5,180</u>

	801 UHP 2002	805 Traffic Safety	808 Forest Service Patrol	809 Bulletproof Vest	810 COPS In Schools
Revenues per modified accrual basis	\$ 31,944	\$ 13,318	\$ 8,851	\$ 591	\$ 138,185
Intergovernmental receivable	(1,385)	2,141	8,113		13,552
Deferred revenue - grants			1,293	91	
Due to other funds					
Revenues per budgetary basis	<u>\$ 30,559</u>	<u>\$ 15,459</u>	<u>\$ 18,257</u>	<u>\$ 682</u>	<u>\$ 151,737</u>

Expenditures per modified accrual basis	\$ 48,056	\$ 13,318	\$ 8,851	\$ 591	\$ 138,185
Accounts payable					
Accrued payroll and taxes	(416)	(72)	287		7,260
Expenditures per budgetary basis	<u>\$ 47,640</u>	<u>\$ 13,246</u>	<u>\$ 9,138</u>	<u>\$ 591</u>	<u>\$ 145,445</u>

The following are descriptions of differences between the modified accrual basis and the budgetary basis for those nonmajor capital projects funds that have differences:

	622 CDBG Medical Clinic	635 Seniors Capital Outlay	803 Legislative Appropriations
Revenues per modified accrual basis	\$ 183,440	\$ 12,637	\$ 135,687
Intergovernmental receivable	(183,440)	(12,637)	(114,921)
Revenues per budgetary basis	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,766</u>



Traffic Safety	(5,497)
Forest Service Patrol	(9,139)
COPS in Schools	(5,765)

Capital Projects Funds

CDBG - Planning Grant	(24,469)
Seniors Capital Outlay	(12,637)
Legislative Appropriations	(121,104)

**17. TRANSFERS**

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

<u>Fund</u>	<u>To</u>	<u>Amount</u>
<u>Major Fund</u>		
General	Road	\$ 325,021
General	Jail	490,030
General	Universal Hiring	120,537
General	Nonmajor Governmental Funds	118,627
	<u>Total</u>	<u>\$ 1,054,215</u>

**18. DEFICIT FUND BALANCES**

The following individual funds have deficit fund balances at June 30, 2004, mainly 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, 2004</u>
Jail	\$ (179,872)
Fire Dept. Admin.	(8,413)
Energy Conservation	(12,729)
Forest Co-op Grant	(9,544)
Domestic Violence	(25,991)
Universal Hiring	(380,818)

the State of New Mexico, Energy, Minerals, and Natural Resources Department. Authority is the U.S. Forest Service.

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

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

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

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

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.

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

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

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

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

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

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

Emergency 911 Fund - To account for grant funds that are to be used to pay for 911 training. Financing is provided by a grant from New Mexico Department of Finance and Administration pursuant to Section 63-9D-1, NMSA 1978, "Enhanced 911 Act".

408 McIntosh Fire District	409 Torreon- Tajique Fire District	410 Law Enforcement Protection	411 Fire Pool 1/4% Tax	412 County Fair Board	413 Fire Dept. Admin.
\$ 7,650	\$ 91,808		\$ 21,769		
2,359	2,700		2,700	\$ 6,403	
<u>\$ 10,009</u>	<u>\$ 94,508</u>	<u>\$ -0-</u>	<u>\$ 24,469</u>	<u>\$ 6,403</u>	<u>\$ -0-</u>
	\$ 2,883				\$ 7,532 881
<u>\$ -0-</u>	<u>2,883</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>8,413</u>
7,650	91,625		21,769		
2,359			2,700	6,403	(8,413)
<u>10,009</u>	<u>91,625</u>		<u>24,469</u>	<u>6,403</u>	<u>(8,413)</u>
<u>\$ 10,009</u>	<u>\$ 94,508</u>	<u>\$ -0-</u>	<u>\$ 24,469</u>	<u>\$ 6,403</u>	<u>\$ -0-</u>



<u>604</u>	<u>605</u>	<u>606</u>	<u>610</u>	<u>612</u>	<u>630</u>
<u>Civil Defense</u>	<u>DWI Program</u>	<u>Energy Conservation</u>	<u>Reappraisal</u>	<u>Clerk's Equipment</u>	<u>Medicaid Transportation</u>
\$ 2,118			\$ 78,871	\$ 24,098	
	\$ 61,409				
<u>\$ 2,118</u>	<u>\$ 61,409</u>	<u>\$ -0-</u>	<u>\$ 78,871</u>	<u>\$ 24,098</u>	<u>\$ -0-</u>
	\$ 43,751	\$ 12,729			
	17,077		\$ 3,254		
\$ 450	581				
<u>450</u>	<u>61,409</u>	<u>12,729</u>	<u>3,254</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
1,668		(12,729)	75,617	24,098	
<u>1,668</u>		<u>(12,729)</u>	<u>75,617</u>	<u>24,098</u>	
<u>\$ 2,118</u>	<u>\$ 61,409</u>	<u>\$ -0-</u>	<u>\$ 78,871</u>	<u>\$ 24,098</u>	<u>\$ -0-</u>

<u>641</u>	<u>650</u>	<u>675</u>	<u>680</u>	<u>685</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>Planning &amp; Zoning Court Fees</u>	<u>Domestic Violence</u>
\$ 101	\$ 1,140	\$ 3,818		\$ 630	
	10,000	2,700	\$ 7,037		
<u>\$ 101</u>	<u>\$ 11,140</u>	<u>\$ 6,518</u>	<u>\$ 7,037</u>	<u>\$ 630</u>	<u>\$ -0-</u>
	\$ 10,000	\$ 26	\$ 16,581		\$ 25,455
					536
<u>\$ -0-</u>	<u>10,000</u>	<u>26</u>	<u>16,581</u>	<u>\$ -0-</u>	<u>25,991</u>
101	1,140	3,818		630	
		2,674	(9,544)		(25,991)
101	1,140	6,492	(9,544)	630	(25,991)
<u>\$ 101</u>	<u>\$ 11,140</u>	<u>\$ 6,518</u>	<u>\$ 7,037</u>	<u>\$ 630</u>	<u>\$ -0-</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>
	\$ 1,730	\$ 1,229			\$ 738,570
\$ 5,227			\$ 28,361	\$ 6,507	298,725
<u>\$ 5,227</u>	<u>\$ 1,730</u>	<u>\$ 1,229</u>	<u>\$ 28,361</u>	<u>\$ 6,507</u>	<u>\$ 1,037,295</u>
\$ 5,113			\$ 27,412	\$ 6,235	\$ 183,625
114	\$ 437		949		94,299
	1,293	\$ 91			3,509
					73,384
					159,134
<u>5,227</u>	<u>1,730</u>	<u>91</u>	<u>28,361</u>	<u>6,235</u>	<u>513,951</u>
		1,138			554,912
				272	(31,568)
		1,138		272	523,344
<u>\$ 5,227</u>	<u>\$ 1,730</u>	<u>\$ 1,229</u>	<u>\$ 28,361</u>	<u>\$ 6,507</u>	<u>\$ 1,037,295</u>



<u>408</u> McIntosh Fire District	<u>409</u> Torreon- Tajique Fire District	<u>410</u> Law Enforcement Protection	<u>411</u> Fire Pool 1/4% Tax	<u>412</u> County Fair Board	<u>413</u> Fire Dept. Admin.
\$ 4,411	\$ 1,035		\$ 7,644		\$ 83
28,818	14,410		14,410	\$ 19,132	
32,483	32,260				32,260
			7,000		
<u>217</u>	<u>998</u>				
<u>65,929</u>	<u>48,703</u>	\$ -0-	<u>29,054</u>	<u>19,132</u>	<u>32,343</u>
51,898	15,468	704	23,990		40,756
				19,000	
<u>20,340</u>	<u>102,456</u>		<u>18,377</u>		
<u>72,238</u>	<u>117,924</u>	<u>704</u>	<u>42,367</u>	<u>19,000</u>	<u>40,756</u>
<u>(6,309)</u>	<u>(69,221)</u>	<u>(704)</u>	<u>(13,313)</u>	<u>132</u>	<u>(8,413)</u>
6,019					
<u>6,019</u>					
(290)	(69,221)	(704)	(13,313)	132	(8,413)
<u>10,299</u>	<u>160,846</u>	<u>704</u>	<u>37,782</u>	<u>6,271</u>	
<u>\$ 10,009</u>	<u>\$ 91,625</u>	<u>\$ -0-</u>	<u>\$ 24,469</u>	<u>\$ 6,403</u>	<u>\$ (8,413)</u>

<u>604</u>	<u>605</u>	<u>606</u>	<u>610</u>	<u>612</u>	<u>630</u>
<u>Civil Defense</u>	<u>DWI Program</u>	<u>Energy Conservation</u>	<u>Reappraisal</u>	<u>Clerk's Equipment</u>	<u>Medicaid Transportation</u>
			\$ 42,024	\$ 25,164	
\$ 33,865	\$ 106,953				
<u>33,865</u>	<u>106,953</u>	<u>\$ -0-</u>	<u>42,024</u>	<u>\$ 25,164</u>	<u>\$ -0-</u>
36,434		24,971	48,361	17,950	
	106,953				
<u>7,864</u>	<u>106,953</u>	<u>24,971</u>	<u>56,213</u>	<u>17,950</u>	
<u>44,298</u>			<u>104,574</u>		
<u>(10,433)</u>		<u>(24,971)</u>	<u>(62,550)</u>	<u>7,214</u>	
		688	25,062		10,009
		688	25,062		10,009
<u>(10,433)</u>		<u>(24,283)</u>	<u>(37,488)</u>	<u>7,214</u>	<u>10,009</u>
<u>12,101</u>		<u>11,554</u>	<u>113,105</u>	<u>16,884</u>	<u>(10,009)</u>
<u>\$ 1,668</u>	<u>\$ -0-</u>	<u>\$ (12,729)</u>	<u>\$ 75,617</u>	<u>\$ 24,098</u>	<u>\$ -0-</u>

<u>641</u>	<u>650</u>	<u>675</u>	<u>680</u>	<u>685</u>	<u>690</u>
<u>Dr. Saul</u> <u>Scholarship</u>	<u>Estancia</u> <u>Basin Water</u> <u>Study</u>	<u>Rural</u> <u>Addressing</u>	<u>Forest Co-op</u> <u>Grant</u>	<u>Planning &amp;</u> <u>Zoning</u> <u>Court Fees</u>	<u>Domestic</u> <u>Violence</u>
	\$ 10,556	\$ 1,702 14,410	\$ 9,442 12,929	\$ 630	\$ 4,579
					22,203
<u>\$ -0-</u>	<u>10,556</u>	<u>16,112</u>	<u>22,371</u>	<u>630</u>	<u>26,782</u>
	10,000	11,762			59,963
			31,915		
	<u>10,000</u>	<u>11,762</u>	<u>31,915</u>		<u>14,437</u> <u>74,400</u>
	<u>556</u>	<u>4,350</u>	<u>(9,544)</u>	<u>630</u>	<u>(47,618)</u>
	556	4,350	(9,544)	630	(47,618)
<u>101</u>	<u>584</u>	<u>2,142</u>			<u>21,627</u>
<u>\$ 101</u>	<u>\$ 1,140</u>	<u>\$ 6,492</u>	<u>\$ (9,544)</u>	<u>\$ 630</u>	<u>\$ (25,991)</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>
				\$ 272	\$ 140,805
					414,453
					633,709
\$ 13,318	\$ 8,851	\$ 591	\$ 138,185		456,401
					3,077
<u>13,318</u>	<u>8,851</u>	<u>591</u>	<u>138,185</u>	<u>272</u>	<u>1,648,445</u>
					113,044
12,119	8,851	591	138,185		523,459
					884,205
					19,500
<u>1,199</u>					<u>301,155</u>
<u>13,318</u>	<u>8,851</u>	<u>591</u>	<u>138,185</u>		<u>1,841,363</u>
				272	(192,918)
					116,079
					(7,269)
					108,810
				272	(84,108)
		1,138			607,452
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,138</u>	<u>\$ -0-</u>	<u>\$ 272</u>	<u>\$ 523,344</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 - RECREATION  
FOR THE YEAR ENDED JUNE 30, 2004**

	404			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Local sources				
State-shared taxes	\$ 125	\$ 125	\$ 182	\$ 57
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>125</u>	<u>125</u>	<u>182</u>	<u>57</u>
Other financing sources:				
Transfers in	<u>112</u>	<u>112</u>	<u>112</u>	
Total revenues and other financing sources	<u>237</u>	<u>237</u>	<u>294</u>	<u>57</u>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation	<u>1,300</u>	<u>1,300</u>	<u>500</u>	<u>800</u>
Total Expenditures	<u>1,300</u>	<u>1,300</u>	<u>500</u>	<u>800</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(1,063)	(1,063)	<u>\$ (206)</u>	<u>\$ 857</u>
Prior year cash balance required to balance budget	<u>\$ 1,063</u>	<u>\$ 1,063</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 -  
FIRE DISTRICT NO. II  
FOR THE YEAR ENDED JUNE 30, 2004**

	406			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources			\$ 1,055	\$ 1,055
State-shared taxes	\$ 19,800	\$ 19,800	28,279	8,479
State sources	45,000	45,000	45,000	
Federal sources				
Charges for services				
Interest	750	750	608	(142)
Total Revenues	65,550	65,550	74,942	9,392
<b>EXPENDITURES:</b>				
General government				
Public safety	140,299	140,299	94,054	46,245
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	140,299	140,299	94,054	46,245
Excess (deficiency) of revenues over expenditures	(74,749)	(74,749)	\$ (19,112)	\$ 55,637
Prior year cash balance required to balance budget	\$ 74,749	\$ 74,749		

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 - MCINTOSH FIRE DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2004**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 19,200	\$ 19,200	\$ 4,411	\$ 4,411
State-shared taxes	32,260	22,992	28,279	9,079
State sources			32,483	9,491
Federal sources				
Charges for services	150	150	217	67
Interest	51,610	42,342	65,390	23,048
Total Revenues				
Other financing sources:	6,019	6,019	6,019	
Transfers in	57,629	48,361	71,409	23,048
Total revenues and other financing sources				
<b>EXPENDITURES:</b>				
General government	66,108	56,840	72,238	(15,398)
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation	66,108	56,840	72,238	(15,398)
Total Expenditures				
Excess (deficiency) of revenues and other financing sources over expenditures	(8,479)	(8,479)	(829)	7,650
Prior year cash balance required to balance budget	\$ 8,479	\$ 8,479		

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 - LAW ENFORCEMENT PROTECTION  
FOR THE YEAR ENDED JUNE 30, 2004**

	410			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
<b>REVENUES:</b>				
Local sources				
State-shared taxes	\$ 29,600	\$ 29,600		\$ (29,600)
State sources				
Federal sources				
Charges for services				
Interest				
	<u>29,600</u>	<u>29,600</u>	<u>\$ -0-</u>	<u>(29,600)</u>
Total Revenues				
<b>EXPENDITURES:</b>				
General government	30,304	30,304	704	29,600
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
	<u>30,304</u>	<u>30,304</u>	<u>704</u>	<u>29,600</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(704)	(704)	\$ (704)	\$ -0-
Prior year cash balance required to balance budget	\$ <u>704</u>	\$ <u>704</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 - COUNTY FAIR BOARD.**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	412			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes	\$ 19,000	\$ 19,000	\$ 19,000	
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	19,000	19,000	19,000	\$ -0-
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation	19,000	19,000	19,000	
Total Expenditures	19,000	19,000	19,000	
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -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 - INDIGENT  
FOR THE YEAR ENDED JUNE 30, 2004**

	414			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 5,000	\$ 5,000	\$ 5,891	\$ 891
State-shared taxes	261,670	261,670	250,232	(11,438)
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	266,670	266,670	256,123	(10,547)
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare	329,848	329,848	216,691	113,157
Culture and recreation				
Total Expenditures	329,848	329,848	216,691	113,157
Excess (deficiency) of revenues over expenditures	(63,178)	(63,178)	\$ 39,432	\$ 102,610
Prior year cash balance required to balance budget	\$ 63,178	\$ 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  
FOR THE YEAR ENDED JUNE 30, 2004**

	418			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources	\$ 397,703	\$ 397,703	\$ 283,487	\$ (114,216)
Federal sources	218,944	218,944	164,449	(54,495)
Charges for services				
Interest				
Total Revenues	<u>616,647</u>	<u>616,647</u>	<u>447,936</u>	<u>(168,711)</u>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare	570,232	570,232	439,369	130,863
Culture and recreation				
Total Expenditures	<u>570,232</u>	<u>570,232</u>	<u>439,369</u>	<u>130,863</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 46,415</u>	<u>\$ 46,415</u>	<u>\$ 8,567</u>	<u>\$ (37,848)</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 - SAFETY PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	600			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 6,577	\$ 6,577	\$ 8,847	\$ 2,270
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	6,577	6,577	8,847	2,270
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare	14,185	14,185	1,260	12,925
Culture and recreation				
Total Expenditures	14,185	14,185	1,260	12,925
Excess (deficiency) of revenues over expenditures	(7,608)	(7,608)	\$ 7,587	\$ 15,195
Prior year cash balance required to balance budget	\$ 7,608	\$ 7,608		

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 - DWI PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	605			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 120,697	\$ 120,697	\$ 64,514	\$ (56,183)
State-shared taxes				
State sources	40,000	40,000	39,864	(136)
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>160,697</u>	<u>160,697</u>	<u>104,378</u>	<u>(56,319)</u>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare	105,200	105,200	92,632	12,568
Culture and recreation				
Total Expenditures	<u>105,200</u>	<u>105,200</u>	<u>92,632</u>	<u>12,568</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 55,497</u>	<u>\$ 55,497</u>	<u>\$ 11,746</u>	<u>\$ (43,751)</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 - REAPPRAISAL  
FOR THE YEAR ENDED JUNE 30, 2004**

	610			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 40,500	\$ 40,500	\$ 42,024	\$ 1,524
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	40,500	40,500	42,024	1,524
Other financing sources:				
Transfers in	25,062	25,062	25,062	
Total revenues and other financing sources	65,562	65,562	67,086	1,524
<b>EXPENDITURES:</b>				
General government	178,667	178,667	101,320	77,347
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	178,667	178,667	101,320	77,347
Excess (deficiency) of revenues and other financing sources over expenditures	(113,105)	(113,105)	\$ (34,234)	\$ 78,871
Prior year cash balance required to balance budget	\$ 113,105	\$ 113,105		

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 -  
MEDICAID TRANSPORTATION  
FOR THE YEAR ENDED JUNE 30, 2004**

	630			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other financing sources:				
Transfers in	10,009	10,009	10,009	
Total revenues and other financing sources	10,009	10,009	10,009	
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	\$ 10,009	\$ 10,009	\$ 10,009	\$ -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 - SENIORS 3 C-1  
FOR THE YEAR ENDED JUNE 30, 2004**

	632			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other financing sources:				
Transfers in	4,219	4,219	4,219	
Total revenues and other financing sources	4,219	4,219	4,219	
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	\$ 4,219	\$ 4,219	\$ 4,219	\$ -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 - SENIORS CASH-IN-LIEU**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	634			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources			\$ 573	\$ 573
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
<b>Total Revenues</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>573</b>	<b>573</b>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
<b>Total Expenditures</b>				
Excess (deficiency) of revenues and other financing sources over expenditures	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 573</b>	<b>\$ 573</b>

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 - ESTANCIA BASIN WATER STUDY FOR THE YEAR ENDED JUNE 30, 2004**

	650			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources	\$ 6,329	\$ 6,329	\$ 556	\$ (5,773)
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	6,329	6,329	556	(5,773)
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare	6,913	6,913		6,913
Culture and recreation				
Total Expenditures	6,913	6,913		6,913
Excess (deficiency) of revenues over expenditures	(584)	(584)	\$ 556	\$ 1,140
Prior year cash balance required to balance budget	\$ 584	\$ 584		

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 - FOREST COOP GRANT  
FOR THE YEAR ENDED JUNE 30, 2004**

	680			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources			\$ 9,442	\$ 9,442
Federal sources	\$ 19,278	\$ 19,278	28,223	8,945
Charges for services				
Interest				
<b>Total Revenues</b>	<u>19,278</u>	<u>19,278</u>	<u>37,665</u>	<u>18,387</u>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare			34,968	(34,968)
Culture and recreation				
<b>Total Expenditures</b>	<u></u>	<u></u>	<u>34,968</u>	<u>(34,968)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 19,278</u>	<u>\$ 19,278</u>	<u>\$ 2,697</u>	<u>\$ (16,581)</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 - DOMESTIC VIOLENCE  
FOR THE YEAR ENDED JUNE 30, 2004**

	690			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes			\$ 4,579	\$ 4,579
State sources				
Federal sources	\$ 45,246	\$ 51,383	22,203	(29,180)
Charges for services				
Interest				
Total Revenues	45,246	51,383	26,782	(24,601)
<b>EXPENDITURES:</b>				
General government				
Public safety	70,379	76,516	77,370	(854)
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	70,379	76,516	77,370	(854)
Excess (deficiency) of revenues over expenditures	(25,133)	(25,133)	\$ (50,588)	\$ (25,455)
Prior year cash balance required to balance budget	\$ 25,133	\$ 25,133		

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 - TITLE III FOREST RESERVE  
FOR THE YEAR ENDED JUNE 30, 2004**

	693			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources	\$ 7,000	\$ 7,000	\$ 14,189	\$ 7,189
Charges for services				
Interest				
Total Revenues	7,000	7,000	14,189	7,189
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare	14,673	14,673		14,673
Culture and recreation				
Total Expenditures	14,673	14,673		14,673
Excess (deficiency) of revenues over expenditures	(7,673)	(7,673)	\$ 14,189	\$ 21,862
Prior year cash balance required to balance budget	\$ 7,673	\$ 7,673		

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 - UHP 2002**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	801			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources	\$ 48,334	\$ 48,334	\$ 30,559	\$ (17,775)
Charges for services				
Interest				
Total Revenues	48,334	48,334	30,559	(17,775)
Other financing sources:				
Transfers in	16,112	16,112	16,112	
Total revenues and other financing sources	64,446	64,446	46,671	(17,775)
<b>EXPENDITURES:</b>				
General government				
Public safety	64,446	64,446	47,640	16,806
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	64,446	64,446	47,640	16,806
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -0-	\$ -0-	\$ (969)	\$ (969)

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  
FOR THE YEAR ENDED JUNE 30, 2004**

	805			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources	\$ 7,750	\$ 7,750	\$ 15,459	\$ 7,709
Federal sources				
Charges for services				
Interest				
	<u>7,750</u>	<u>7,750</u>	<u>15,459</u>	<u>7,709</u>
Total Revenues				
<b>EXPENDITURES:</b>				
General government	7,750	7,750	13,246	(5,496)
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
	<u>7,750</u>	<u>7,750</u>	<u>13,246</u>	<u>(5,496)</u>
Total Expenditures				
Excess (deficiency) of revenues and other financing sources over expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>2,213</u>	\$ <u>2,213</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, 2004**

	809			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources			\$ 682	\$ 682
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	682	682
<b>EXPENDITURES:</b>				
General government				
Public safety	1,138	1,138	591	547
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures	1,138	1,138	591	547
Excess (deficiency) of revenues over expenditures	(1,138)	(1,138)	\$ 91	\$ 1,229
Prior year cash balance required to balance budget	\$ 1,138	\$ 1,138		

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 - EMERGENCY 911  
FOR THE YEAR ENDED JUNE 30, 2004**

	911			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources			\$ 272	\$ 272
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	272	272
<b>EXPENDITURES:</b>				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Total Expenditures				
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$ 272	\$ 272

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) -  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2004**

	562			Variance
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 67,269	\$ 67,269	\$ 208,268	\$ 140,999
Local sources				
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	<u>67,269</u>	<u>67,269</u>	<u>208,268</u>	<u>140,999</u>
<b>EXPENDITURES:</b>				
Debt service	<u>217,675</u>	<u>217,675</u>	<u>215,519</u>	<u>2,156</u>
Total Expenditures	<u>217,675</u>	<u>217,675</u>	<u>215,519</u>	<u>2,156</u>
Excess (deficiency) of revenues over expenditures	(150,406)	(150,406)	\$ <u>(7,251)</u>	\$ <u>143,155</u>
Prior year cash balance required to balance budget	<u>\$ 150,406</u>	<u>\$ 150,406</u>		

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

CDBG Planning Grant - To account for resources provided by a grant from the CDBG (Community Development Block Grant) program of the U.S. Department of Housing and Urban Development to commission a master plan for the County.

CDBG Medical Clinic - To account for resources provided by a grant from the CDBG (Community Development Block Grant) program of the U.S. Department of Housing and Urban Development to provide funds for the construction of a medical clinic in the Estancia area.

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 - To account for resources received from a Local Government Division, Special Appropriation Project, Laws of 1998, Chapter 7, for \$100,000, to plan, design, construct, equip and furnish a volunteer fire department facility in Torrance County.



---

<u>803</u>	
<u>Legislative Appropriations</u>	<u>Total</u>
	\$ 141,103
\$ 114,921	310,998
<u>\$ 114,921</u>	<u>\$ 452,101</u>
\$ 100,338	\$ 112,975
2,200	185,640
<u>102,538</u>	<u>298,615</u>
12,383	153,486
<u>12,383</u>	<u>153,486</u>
<u>\$ 114,921</u>	<u>\$ 452,101</u>

---

---

<u>803</u>	
<u>Legislative</u> <u>Appropriations</u>	<u>Total</u>
\$ 135,687	\$ 148,324
	207,909
	<u>2,877</u>
<u>135,687</u>	<u>359,110</u>
	24,469
<u>135,687</u>	<u>376,716</u>
<u>135,687</u>	<u>401,185</u>
	<u>(42,075)</u>
	2,548
	<u>2,548</u>
	(39,527)
<u>12,383</u>	<u>193,013</u>
<u>\$ 12,383</u>	<u>\$ 153,486</u>

**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 - PLANNING GRANT  
FOR THE YEAR ENDED JUNE 30, 2004**

	620			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources			\$ 24,469	\$ 24,469
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	24,469	24,469
<b>EXPENDITURES:</b>				
Current:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay			24,469	(24,469)
Total Expenditures			24,469	(24,469)
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -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 - SENIORS CAPITAL OUTLAY**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	635			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Local sources				
State-shared taxes				
State sources				
Federal sources				
Charges for services				
Interest				
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other financing sources:				
Transfers in	2,548	2,548	2,548	
Total revenues and other financing sources	2,548	2,548	2,548	
<b>EXPENDITURES:</b>				
Current:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Capital Outlay			12,637	(12,637)
Total Expenditures			12,637	(12,637)
Excess (deficiency) of revenues over expenditures	\$ 2,548	\$ 2,548	\$ (10,089)	\$ (12,637)

See notes to financial statements.

### **AGENCY FUNDS**

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

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

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

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

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

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

**SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Continued)  
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through NM State Highway and Transportation Department:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	04-AL-64-103	10,118
Safety Incentive Grants for Use of Seatbelts	20.604	04-OP-RF-103	3,200
Total U.S. Department of Transportation			13,318
<u>U.S. Department of Energy</u>			
Passed through NM Department of Public Safety:			
WIPP Off-site Emergency Response Preparation	81.106	WIPP-2004-EOC-13	7,000
Total U.S. Department of Energy			7,000
<u>U.S. Department of Housing and Urban Development</u>			
Passed through New Mexico Department of Finance and Administration:			
Community Development Block Grant - Planning Grant	14.218	02-C-RS-I-6-G-77	24,469
Community Development Block Grant - Medical Clinic	14.218	00-C-RS-I-3-G-8	183,440
Total U.S. Department of Housing and Urban Development			207,909
Total Expenditures of Federal Awards			\$ 938,848
Reconciliation of Schedule of Expenditures of Federal Awards to financial statements:			
Federal source revenues - per Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ 876,218
Revenue not yet recognized			62,630
Total Expenditures of Federal Awards			\$ 938,848

**SUPPLEMENTARY INFORMATION - SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**JOINT POWERS AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

---

Description:	Estancia Valley Solid Waste Authority
Purpose:	Coordinate solid waste resources in the area.
Participants:	County of Torrance, City of Moriarty, Town of Estancia and Mountainair, Village of Willard and Encino.
Party responsible for operations:	Estancia Valley Solid Waste Authority.
Beginning date of agreement:	1996.
Ending date:	When parties decide.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	\$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 Valley Regional Animal Shelter Board.
Beginning date of agreement:	2003.
Ending date:	When parties decide.
Total estimated amount of project:	Unknown.
Amount County contributed in current fiscal year:	Salary of staff.
Audit responsibility:	County of Torrance.
Fiscal Agent:	County of Torrance.
Name of government where revenues and expenditures are Reported:	Revenues: County of Torrance. Expenditures: Each participant.
Description:	911 Emergency Services.
Purpose:	Dispatch services for the participant areas.
Participants:	County of Torrance, City of Moriarty, Towns of Estancia and Mountainair, Village of Willard.
Party responsible for operations:	Torrance County Emergency Comm. District.
Beginning date of agreement:	July 1, 2003.
Ending date:	June 30, 2004, with annual renewals possible.
Total estimated amount of project:	\$226,589, first year.
Amount County contributed in current fiscal year:	\$121,754.
Audit responsibility:	Each participating entity.
Fiscal Agent:	County of Torrance.
Name of government where revenues and expenditures are Reported:	Participating entities.



**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS - (Continued)  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004</u>
<b>TAXES PAID IN ADVANCE:</b>				
<b>ASSETS:</b>				
Cash	\$ 31,156	\$ -0-	\$ 10,540	\$ 20,616
Total Assets	<u>\$ 31,156</u>	<u>\$ -0-</u>	<u>\$ 10,540</u>	<u>\$ 20,616</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 31,156	\$ -0-	\$ 10,540	\$ 20,616
Total Liabilities	<u>\$ 31,156</u>	<u>\$ -0-</u>	<u>\$ 10,540</u>	<u>\$ 20,616</u>
<b>COST TO STATE / PENALTY AND INTEREST:</b>				
<b>ASSETS:</b>				
Cash	\$ 5,642	\$ 63,813	\$ 65,187	\$ 4,268
Total Assets	<u>\$ 5,642</u>	<u>\$ 63,813</u>	<u>\$ 65,187</u>	<u>\$ 4,268</u>
<b>LIABILITIES:</b>				
Deposits held for others	\$ 5,642	\$ 63,813	\$ 65,187	\$ 4,268
Total Liabilities	<u>\$ 5,642</u>	<u>\$ 63,813</u>	<u>\$ 65,187</u>	<u>\$ 4,268</u>
<b>TOTALS - ALL AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash	\$ 104,738	\$ 2,793,239	\$ 2,805,289	\$ 92,688
Total Assets	<u>\$ 104,738</u>	<u>\$ 2,793,239</u>	<u>\$ 2,805,289</u>	<u>\$ 92,688</u>
<b>LIABILITIES:</b>				
Deposits held for others	\$ 104,738	\$ 2,793,239	\$ 2,805,289	\$ 92,688
Total Liabilities	<u>\$ 104,738</u>	<u>\$ 2,793,239</u>	<u>\$ 2,805,289</u>	<u>\$ 92,688</u>

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

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

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General Fund and major Special Revenue Funds of the State of New Mexico, County of Torrance (County) as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, I also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds including budgetary comparisons presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2004, and I have also audited the budgetary comparison financial statement of the Major fund, Debt Service which has been included in the supplemental information, and have issued my report thereon dated January 21, 2005 in which I do not express an opinion on the government-wide statements due to a lack of records for capital assets. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the County's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion 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 judgement, 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, 00-1, 00-3, 00-7, 01-3, 01-6, 01-7, 02-3, 02-4, 03-2, 03-3, 04-1, 04-2, and 04-3.

A material weakness is a reportable 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 caused by error or fraud 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



C  
W  
M

CHESTER W. MATTOCKS  
CERTIFIED PUBLIC ACCOUNTANT

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

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

Members of the Board of County Commissioners  
County of Torrance  
Estancia, New Mexico  
and  
Mr. 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, 2004. 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 96-1, 00-1, and 03-3, 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, 2004**

---

**I. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Disclaimer.

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

14.218 U.S. Department of Housing and Urban Development:  
Community Development Block Grant - State Programs

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, 2004**

---

County Manager's office for proper monitoring. The County was unaware of the matching requirement 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.

**00-3 - 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.

**00-7 - LATE AUDIT REPORT**

**Statement of finding:** The June 30, 2004 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 prior year's audit report was late, which delayed the completion of this year's audit.

**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**  
**COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2004**

---

**01-7 - EXPENDITURES OVER BUDGET**

**Statement of finding:** The County had expenditures in excess of budget in the General Fund, ten of the Special Revenue Funds, and three Capital Projects Funds.

**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.

**02-3 - 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.



**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)  
FOR THE YEAR ENDED JUNE 30, 2004**

---

**03-3 – GRANTS MANAGEMENT**

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

- a) Amount of Federal funds expended;
- b) Matching requirements;
- c) 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.

**04-1 – DFA RECONCILIATION REPORT INCORRECT**

**Statement of finding:** The June 30, 2004 DFA Reconciliation report did not correctly list the outstanding warrants or completely reconcile all funds.

**Criteria:** A monthly reconciliation report listing all funds and the outstanding warrants is part of the basic reconciliation process of the County and also is submitted to the State Department of Finance and Administration (DFA.)

**Effect:** The County funds were not reconciled correctly on this report.

**Cause:** The regular payday fell on July 1, 2004, and because this pay date was one day after the last day of the fiscal year, the computer system did not handle the outstanding warrants correctly.

**Recommendation:** If the computer system does not generate an accurate report, then a substitute report should be completed on electronic spreadsheet or manually.

**Management's response:** Payroll was posted incorrectly for the last payroll of the 2004 fiscal year which caused the reports to be incomplete. We have corrected this problem and it should not happen in the future.

**STATE OF NEW MEXICO  
COUNTY OF TORRANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (Continued)  
FOR THE YEAR ENDED JUNE 30, 2004**

---

**III. Federal Award Findings and Questioned Costs**

The following finding relates to all Federal programs.

**96-1 - CAPITAL ASSETS**

**Statement of finding:** a) The County did not furnish a list of capital assets for the year ended June 30, 2003; b) A list of additions and deletions to capital assets was not furnished to the auditors. No annual inventory was taken. The County was unable to disclose the depreciation expense charged to each function as required by GASBS 34.117 due to the lack of capital asset records.

**Criteria:** The County is required to maintain detailed capital asset records, and to prepare a list of additions and deletions for the year, per GSD Rule NMAC 2.20.1. The are also required to take an annual inventory, as per Section 12-6-10 NMSA.

**Effect:** The lack of adequate capital asset records results in the inability of the County to maintain internal control over capital assets.

**Cause:** The listing of capital assets was not maintained.

**Questioned costs:** None.

**Recommendation:** Detailed land, building and equipment records should be prepared and reconciled to control accounts, and the physical inventory should be taken and should be reconciled to the amount recorded on the capital assets control ledger. Capital assets records should also be developed which enables the County to determine the amount of depreciation expense which should be charged to each function.

**Management's response:** The County has been working on a viable capital assets system over the past year. The computer system that held the most current information crashed and the information was unrecoverable. The finance department has been diligently working on this issue, so that the County will be compliant with GASB 34. Our goal is to have this issue resolved by the 2005 audit.

The following finding relates to the Universal Hiring Grant, CFDA # 16.710.

**00-1 - COUNTY'S MATCHING SHARE**

**Statement of finding:** In prior years, the County did not record and/or transfer its matching share of funds for the Universal Hiring Grant, CFDA 16.710, Grant # 95CFWX4761. The total not transferred was \$380,818.

**Criteria:** The County should budget and transfer all grant matches as required.

**Effect:** The County was not in compliance with grants received.

**Cause:** Some personnel were not aware of the matching requirement.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

---

**96-1 - Fixed Assets** - Repeated.

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

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

**00-7 - Late Audit Report** - Repeated.

**01-3 - CCA Jail Contract** – Repeated.

**01-6 - Social Security Withholding** – Repeated.

**01-7 – Expenditures Over Budget** - Repeated.

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

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

**03-1 – PERA and Retiree Health Care Wages** – Resolved.

**03-2 – DFA Cash Balance Requirement** – Repeated.

**03-3 – Grants Management** – Repeated.



