

State of
New Mexico
Town of Taos

Annual Financial Report
For the Year Ended June 30, 2016



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INTRODUCTORY SECTION

STATE OF NEW MEXICO

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Annual Financial Report
June 30, 2016
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STATE OF NEW MEXICO

Town of Taos
Official Roster
June 30, 2016

<u>Name</u>	<u>Town Council</u>	<u>Title</u>
Daniel Barrone		Mayor
Judith Cantu		Councilor
George “Fritz” Hahn		Councilor
Darien Fernandez		Councilor
Nathaniel Evans		Councilor

Administration

Richard Bellis	Town Manager
Marietta Fambro	Finance Director
Renee Lucero	Town Clerk
Richard Chavez	Municipal Judge
Floyd W. Lopez	Town Attorney

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The United States Office of Management and Budget and
The Town Council
Town of Taos
Taos, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Town of Taos (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds, and the budgetary comparisons for the proprietary funds, the major capital projects fund, and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taos, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of each nonmajor governmental fund as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the proprietary funds, major capital projects fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 19 and Schedules I and II and the Notes to the Required Supplementary Information on pages 74 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

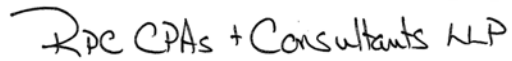
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory section, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Supporting Schedules III through VII required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and Schedule VII has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our 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* in considering the Town's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 29, 2016

Town of Taos
Management's Discussion and Analysis
June 30, 2016

We are pleased to present the Town of Taos' financial statements for the fiscal year ended June 30, 2016. Management's discussion and analysis of these statements is also provided to help the reader fully understand the Town's financial condition.

FINANCIAL HIGHLIGHTS

- The Town of Taos' total assets exceeded its total liabilities at the close of the fiscal year by \$76,634,977 (*net position*). Of this amount, -\$49,474 is *unrestricted net position* due to the on-going implementation of GASB Statement No. 68. The current year Pension Plan Liability is the underlying factor of this negative unrestricted net position. This GASB Statement is reflected on the financial statements for the second time in the history of the Town and other governmental entities throughout the entire state. Even though ending the year with this negative amount, the Town has at this time the available cash balances to meet the government's ongoing obligations to its citizens and creditors.
- The Town's total net position increased by \$4,833,011 during the fiscal year. The majority of this overall increase was due to increases in charges for services, capital grants (mainly the Airport Runway Construction project) and taxes.
- As of June 30, 2016, the Town's governmental activities reported a combined ending net position balance of \$48,708,026. Of this total, \$5,093,945 is designated for special revenue, debt service and capital projects.
- At the close of the current fiscal year, the unassigned fund balance for the general fund was \$4,441,115, amounting to 45 percent of total general fund expenditures.
- The Town of Taos' total debt had a net increase of \$274,309 during the year due to scheduled principal payments being paid and acquiring new debt for the construction of a new cell at the Taos Regional Landfill. Compensated absences have increased from the prior year by \$62,564 due to less leave taken by upper Management and other employees. The Town paid \$1,101,737 towards the principal of various of its government loans, bonds and contracts payable.

Overview of the Financial Statements

The Town's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Taos' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Taos' assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator regarding whether or not the financial position of the Town of Taos is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the Town of Taos that are principally supported in a majority by taxes and a minimal amount from other miscellaneous receipts (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Taos include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Town include joint Water and Sewer Services, Solid Waste Services, and the Taos Regional Landfill.

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

Town of Taos
Management's Discussion and Analysis
June 30, 2016

Fund financial statements. 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 Town of Taos, 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 Town of Taos can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *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 *daily 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 determining what financial resources are available in the near future to finance the Town's programs.

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 government'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 *governmental funds* and *governmental activities*.

The Town of Taos maintains twenty-nine individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund and Airport Construction Fund, which are considered major funds. Data from the other twenty-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Taos adopts an annual appropriated budget for its general fund, capital equipment replacement, special revenue fund, fire, police, GRT, and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found in Exhibits B-1 through C-1 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the Town charges customers – either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains three proprietary fund.

Enterprise funds. Are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the joint water and sewer services, solid waste and regional landfill operations for the Town. The enterprise funds are considered to be major funds of the Town and can be found in Exhibits D-1 through D-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Taos' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town of Taos fiduciary funds account for the collection of street cut permits and deposits for recreation events. The basic fiduciary fund financial statement can be found in Exhibit E-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-71 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 86-128 of this report.

Town of Taos
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, the net of assets over liabilities, otherwise known as net position, may serve over time as a useful indicator of a government's financial position. In the case of the Town of Taos, assets exceeded liabilities by \$76,634,977 at the close of the current fiscal year.

The significant portion of the Town of Taos' net position represents the Town's investment of \$67,825,840 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The Town of Taos uses these capital assets to provide services to its citizens, so these assets are *not* available for future spending. Although the Town of Taos' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 13,166,538	\$ 5,469,143	\$ 18,635,681
Restricted cash, cash equivalents & investments	19,810	2,707,053	2,726,863
Restricted investments	364,366	1,351,236	1,715,602
Capital assets, net of accumulated depreciation	53,509,216	27,124,711	80,633,927
Total assets	<u>67,059,930</u>	<u>36,652,143</u>	<u>103,712,073</u>
<u>Deferred Outflows of Resources</u>			
Change in assumptions	94,413	10,488	104,901
Net difference between projected and actual investment earnings on pension plan investments	-	5,995	5,995
Employer contributions subsequent to the measurement date	807,228	89,673	896,901
Total deferred outflows of resources	<u>901,641</u>	<u>106,156</u>	<u>1,007,797</u>
Total assets and deferred outflows of resources	<u>\$ 67,961,571</u>	<u>\$ 36,758,299</u>	<u>\$ 104,719,870</u>
<u>Liabilities</u>			
Current Liabilities	\$ 4,216,524	\$ 1,041,119	\$ 5,257,643
Non-current liabilities	14,766,867	7,763,974	22,530,841
Total liabilities	<u>18,983,391</u>	<u>8,805,093</u>	<u>27,788,484</u>
<u>Deferred Inflows of Resources</u>			
Change in assumptions	61,744	6,488	68,232
Change in proportion	177,935	19,767	197,702
Net difference between projected and actual investment earnings on pension plan investments	30,475	-	30,475
Total deferred inflows of resources	<u>270,154</u>	<u>26,255</u>	<u>296,409</u>
<u>Net Position</u>			
Net investment in capital assets	46,291,729	21,534,111	67,825,840
Restricted	5,093,945	3,764,666	8,858,611
Unrestricted	<u>(2,677,648)</u>	<u>2,628,174</u>	<u>(49,474)</u>
Total net position	<u>\$ 48,708,026</u>	<u>\$ 27,926,951</u>	<u>\$ 76,634,977</u>
Total Liabilities and Net Position	<u>\$ 67,961,571</u>	<u>\$ 36,758,299</u>	<u>\$ 104,719,870</u>

Town of Taos
Management's Discussion and Analysis
June 30, 2016

A portion of the Town of Taos' governmental restricted net position of \$5,093,945 (10 percent) represents resources that are subject to restrictions related to covenants arising from the Town's long-term debt issuance and capital projects. The remaining balance of *unrestricted net position*, (\$2,677,648) previously stated above, has fallen to a negative due to the implementation of GASB Statement 68. In the previous year, this amount was (\$3,479,204), the first year of implementation of GASB Statement 68. Taking that negative into consideration the Town still has the available cash to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Taos is able to report positive balances in all categories of net position for both governmental and business-type activities.

Analysis of Changes in Net Position

The Town's net position increased by \$4,833,011 during the fiscal year. This increase is primarily the result of increased operating and capital grants, and gross receipts taxes during the fiscal year.

	Governmental Activities	Business-type Activities	Total
<u>Revenues</u>			
Program revenues:			
Charges for service	\$ 1,028,393	\$ 5,932,839	\$ 6,961,232
Operating grants and contributions	934,106	-	934,106
Capital grants and contributions	6,155,776		6,155,776
General revenues:			
Property taxes, levied for general purposes	1,071,162	-	1,071,162
Gross receipts taxes	10,707,183	691,685	11,398,868
Gasoline and auto distribution taxes	342,514	-	342,514
Other taxes	1,398,657	-	1,398,657
Interest income (loss)	16,976	14,394	31,370
Miscellaneous income	115,108	20,166	135,274
Transfer to other entity	(648,990)	-	(648,990)
	<u>21,120,885</u>	<u>6,659,084</u>	<u>27,779,969</u>
Total Revenues			
Program expenses:			
General government	\$ 8,580,300	\$ -	\$ 8,580,300
Public safety	3,278,763	-	3,278,763
Public works	1,363,274	-	1,363,274
Culture and recreation	2,574,665	-	2,574,665
Health and welfare	186,881	-	186,881
Interest on long-term debt	267,790	-	267,790
Joint water and sewer	-	4,342,423	4,342,423
Solid waste	-	1,419,753	1,419,753
Taos Regional Landfill	-	933,109	933,109
	<u>16,251,673</u>	<u>6,695,285</u>	<u>22,946,958</u>
Total Expenses			
Change in net position	4,869,212	(36,201)	4,833,011
Net Position, beginning	<u>43,838,814</u>	<u>27,963,152</u>	<u>71,801,966</u>
Net Position, ending	<u><u>\$ 48,708,026</u></u>	<u><u>\$ 27,926,951</u></u>	<u><u>\$ 76,634,977</u></u>

Town of Taos
Management's Discussion and Analysis
June 30, 2016

Governmental activities. Governmental activities increased the Town of Taos' net position by \$4,833,011, primarily as the result of increase in capital grants and contributions (as previously stated the Airport Runway project) and gross receipts taxes. Along with expenditures being less \$326,702 than last fiscal year.

Tax revenues account for \$13,519,516 or 64 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.

The General fund received the majority of the Town's program revenue, accounting for \$8,118,275 or 38 percent of total governmental revenues. The primary recipients of these revenues are general government, public works and public safety.

The Town's direct charges to users of governmental services made up \$1,028,393 or 5 percent of total governmental revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

Business-type activities. Business-type activities decreased the Town's net position by \$36,201.

The Town's direct charges to users of business-type services made up \$5,932,839 or 89 percent of total business-type revenues. These charges are for water and sewer services, water and sewer connection fees, landfill tipping fees and solid waste services. These direct charges for service increased by \$29,349 from the previous year, primarily as the result of the CIP increase and the 5th and final year of a rate increase in the water and sewer rates. Even though revenues were up, expenditures exceeded revenues in the joint water and sewer program which contributed to the decrease in the net position. The Town continues looking at the joint water and sewer program in ways to reduce expenditures, such as refunding of debt service and analysis of direct cost of employees expensed to the program.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town of Taos uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Taos' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Taos' financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Revenues for governmental functions overall totaled approximately \$21,989,846 in the fiscal year ended June 30, 2016, which represents an increase of \$3,243,995 from the fiscal year ended June 30, 2015. This is largely due to the increase in gross receipts, federal and state capital grants and state operating grants. Expenditures for governmental functions, totaling \$21,061,691 increased by approximately \$2,823,050 from the fiscal year ended June 30, 2015. This is largely due to the increase in expenditures, public works and capital outlay due to several infrastructure projects on-going (Airport Runway Construction) and completed. In the fiscal year ended June 30, 2016, revenues for governmental functions exceeded expenditures by approximately \$928,155.

The General Fund is the chief operating fund of the Town of Taos. It is from here that the Town pays for the public safety and other basic services it provides to its citizens. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$4,441,115.

Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2016 of \$1,586,142 an increase of \$257,422 over the comparable figure from the prior year of \$1,328,720. The Town's overall financial position improved with continued music venue for tourists and locals alike bringing in additional gross receipts tax.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for enterprise funds were \$2,628,174. The total decrease in net position for the enterprise funds was (\$36,201) compared to (\$159,490) from the prior year. This improved but factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

Town of Taos
Management's Discussion and Analysis
June 30, 2016

Fiduciary Funds. The Town maintains fiduciary funds for the assets associated with bid bonds, street cuts permits and recreation deposits. Changes to the fiduciary funds were immaterial for the fiscal year.

General Fund Budgetary Highlights

Town budgets reflect the same pattern as seen in the revenue and expenditures of the Town. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Town level, Taos utilizes goals and objectives defined by the Town Council, community input meetings, long term plans and input from various staff groups to develop the Town budget. Town defines its priorities through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2016. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund found at Exhibit C-1. The Town's final budget differs from the original budget due to amendments that were made during the fiscal year and the increase of expenditures. Actual general fund expenditures were \$703,649 less than budgeted. This was primarily due to general government function expenditures favorable variance of \$347,718. The difference between actual expenditures and budgeted expenditures is due to various departments not spending there projected costs along with personnel vacancy savings over the course of the fiscal year.

	Budget Amounts		Actual (GAAP Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 4,825,285	\$ 4,707,668	\$ 4,359,950	\$ 347,718
Public safety	3,389,050	3,338,444	3,159,090	179,354
Public works	939,403	950,323	921,578	28,745
Culture and recreation	1,481,354	1,509,757	1,438,683	71,074
Capital outlay	7,800	144,629	67,871	76,758
<i>Total Expenditures</i>	<u>\$ 10,642,892</u>	<u>\$ 10,650,821</u>	<u>\$ 9,947,172</u>	<u>\$ 703,649</u>

Capital Asset and Debt Administration

Capital assets. The Town of Taos' capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$80,633,927 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. The Town's capital assets for the current fiscal year increased \$3,159,476 for governmental activities and increased \$830,400 for business-type activities (net of accumulated depreciation).

The significant additions to capital assets during the year were as follows:

- \$2,115,507 of additions to governmental infrastructure and equipment for completion and/or purchase of the following
– Historic District Resurfacing, Youth & Family Center East Wall and Roof Improvements, Air filtration Units for Fire Department, 2016 Pierce Arrow Pumper Tanker.

Town of Taos
Management's Discussion and Analysis
June 30, 2016

Capital Asset and Debt Administration (continued)

	Governmental Activities	Business-like Activities	Total
Land	\$ 6,277,809	\$ 262,422	\$ 6,540,231
Constuction in progress	9,612,167	3,268,986	12,881,153
Land improvements	7,461,945	104,895	7,566,840
Buildings and improvements	34,815,034	4,656,981	39,472,015
Machinery and Equipment	15,850,116	8,876,468	24,726,584
Infrastructure	54,814,587	33,499,623	88,314,210
Total capital assets	<u>128,831,658</u>	<u>50,669,375</u>	<u>179,501,033</u>
Less: accumulated depreciation	<u>(75,322,442)</u>	<u>(23,544,664)</u>	<u>(98,867,106)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 53,509,216</u>	<u>\$ 27,124,711</u>	<u>\$ 80,633,927</u>

For government-wide financial statement presentation purposes, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, the Town of Taos had total long-term obligations outstanding of \$15,181,197. The Town did acquire new debt for construction of a new cell at the Taos Regional Landfill, with the first interest and principal payment due in fiscal year 2016.

	Governmental Activities	Business-type Activities	Total
Revenue Bonds	\$ 4,375,000	\$ 1,855,600	\$ 6,230,600
NMFA amd RUS Loans	2,842,487	3,735,000	6,577,487
USDA Contract Payable	-	-	-
Compensated absences	616,329	79,760	696,089
Landfill Closure Liability	<u>-</u>	<u>1,677,021</u>	<u>1,677,021</u>
Total long-term liabilities	<u>\$ 7,833,816</u>	<u>\$ 7,347,381</u>	<u>\$ 15,181,197</u>

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding the Town of Taos' long-term debt.

The Town knows of no currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Taos' finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Taos – Finance Director, Town of Taos, 400 Camino de la Placita, Taos, New Mexico, 87571, (575) 751-2024.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Town of Taos

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 5,828,662	\$ 2,658,119	\$ 8,486,781
Investments	2,546,834	1,645,410	4,192,244
Receivables:			
Property taxes	174,322	-	174,322
Other taxes	2,051,748	277,478	2,329,226
Due from other governments	2,534,272	-	2,534,272
Other	3,585	-	3,585
Customer receivables, net	-	878,949	878,949
Inventory	-	36,302	36,302
Internal balances	27,115	(27,115)	-
Total current assets	13,166,538	5,469,143	18,635,681
Noncurrent assets			
Restricted cash and cash equivalents	19,810	2,707,053	2,726,863
Restricted investments	364,366	1,351,236	1,715,602
Capital assets	128,831,658	50,669,375	179,501,033
Less: accumulated depreciation	(75,322,442)	(23,544,664)	(98,867,106)
Total noncurrent assets	53,893,392	31,183,000	85,076,392
<i>Total assets</i>	67,059,930	36,652,143	103,712,073
Deferred outflows of resources			
Difference between expected and actual experience	94,413	10,488	104,901
Net difference between projected and actual investment earnings on pension plan investments	-	5,995	5,995
Employer contributions subsequent to the measurement date	807,228	89,673	896,901
<i>Total deferred outflows of resources</i>	901,641	106,156	1,007,797
<i>Total assets and deferred outflows of resources</i>	\$ 67,961,571	\$ 36,758,299	\$ 104,719,870

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 2,780,784	\$ 204,950	\$ 2,985,734
Accrued payroll	253,959	36,557	290,516
Deposits held in trust for others	5,103	293,623	298,726
Accrued compensated absences	364,398	59,064	423,462
Accrued interest	26,716	55,886	82,602
Current portion of bonds payable	315,000	57,000	372,000
Current portion of loans payable	470,564	334,039	804,603
Total current liabilities	4,216,524	1,041,119	5,257,643
Noncurrent liabilities			
Accrued compensated absences	251,931	20,696	272,627
Accrued landfill closure costs	-	1,677,021	1,677,021
Bond premiums, net of accumulated amortization of \$36,386	38,320	-	38,320
Bonds payable	4,060,000	1,798,600	5,858,600
Loans payable	2,371,923	3,400,961	5,772,884
Net pension liability	8,044,693	866,696	8,911,389
Total noncurrent liabilities	14,766,867	7,763,974	22,530,841
<i>Total liabilities</i>	18,983,391	8,805,093	27,788,484
Deferred inflows of resources			
Change of assumptions	61,744	6,488	68,232
Changes in proportion	177,935	19,767	197,702
Net difference between projected and actual investment earnings on pension plan investments	30,475	-	30,475
<i>Total deferred inflows of resources</i>	270,154	26,255	296,409
Net position			
Net investment in capital assets	46,291,729	21,534,111	67,825,840
Restricted for:			
Debt service	362,186	2,814,396	3,176,582
Capital projects	2,920,762	-	2,920,762
Special revenue	1,810,997	-	1,810,997
Landfill	-	950,270	950,270
Unrestricted	(2,677,648)	2,628,174	(49,474)
<i>Total net position</i>	48,708,026	27,926,951	76,634,977
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 67,961,571	\$ 36,758,299	\$ 104,719,870

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

STATE OF NEW MEXICO
Town of Taos
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 8,577,332	\$ 914,869	\$ 520,277	\$ 526,249
Public safety	3,278,763	-	274,127	-
Public works	1,363,274	-	-	5,629,527
Culture and recreation	2,574,665	112,177	-	-
Health and welfare	186,881	1,347	139,702	-
Interest on long-term debt	267,790	-	-	-
<i>Total governmental activities</i>	<u>16,248,705</u>	<u>1,028,393</u>	<u>934,106</u>	<u>6,155,776</u>
Business-type Activities:				
Water and sewer	4,342,423	3,226,516	-	-
Solid waste	1,419,753	1,450,666	-	-
Taos regional landfill	933,109	1,255,657	-	-
<i>Total business-type activities</i>	<u>6,695,285</u>	<u>5,932,839</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 22,943,990</u>	<u>\$ 6,961,232</u>	<u>\$ 934,106</u>	<u>\$ 6,155,776</u>

General Revenues:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Franchise taxes

Lodgers taxes

Investment income

Miscellaneous income

Total general revenues

Special item- Transfer to other entity

Change in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (6,615,937)	\$ -	\$ (6,615,937)
(3,004,636)	-	(3,004,636)
4,266,253	-	4,266,253
(2,462,488)	-	(2,462,488)
(45,832)	-	(45,832)
(267,790)	-	(267,790)
<u>(8,130,430)</u>	<u>-</u>	<u>(8,130,430)</u>
-	(1,115,907)	(1,115,907)
-	30,913	30,913
-	322,548	322,548
<u>-</u>	<u>(762,446)</u>	<u>(762,446)</u>
<u>(8,130,430)</u>	<u>(762,446)</u>	<u>(8,892,876)</u>
1,071,162	-	1,071,162
10,707,183	691,685	11,398,868
342,514	-	342,514
379,973	-	379,973
1,018,684	-	1,018,684
14,008	14,394	28,402
115,108	20,166	135,274
<u>13,648,632</u>	<u>726,245</u>	<u>14,374,877</u>
<u>(648,990)</u>	<u>-</u>	<u>(648,990)</u>
4,869,212	(36,201)	4,833,011
<u>43,838,814</u>	<u>27,963,152</u>	<u>71,801,966</u>
<u>\$ 48,708,026</u>	<u>\$ 27,926,951</u>	<u>\$ 76,634,977</u>

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

STATE OF NEW MEXICO

Town of Taos
Balance Sheet
Governmental Funds
June 30, 2016

Exhibit B-1

Page 1 of 2

	General Fund	Airport Construction	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 2,983,070	\$ 628,913	\$ 2,236,489	\$ 5,848,472
Investments	1,007,451	-	1,903,749	2,911,200
Receivables:				
Property taxes	174,322	-	-	174,322
Other taxes	1,596,373	-	455,375	2,051,748
Due from other governments	1,324	2,314,469	218,479	2,534,272
Other	3,585	-	-	3,585
<i>Total assets</i>	<u>\$ 5,793,240</u>	<u>\$ 2,943,382</u>	<u>\$ 4,814,092</u>	<u>\$ 13,550,714</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 166,059	\$ 2,425,887	\$ 188,838	\$ 2,780,784
Accrued payroll	239,935	-	14,024	253,959
Deposits held in trust for others	-	-	5,103	5,103
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>405,994</u>	<u>2,425,887</u>	<u>207,965</u>	<u>3,039,846</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	117,200	-	-	117,200
<i>Total deferred inflows of resources</i>	<u>117,200</u>	<u>-</u>	<u>-</u>	<u>117,200</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	252,472	252,472
Public safety	-	-	76,101	76,101
Culture and recreation	-	-	782,808	782,808
Fire protection	-	-	311,488	311,488
Health and welfare	-	-	1	1
Debt service expenditures	-	-	361,277	361,277
Capital projects	-	517,495	1,322,223	1,839,718
Minimum fund balance	828,931	-	-	828,931
Committed for:				
General government	-	-	265,139	265,139
Public safety	-	-	9,828	9,828
Transportation	-	-	148,044	148,044
Capital projects	-	-	1,079,069	1,079,069
Unassigned	4,441,115	-	(2,323)	4,438,792
<i>Total fund balances</i>	<u>5,270,046</u>	<u>517,495</u>	<u>4,606,127</u>	<u>10,393,668</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,793,240</u>	<u>\$ 2,943,382</u>	<u>\$ 4,814,092</u>	<u>\$ 13,550,714</u>

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

STATE OF NEW MEXICO
Town of Taos
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2016

Exhibit B-1
Page 2 of 2

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

Fund balances - total governmental funds	\$ 10,393,668
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	53,509,216
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	117,200
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(26,716)
Deferred outflows of resources related to difference between expected and actual experience	94,413
Deferred outflows of resources related to employer contributions subsequent to the measurement date	807,228
Deferred inflows of resources related to change of assumptions	(61,744)
Deferred inflows of resources related to changes in proportion	(177,935)
Deferred inflows of resources related to net difference between projected and actual investment earnings on pension plan investments	(30,475)
Some liabilities, including bonds payable, loans and net pension payable are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(616,329)
Bond premiums	(38,320)
Bonds payable	(4,375,000)
Loans payable	(2,842,487)
Net pension liability	(8,044,693)
<i>Total net position of governmental activities</i>	<u><u>\$ 48,708,026</u></u>

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

STATE OF NEW MEXICO

Town of Taos

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

Exhibit B-2

Page 1 of 2

	General Fund	Airport Construction	Other Governmental Funds	Total
<i>Revenues</i>				
Taxes:				
Property	\$ 1,123,518	\$ -	\$ -	\$ 1,123,518
Gross receipts	8,947,787	-	1,759,396	10,707,183
Gasoline and motor vehicle taxes	221,057	-	121,457	342,514
Lodgers taxes	-	-	1,189,267	1,189,267
Other	379,973	-	-	379,973
Intergovernmental income:				
Federal operating grants	-	-	200,151	200,151
Federal capital grants	-	4,719,204	500,000	5,219,204
State operating grants	106,380	-	627,575	733,955
State capital grants	-	352,170	584,402	936,572
Charges for services	245,075	-	173,149	418,224
Licenses and fees	484,962	-	125,207	610,169
Investment income	6,915	-	7,093	14,008
Miscellaneous	17,647	79,719	17,742	115,108
<i>Total revenues</i>	<u>11,533,314</u>	<u>5,151,093</u>	<u>5,305,439</u>	<u>21,989,846</u>
<i>Expenditures</i>				
Current:				
General government	4,359,950	-	877,659	5,237,609
Public safety	3,159,090	-	163,792	3,322,882
Public works	921,578	4,773	194,160	1,120,511
Culture and recreation	1,438,683	-	1,155,992	2,594,675
Health and welfare	-	-	186,881	186,881
Capital outlay	67,871	5,418,418	2,083,127	7,569,416
Debt service:				
Principal	-	-	759,043	759,043
Interest	-	-	270,674	270,674
<i>Total expenditures</i>	<u>9,947,172</u>	<u>5,423,191</u>	<u>5,691,328</u>	<u>21,061,691</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,586,142</u>	<u>(272,098)</u>	<u>(385,889)</u>	<u>928,155</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	2,669,528	2,669,528
Transfers out	(621,354)	-	(2,048,174)	(2,669,528)
<i>Total other financing sources (uses)</i>	<u>(621,354)</u>	<u>-</u>	<u>621,354</u>	<u>-</u>
<i>Net change in fund balances</i>	964,788	(272,098)	235,465	928,155
<i>Fund balance - beginning of year</i>	<u>4,305,258</u>	<u>789,593</u>	<u>4,370,662</u>	<u>9,465,513</u>
<i>Fund balance - end of year</i>	<u>\$ 5,270,046</u>	<u>\$ 517,495</u>	<u>\$ 4,606,127</u>	<u>\$ 10,393,668</u>

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

STATE OF NEW MEXICO

Town of Taos

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 928,155
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Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	7,569,416
Depreciation expense	(3,760,950)
Transfer to other entity	(648,990)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenue in the funds:

Decrease in unavailable revenue related to property taxes receivable	(52,356)
Decrease in lodgers tax settlement revenue not received within the period of availability	(170,583)

Governmental funds report Town pension contributions as expenditures. However
in the Statement of Activities, the cost of pension benefits earned net of employee
contributions is reported as pension expense:

Town pension contributions	807,228
Pension expense	(518,553)

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued interest	2,884
Increase in accrued compensated absences	(49,946)
Amortization of bond premiums	3,864
Principal payments on bonds payable	300,000
Principal payments on loans payable	459,043

<i>Change in net position of governmental activities</i>	<u><u>\$ 4,869,212</u></u>
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The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO

Exhibit C-1

Town of Taos

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ 1,045,871	\$ 1,045,871	\$ 1,123,518	\$ 77,647
Gross receipts	8,160,703	8,860,600	8,947,787	87,187
Gas and motor vehicle	256,741	256,741	221,057	(35,684)
Other	378,101	378,101	379,973	1,872
Intergovernmental income:				
State operating grants	90,000	90,000	106,380	16,380
Charges for services	295,209	295,209	245,075	(50,134)
Licenses and fees	514,745	514,745	484,962	(29,783)
Interest income	5,341	5,341	6,915	1,574
Miscellaneous	33,420	34,600	17,647	(16,953)
<i>Total revenues</i>	<u>10,780,131</u>	<u>11,481,208</u>	<u>11,533,314</u>	<u>52,106</u>
<i>Expenditures</i>				
Current:				
General government	4,825,285	4,707,668	4,359,950	347,718
Public safety	3,389,050	3,338,444	3,159,090	179,354
Public works	939,403	950,323	921,578	28,745
Culture and recreation	1,481,354	1,509,757	1,438,683	71,074
Capital outlay	7,800	144,629	67,871	76,758
<i>Total expenditures</i>	<u>10,642,892</u>	<u>10,650,821</u>	<u>9,947,172</u>	<u>703,649</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>137,239</u>	<u>830,387</u>	<u>1,586,142</u>	<u>755,755</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	488,682	(499,106)	-	499,106
Transfers out	(625,921)	(331,281)	(621,354)	(290,073)
<i>Total other financing sources (uses)</i>	<u>(137,239)</u>	<u>(830,387)</u>	<u>(621,354)</u>	<u>209,033</u>
<i>Net change in fund balance</i>	-	-	964,788	964,788
<i>Fund balance - beginning of year</i>	-	-	4,305,258	4,305,258
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,270,046</u>	<u>\$ 5,270,046</u>

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

STATE OF NEW MEXICO

Town of Taos
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
Assets				
Current assets				
Cash and cash equivalents	\$ 1,734,584	\$ 393,206	\$ 530,329	\$ 2,658,119
Investments	1,320,910	249,100	75,400	1,645,410
Other taxes	277,478	-	-	277,478
Customer receivables, net	482,127	286,743	110,079	878,949
Inventory	36,302	-	-	36,302
Total current assets	<u>3,851,401</u>	<u>929,049</u>	<u>715,808</u>	<u>5,496,258</u>
Noncurrent assets				
Restricted cash and cash equivalents	1,730,287	-	976,766	2,707,053
Restricted investments	1,027,740	-	323,496	1,351,236
Capital assets	43,188,901	1,104,796	6,375,678	50,669,375
Less: accumulated depreciation	<u>(21,036,358)</u>	<u>(588,454)</u>	<u>(1,919,852)</u>	<u>(23,544,664)</u>
Total noncurrent assets	<u>24,910,570</u>	<u>516,342</u>	<u>5,756,088</u>	<u>31,183,000</u>
<i>Total assets</i>	<u>28,761,971</u>	<u>1,445,391</u>	<u>6,471,896</u>	<u>36,679,258</u>
Deferred outflows of resources				
Difference between expected and actual	6,599	1,416	2,473	10,488
Net difference between projected and actual investment earnings on pension plan investments	266	3,754	1,975	5,995
Employer contributions subsequent to the measurement date	<u>56,421</u>	<u>12,107</u>	<u>21,145</u>	<u>89,673</u>
<i>Total deferred outflows of resources</i>	<u>63,286</u>	<u>17,277</u>	<u>25,593</u>	<u>106,156</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 28,825,257</u>	<u>\$ 1,462,668</u>	<u>\$ 6,497,489</u>	<u>\$ 36,785,414</u>

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

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
Liabilities				
Current liabilities				
Accounts payable	\$ 119,498	\$ 37,948	\$ 47,504	\$ 204,950
Accrued payroll	22,838	4,583	9,136	36,557
Meter deposits payable	293,623	-	-	293,623
Accrued compensated absences	40,859	3,699	14,506	59,064
Interfund payable	15,950	5,442	5,723	27,115
Accrued interest payable	53,006	-	2,880	55,886
Current portion of bonds payable	57,000	-	-	57,000
Current portion of loans payable	219,030	-	115,009	334,039
Total current liabilities	821,804	51,672	194,758	1,068,234
Noncurrent liabilities				
Accrued compensated absences	7,910	-	12,786	20,696
Accrued landfill closure costs	-	-	1,677,021	1,677,021
Bonds payable	1,798,600	-	-	1,798,600
Loans payable	1,918,162	-	1,482,799	3,400,961
Net pension liability	555,396	108,550	202,750	866,696
Total noncurrent liabilities	4,280,068	108,550	3,375,356	7,763,974
<i>Total liabilities</i>	5,101,872	160,222	3,570,114	8,832,208
Deferred inflows of resources				
Change in assumptions	4,221	760	1,507	6,488
Changes in proportion	12,437	2,669	4,661	19,767
<i>Total deferred inflows of resources</i>	16,658	3,429	6,168	26,255
Net position				
Net investment in capital assets	18,159,751	516,342	2,858,018	21,534,111
Restricted for:				
Debt service	2,464,404	-	349,992	2,814,396
Landfill	-	-	950,270	950,270
Unrestricted	3,082,572	782,675	(1,237,073)	2,628,174
<i>Total net position</i>	23,706,727	1,299,017	2,921,207	27,926,951
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 28,825,257	\$ 1,462,668	\$ 6,497,489	\$ 36,785,414

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

STATE OF NEW MEXICO

Exhibit D-2

Town of Taos
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds			
	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
<i>Operating revenues</i>				
Charges for services	\$ 3,226,516	\$ 1,450,666	\$ 1,255,657	\$ 5,932,839
<i>Total operating revenues</i>	<u>3,226,516</u>	<u>1,450,666</u>	<u>1,255,657</u>	<u>5,932,839</u>
<i>Operating expenses</i>				
Personnel services	654,657	141,222	270,456	1,066,335
Contractual services	1,199,572	812,755	297,091	2,309,418
Supplies	130,507	9,022	5,542	145,071
Repairs and maintenance	67,216	49,577	84,976	201,769
Utilities	347,832	283,005	7,865	638,702
Depreciation	1,588,910	58,315	161,263	1,808,488
Other costs	218,555	65,857	79,345	363,757
<i>Total operating expenses</i>	<u>4,207,249</u>	<u>1,419,753</u>	<u>906,538</u>	<u>6,533,540</u>
<i>Operating income (loss)</i>	<u>(980,733)</u>	<u>30,913</u>	<u>349,119</u>	<u>(600,701)</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	691,685	-	-	691,685
Interest expense	(135,174)	-	(26,571)	(161,745)
Interest income	7,423	-	6,971	14,394
Miscellaneous income (expense)	3,722	16,442	2	20,166
<i>Total non-operating revenues (expenses)</i>	<u>567,656</u>	<u>16,442</u>	<u>(19,598)</u>	<u>564,500</u>
<i>Income (loss)</i>	<u>(413,077)</u>	<u>47,355</u>	<u>329,521</u>	<u>(36,201)</u>
<i>Change in net position</i>	<u>(413,077)</u>	<u>47,355</u>	<u>329,521</u>	<u>(36,201)</u>
<i>Net position - beginning</i>	<u>24,119,804</u>	<u>1,251,662</u>	<u>2,591,686</u>	<u>27,963,152</u>
<i>Net position - ending</i>	<u>\$ 23,706,727</u>	<u>\$ 1,299,017</u>	<u>\$ 2,921,207</u>	<u>\$ 27,926,951</u>

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

STATE OF NEW MEXICO
Town of Taos
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

Exhibit D-3

	Enterprise Funds			
	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 3,019,370	\$ 1,326,428	\$ 1,286,083	\$ 5,631,881
Cash payments to employees for services	(658,340)	(144,358)	(262,033)	(1,064,731)
Cash payments to suppliers for goods and services	(2,116,474)	(1,198,507)	(514,695)	(3,829,676)
<i>Net cash provided (used) by operating activities</i>	<u>244,556</u>	<u>(16,437)</u>	<u>509,355</u>	<u>737,474</u>
<i>Cash flows from noncapital financing activities</i>				
Gross receipts taxes	691,685	-	-	691,685
Miscellaneous income	3,722	16,442	2	20,166
Payments for noncurrent accrued compensated absences	(3,685)	-	(9,998)	(13,683)
Interfund advances (payments)	(170)	(39)	568	359
<i>Net cash provided (used) by noncapital financing activities</i>	<u>691,552</u>	<u>16,403</u>	<u>(9,428)</u>	<u>698,527</u>
<i>Cash flows from capital and related financing activities</i>				
Interest paid	(123,477)	-	(25,799)	(149,276)
Proceeds from issuance of long-term debt	-	-	1,376,045	1,376,045
Principal payments on long-term debt	(219,197)	-	(123,496)	(342,693)
Acquisition of capital assets	(514,295)	(24,800)	(2,099,793)	(2,638,888)
<i>Net cash (used) provided by capital and related financing activities</i>	<u>(856,969)</u>	<u>(24,800)</u>	<u>(873,043)</u>	<u>(1,754,812)</u>
<i>Cash flows from investing activities</i>				
Purchases of investments	(4,227)	-	-	(4,227)
Interest on investments	7,423	-	6,971	14,394
<i>Net cash provided by investing activities</i>	<u>3,196</u>	<u>-</u>	<u>6,971</u>	<u>10,167</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	<u>82,335</u>	<u>(24,834)</u>	<u>(366,145)</u>	<u>(308,644)</u>
<i>Cash and cash equivalents - beginning of year</i>	<u>4,410,276</u>	<u>418,040</u>	<u>2,196,736</u>	<u>7,025,052</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 4,492,611</u></u>	<u><u>\$ 393,206</u></u>	<u><u>\$ 1,830,591</u></u>	<u><u>\$ 6,716,408</u></u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>				
Operating income (loss)	\$ (980,733)	\$ 30,913	\$ 349,119	\$ (600,701)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,588,910	58,315	161,263	1,808,488
Net pension expense	(19,681)	(5,631)	(8,091)	(33,403)
Deferred outflows	(1,409)	(303)	(528)	(2,240)
Changes in assets and liabilities:				
Receivables	(207,146)	(123,935)	30,426	(300,655)
Inventory	9,418	-	-	9,418
Accounts payable	(173,005)	21,709	(39,876)	(191,172)
Accrued payroll expenses	6,983	1,124	2,536	10,643
Current accrued compensated absences	10,424	1,371	14,506	26,301
Meter deposits	10,795	-	-	10,795
<i>Net cash provided (used) by operating activities</i>	<u><u>\$ 244,556</u></u>	<u><u>\$ (16,437)</u></u>	<u><u>\$ 509,355</u></u>	<u><u>\$ 737,474</u></u>

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

STATE OF NEW MEXICO
Town of Taos
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2016

Exhibit E-1

Assets

Cash	\$ 13,615
Investments	<u>60,000</u>
<i>Total assets</i>	<u><u>\$ 73,615</u></u>

Liabilities

Deposits payable	\$ 73,232
Due to other entities	<u>383</u>
<i>Total liabilities</i>	<u><u>\$ 73,615</u></u>

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

The Town of Taos (the Town) was incorporated in 1934. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities (water, wastewater, and solid waste), health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The Town of Taos is a body politic and corporate under the name and form of government selected by its qualified electors. The Town may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Town is presented to assist in the understanding of Town's financial statements. The financial statements and notes are the representation of Town's management who is responsible for their integrity and objectivity. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2016, the Town adopted GASB Statements No. 72, *Fair Value Measurement and Application*, a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants* and No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*. These five Statements are required to be implemented as of June 30, 2016, if applicable.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2016 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Town has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund includes state shared gross receipts tax income fund and state shared gas tax income funds.

The *Airport Construction Capital Projects Fund* was created to receive proceeds from federal and state grants for the purpose of financing improvements to the Taos Municipal Airport. Authority is Town Council resolution.

The Town reports its proprietary funds as major funds. Proprietary funds include:

The *Water and Sewer Fund* is used to account for the activities of the Town's water and sewer operations.

The *Solid Waste Fund* accounts for the provision of solid waste services to the residents of the Town and some residents of Taos County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

The *Taos Regional Landfill Fund* is used to account for the activities of the Taos Regional Landfill including debt repayments, closure and post-closure care estimates as well as operations and administration.

Additionally, the Town reports the following fund type:

The *Fiduciary Fund* is purely custodial (assets equal liabilities) and does not involve the measurement of results of operations. This fund accounts for assets held by the Town as a trustee for the judicial system bonds and recreational events.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities. The General Fund, Lodgers Tax Fund, Water and Sewer Fund and the Taos Regional Landfill fund are combined with funds that have identical activities for financial statement reporting.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Town facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the Statement of Cash Flows, cash and cash equivalents represent cash and cash equivalents, restricted cash and cash equivalents and restricted investments (cash held by New Mexico Finance Authority.)

State statutes authorize the Town to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Town are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town estimates the allowance for uncollectible accounts based off the days delinquent. The Town has estimated all accounts that are greater than 120 days to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Town may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Taos County and remitted monthly to the Town.

Inventory: The Town's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. The cost of inventory is recorded as expenditures at the time individual inventory items are consumed.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments, capital projects, meter deposits payable, and the Town's landfill liability.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the Town during the current fiscal. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	10-50
Machinery and equipment	5-25
Infrastructure	10-50

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2016, along with applicable PERA, Retiree Health Care, FICA and Medicare accruals.

Deposits Held in Trust For Others: Deposits held in trust for others consists of security deposits for the Civic Center as of June 30, 2016.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has three types of items that qualify for reporting in this category in the governmental and business-type activities. Accordingly, the items – Difference between expected and actual experience of \$104,901, net difference between projected and actual investment earnings of \$5,995, and employer contributions subsequent to measurement date of \$896,901, have been reported as a deferred outflow of resources. These amounts are reported in the Statement of Net Position. These amounts will directly reduce the net pension liability in future periods.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Town has one type of deferred inflow which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resource in the period that the amount becomes available. The Town has recorded \$117,200 related to property taxes considered “unavailable”. In addition, the Town has three types of items present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change of assumptions of \$68,232, changes in proportion of \$197,702, and net difference between projected and actual investment earnings on pension plan investments of \$30,475, are reported on the Statement of Net Position. These amounts are reported as a deferred inflow and amortized into pension expense in future periods.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (P.E.R.A) and additions to/deductions from P.E.R.A's fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences: The Town's employees earn personal leave at a rate of 22 to 27 days per year based on years of service. Employees can carry over unused personal leave each year with a cap of 500 hours.

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 or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. 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 position.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. 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 another 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.

Fund Balance Classification Policies and Procedures: In the governmental fund financial statements, fund balance is reported in five classifications:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, for example, inventories, prepaid amounts, long term amount of loans and note receivable; or (b) legally or contractually required to be maintained intact, for example, debt service reserves. The Town has no nonspendable fund balance at June 30, 2016.

Restricted – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The Town has \$4,452,796 in restricted fund balances at June 30, 2016.

Committed – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the highest level of Authority, the Town Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The Town has \$1,502,080 in committed funds at June 30, 2016 for Town funded capital projects. The Town does not designate fund balances at year end for subsequent.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Assigned – This classification includes amounts that are constrained by the Town’s *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The Board of Town Commissioners has delegated the authority to assign amounts to be used for specific purposes to the Town Manager and the Director of Finance. The Town had no assigned fund balances at June 30, 2016.

Unassigned – This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. The Town has \$4,438,792 in unassigned fund balances at June 30, 2016.

Minimum Fund Balance Policy: The Town’s policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Town holds cash reserves of 1/12th the General Fund expenditures. The amount at June 30, 2016 for the Town is \$828,931.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, debt service and capital projects” are described on pages 41 and 82-85.
- c. Unrestricted net position: Net position that does not meet the definition of “restricted” or “Net Investment in Capital Assets.”

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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Town’s financial statements include the allowance for uncollectible accounts in the joint utility fund, depreciation on capital assets, the net pension liability and related deferred outflows and inflows of resources, and the estimate for landfill closure and postclosure costs.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Town Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

Governmental fund budgets are prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Proprietary fund budgets are prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The Town does not budget for depreciation expense, only capital outlay.

The budgetary information presented in these financial statements has been properly amended by Town Council in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original <u>Budget</u>	Final <u>Budget</u>
Budgeted Funds:		
General Fund	\$ 137,239	\$ 830,387
Airport Construction	\$ (741,848)	\$ (742,133)
Nonmajor Governmental Funds	\$ (3,207,422)	\$ (3,101,636)
	<u>Change in net position</u>	
Budgeted Funds:		
Water and Sewer	\$ (1,812,619)	\$ (1,832,790)
Solid Waste	\$ (89,960)	\$ (93,613)
Taos Regional Landfill	\$ (839,652)	\$ (618,159)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Position- Budget (GAAP Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Town is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Town's accounts at located an insured depository institution, including all noninterest-bearing transaction accounts, which will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, \$11,862,864 of the Town's deposits of \$12,612,864 was exposed to custodial credit risk. \$8,790,108 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Town's name, and \$3,072,756 was uninsured and uncollateralized.

	<u>US Bank</u>	<u>Centinel Bank</u>	<u>Total</u>
Amount of deposits	\$ 5,940,374	\$ 6,672,490	\$ 12,612,864
FDIC Coverage	(500,000)	(250,000)	(750,000)
Total uninsured public funds	<u>5,440,374</u>	<u>6,422,490</u>	<u>11,862,864</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>5,440,374</u>	<u>3,349,734</u>	<u>8,790,108</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 3,072,756</u>	<u>\$ 3,072,756</u>
Collateral requirement (50% of uninsured funds)	\$ 2,720,187	\$ 3,211,245	\$ 5,931,432
Pledged Collateral	<u>6,300,000</u>	<u>3,349,734</u>	<u>9,649,734</u>
Over (Under) collateralized	<u>\$ 3,579,812</u>	<u>\$ 138,489</u>	<u>\$ 3,718,301</u>

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 2,715,253
Restricted cash and cash equivalents per Exhibit A-1	1,715,602
Restricted investments per Exhibit A-1	2,726,863
Agency funds cash per Exhibit E-1	140,000
Subtotal	<u>\$ 7,297,718</u>
Plus: Certificates of deposits (maturity > 3 months)	170,500
Plus: outstanding checks	1,749,353
Less: deposits in transit	(304,041)
Less: U.S. Treasury Money Market Mutual Funds	(1,932,347)
Less: New Mexico State Treasurer Debt Service	(11,612)
Less: petty cash	<u>(1,850)</u>
Bank balance of deposits	<u><u>\$ 6,967,721</u></u>

Investments

The Town invests excess cash in the State Treasurer Local Government Investment Pool. The New Mexico Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10. (F), 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 fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2016, the Town's investment in the New Mexico LGIP was rated as AAAM by Standard & Poor's.

Additionally, the Town has investments held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans. Also, the Town has investments which are managed by NMFA, on deposit with the State Treasurer's office, in NMFA's name for the benefit of the Town.

The Town's investments at June 30, 2016 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
New Mexico Local Government Investment Pool	AAAM	WAM (R) 44 day and WAM (F)77 day	\$ 4,081,744
U.S. Treasury Money Market Mutual Funds	Aaa **	>365 Days	1,932,347
			<u><u>\$ 6,014,091</u></u>

** Based Moody's rating

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

At June 30, 2016 the Town had \$110,500 of certificates of deposit classified as governmental activities investments at Exhibit A-1 and \$60,000 of certificates of deposit in Agency funds at Exhibit E-1. The Town has funds which are managed by NMFA which are considered restricted cash and cash equivalents and restricted investments. Of the \$1,932,347 noted above \$1,715,602 is considered restricted investments as these are invested by NMFA in US Treasury notes and \$216,745 is considered a cash and cash equivalent per Exhibit A-1.

For purposes of cash flows at Exhibit D-3 ending cash is considered to be cash and cash equivalents, restricted cash and cash equivalents, and restricted investments.

Interest Rate Risk – Investments. The Town does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Town. The investments in the New Mexico LGIP and U.S Treasury Money Market Mutual Funds represent 68% and 32%, respectively, of the investment portfolio. Since the Town only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the Town. The Town's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Town maintained a balance of \$4,081,744 in the Local Government Investment Pool and \$1,932,347 in U.S. Treasury Money Market Mutual Funds at year end which required fair value disclosure.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

The following table sets forth by level within the fair value hierarchy, the Town's assets at fair value as of June 30, 2016:

Level 1	Level 2	Level 3	Total
<u>\$ 6,014,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,014,091</u>

NOTE 4. Receivables

Receivables as of June 30, 2016, are as follows:

Governmental Activities:

	General	Airport Construction	Other Governmental Funds	Total
Property taxes receivable	\$ 174,322	\$ -	\$ -	\$ 174,322
Other taxes receivable:				
Gross receipts	1,574,948	-	309,672	1,884,620
Gasoline and motor vehicle	-	-	-	-
Franchise taxes	21,425	-	-	21,425
Lodgers taxes	-	-	145,703	145,703
Due from other governments:				
Intergovernmental:				
Federal grants	-	2,196,538	29,670	2,226,208
State grants	1,324	117,931	188,809	308,064
Other receivables	3,585	-	-	3,585
Total receivables	<u>\$1,775,604</u>	<u>\$ 2,314,469</u>	<u>\$ 673,854</u>	<u>\$ 4,763,927</u>

Receivables for governmental activities are considered to be 100% collectible.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable for the Town for the year ended June 30, 2016 was \$117,200.

Business-type Activities:

	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
Customer receivables	\$ 1,103,163	\$ 324,639	\$ 129,204	\$ 1,557,006
Other receivables:				
Gross receipts taxes	277,478	-	-	277,478
Total gross receivables	<u>1,380,641</u>	<u>324,639</u>	<u>129,204</u>	<u>1,834,484</u>
Less: allowance for doubtful accounts	621,036	37,896	19,125	678,057
Total net receivables	<u>\$ 759,605</u>	<u>\$ 286,743</u>	<u>\$ 110,079</u>	<u>\$ 1,156,427</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 5. Transfers and Interfund Receivables

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

Governmental Activities:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
1999 Gasoline Tax Acquisition	Capital Projects	\$ 675,079
2008 Gross Receipts Tax Revenue Bond	1/4 Cent Municipal Gross Receipts Tax	493,025
Enhanced 911	General Fund	285,457
2009 NMFA PPRF Disadvantage Program-Eco Park	1/4 Cent Municipal Gross Receipts Tax	180,753
Community Grants	General Fund	162,474
1999 Gasoline Tax Acquisition	1/4 Cent Municipal Gross Receipts Tax	161,597
2011 PPRF Street Improvement	General Fund	127,513
2007 NMFA Land Purchase	1/4 Cent Municipal Gross Receipts Tax	113,758
Public Transportation	Lodgers Tax	108,871
1999 Gasoline Tax Acquisition	Municipal Road Gasoline Tax	79,456
1999 Gasoline Tax Revenue Bond Retirement	Fire Protection	73,634
Enhanced 911	Community Grants	70,000
Facilities Improvement	Capital Projects	50,000
2011 PPRF Street Improvement	Municipal Road Gasoline Tax	42,001
1999 Gasoline Tax Acquisition	General Fund	23,550
Recreation Fund	General Fund	22,360
		<u>\$ 2,669,528</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2016 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Water and Sewer	\$ 15,950
General Fund	Solid Waste	5,442
General Fund	Taos Regional Landfill	5,723
		<u>\$ 27,115</u>

All interfund transactions are short-term and are expected to be repaid within a year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 6,277,809	\$ -	\$ -	\$ 6,277,809
Construction in progress	4,420,772	5,478,709	287,314	9,612,167
	<u>10,698,581</u>	<u>5,478,709</u>	<u>287,314</u>	<u>15,889,976</u>
Total capital assets, not depreciated				
Capital assets, depreciated:				
Land improvements	7,461,945	-	-	7,461,945
Buildings and improvements	34,542,166	743,085	470,217	34,815,034
Machinery and equipment	15,744,890	930,489	825,263	15,850,116
Infrastructure	54,170,366	704,447	60,226	54,814,587
	<u>111,919,367</u>	<u>2,378,021</u>	<u>1,355,706</u>	<u>112,941,682</u>
Total capital assets, depreciated				
Less accumulated depreciation:				
Land improvements	(4,577,808)	(250,023)	-	(4,827,831)
Buildings and improvements	(16,786,126)	(1,129,323)	(115,832)	(17,799,617)
Machinery and equipment	(13,209,053)	(564,593)	(573,894)	(13,199,752)
Infrastructure	(37,695,221)	(1,817,011)	(16,990)	(39,495,242)
	<u>(72,268,208)</u>	<u>(3,760,950)</u>	<u>(706,716)</u>	<u>(75,322,442)</u>
Total accumulated depreciation				
Net book value	<u>\$ 50,349,740</u>	<u>\$ 4,095,780</u>	<u>\$ 936,304</u>	<u>\$ 53,509,216</u>

During the year ended June 30, 2016, the Town transferred capital assets and related depreciation in the amount of \$648,990 to the North Central Regional Transit District (NCRTD) to consolidate public transit services. The Town and NCRTD evaluated the fiscal and operational impacts of a consolidated service in the Taos area and determined that it would be more cost-effective and efficient to have NCRTD provide the transit services currently designated and identified as the Chile Line. This consolidation saved the Town approximately \$175,000 in Lodgers Tax funding which in turn can be used to promote and expand our tourism initiatives including but not limited to additional staffing, hosting special events and capital purchases towards those events.

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

General government	\$ 3,409,860
Public safety	77,237
Public works	260,372
Culture and recreation	13,481
	<u>\$ 3,760,950</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets (continued)

	Balance			Balance
Business-type activities:	June 30, 2015	Additions	Deletions	June 30, 2016
Capital assets, not depreciated:				
Land	\$ 262,422	\$ -	\$ -	\$ 262,422
Construction in progress	654,898	2,614,088	-	3,268,986
	<u>917,320</u>	<u>2,614,088</u>	<u>-</u>	<u>3,531,408</u>
Total capital assets, not depreciated	917,320	2,614,088	-	3,531,408
Capital assets, depreciated:				
Land improvements	104,895	-	-	104,895
Buildings and improvements	4,656,981	-	-	4,656,981
Machinery and equipment	8,861,368	24,800	9,700	8,876,468
Infrastructure	33,499,623	-	-	33,499,623
	<u>47,122,867</u>	<u>24,800</u>	<u>9,700</u>	<u>47,137,967</u>
Total capital assets, depreciated	47,122,867	24,800	9,700	47,137,967
Less accumulated depreciation:				
Land improvements	(92,949)	(1,740)	-	(94,689)
Buildings and improvements	(2,588,906)	(152,705)	-	(2,741,611)
Machinery and equipment	(7,260,337)	(269,082)	(9,700)	(7,519,719)
Infrastructure	(11,803,684)	(1,384,961)	-	(13,188,645)
	<u>(21,745,876)</u>	<u>(1,808,488)</u>	<u>(9,700)</u>	<u>(23,544,664)</u>
Total accumulated depreciation	(21,745,876)	(1,808,488)	(9,700)	(23,544,664)
Net book value	<u>\$ 26,294,311</u>	<u>\$ 830,400</u>	<u>\$ -</u>	<u>\$ 27,124,711</u>

Depreciation expense for the year ended June 30, 2016 was charged to business-type activities as follows:

Enterprise activities:	
Water and sewer	\$ 1,588,910
Solid waste	58,315
Landfill	161,263
	<u>\$ 1,808,488</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Revenue Bonds	\$ 4,675,000	\$ -	\$ 300,000	\$ 4,375,000	\$ 315,000
NMFA Loans	3,301,530	-	459,043	2,842,487	470,564
Compensated Absences	566,383	414,344	364,398	616,329	364,398
Total Long-Term Debt	<u>\$ 8,542,913</u>	<u>\$ 414,344</u>	<u>\$ 1,123,441</u>	<u>\$ 7,833,816</u>	<u>\$ 1,149,962</u>

Revenue Bonds

At June 30, 2016, the Town had one revenue bond outstanding. For the Series 2008 Gross Receipts Tax Revenue Bonds, the Town pledged revenues from the State-Shared Gross Receipts Tax revenues. The revenue bonds are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue
Series 2008 Gross Receipts Tax	01/30/08	06/01/26	4.00-5.00%	\$ 6,395,000

The annual requirements to amortize the revenue bonds as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 315,000	\$ 181,025	\$ 496,025
2018	385,000	166,775	551,775
2019	400,000	151,375	551,375
2020	415,000	135,375	550,375
2021	430,000	118,775	548,775
2022-2025	1,905,000	290,730	2,195,730
2026	525,000	22,050	547,050
	<u>\$ 4,375,000</u>	<u>\$ 1,066,105</u>	<u>\$ 5,441,105</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

NMFA Loans

The Town entered into three loan agreements with the New Mexico Finance Authority, wherein the Town pledged revenue derived from State-Shared Gross Receipts Tax to cover debt service. This revenue is not subject to intercept agreements. The NMFA loans are as follows:

Description	Date of Issue	Due Date	Interest Rate	Amount of Issue
NMFA Land Purchase Loan	04/13/07	05/01/17	3.32-3.73%	\$ 954,000
NMFA Phase I Multi-Phase Eco Park	11/25/09	05/01/25	0.62-3.67%	2,213,469
NMFA Revolving Loan Fund Road Projects	11/04/11	05/01/22	1.895%	1,694,457
NMFA Fire Truck Pumper Loan	05/08/15	05/01/21	0.92%	434,994

The annual requirements to amortize the NMFA loans as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 470,564	\$ 69,788	\$ 540,352
2018	368,231	60,668	428,899
2019	377,252	53,801	431,053
2020	387,381	45,952	433,333
2021	398,774	36,928	435,702
2022-2025	840,285	65,059	905,344
	<u>\$ 2,842,487</u>	<u>\$ 332,196</u>	<u>\$ 3,174,683</u>

Compensated Absences- Employees of the Town are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, government-wide compensated absences increased \$49,946 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

Proprietary Funds:

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2016:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Revenue Bonds	\$ 1,909,600	\$ -	\$ 54,000	\$ 1,855,600	\$ 57,000
NMFA and RUS Loans	2,647,648	1,376,046	288,694	3,735,000	334,039
Landfill Closure Liability	1,677,021	-	-	1,677,021	-
Compensated Absences	67,142	71,682	59,064	79,760	59,064
Total Long-Term Debt	<u>\$ 6,301,411</u>	<u>\$ 1,447,728</u>	<u>\$ 401,758</u>	<u>\$ 7,347,381</u>	<u>\$ 450,103</u>

Revenue Bonds

At June 30, 2016, the Town had the following revenue bonds outstanding:

<u>Description</u>	<u>Issue</u>	<u>Date</u>	<u>Rate</u>	<u>of Issue</u>
Series 1993A Water & Sewer	03/16/93	03/16/33	5.63%	\$ 635,600
Series 1993B Water & Sewer	03/16/93	03/16/33	5.50%	123,000
Series 1995A Water & Sewer	12/05/95	12/05/35	5.125%	1,315,000
Series 1998A Water & Sewer	07/01/99	01/01/38	4.75%	475,000

The annual requirements to amortize the revenue bonds as of June 30, 2016, including interest payments, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2017	\$ 57,000	\$ 96,448	\$ 153,448
2018	60,000	93,457	153,457
2019	63,000	90,312	153,312
2020	66,000	87,007	153,007
2021	70,000	83,546	153,546
2022-2025	319,000	358,542	677,542
2026-2030	503,000	239,327	742,327
2031-2035	558,600	71,653	630,253
2036-2038	159,000	-	159,000
	<u>\$ 1,855,600</u>	<u>\$ 1,120,292</u>	<u>\$ 2,975,892</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

NMFA and USDA Loans

The Town entered into loan agreements with the New Mexico Finance Authority and USDA. These loans are not subject to intercept agreements. The loans are as follows:

Description	Date of Issue	Due Date	Interest Rate	Amount of Issue
RUS Series 2000A Water & Sewer	12/18/00	12/18/40	5.00%	\$ 250,000
NMFA Series 2001A Water & Sewer	05/11/01	05/01/21	4.16-5.41%	950,391
NMFA Series 2008A Landfill	04/11/08	05/01/18	2.72-3.58%	1,000,000
NMFA/WTB Water Project Fund Loan	09/11/09	06/01/29	0.00%	130,000
NMFA/WTB Water Project Fund Loan	09/11/09	06/01/29	0.00%	600,000
NMED/ARRA Water State Revolving Fund Loan	11/23/09	06/30/30	0.00%	1,200,000
NMFA/WTB Water Project Fund Loan	04/19/13	06/01/33	0.25%	197,390
NMFA New Cell for Landfill Facility Loan	8/28/2015	6/1/2025	.38-2.24%	1,376,046

The annual requirement to amortize the loans as of June 30, 2016, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 334,039	\$ 50,148	\$ 384,187
2018	338,980	43,813	382,793
2019	345,346	36,957	382,303
2020	348,868	31,718	380,586
2021	300,979	25,783	326,762
2022-2025	1,308,176	69,212	1,377,388
2026-2030	500,421	35,828	536,249
2031-2035	189,191	24,926	214,117
2032-2040	69,000	11,400	80,400
	<u>\$ 3,735,000</u>	<u>\$ 329,785</u>	<u>\$ 4,064,785</u>

Compensated Absences- Employees of the Town are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, business-type compensated absences increased \$12,618 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 8. Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Town participates in the New Mexico Self-Insurers' Fund risk pool.

The Town has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Town which exceeds the insurance coverage, the Town would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2016, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The Town is not aware of any major lawsuits that have been filed.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following fund had a deficit fund balance as of June 30, 2016.

Civic Center Special Revenue Fund	<u>\$(2,323)</u>
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B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2016.

C. Designated cash appropriations in excess of available balances. There were no funds in which designated cash appropriations were in excess of available balances.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan - Public Employees Retirement Association

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Town of Taos are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to Town of Taos are: Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from the Town of Taos were \$896,898 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978.

Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. Town of Taos’ proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

Reallocation of Deferred Amounts Due to Changes in proportion, in fiscal year 2015 the beginning deferred inflows and outflows were reclassified due to the employer's change in proportion for fiscal year 2015. The total reallocation of deferred inflows and outflows decreased pension expense by \$(126,662) for fiscal year ending June 30, 2016. This amount is not included in pension expense in PERA's Schedule of Employer Pension Amounts for the year ended June 30, 2015.

Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2016, Town of Taos reported a liability of \$5,152,991 for its proportionate share of the net pension liability. At June 30, 2015, Town of Taos' proportion was .5054% percent, which was a decrease of .0422 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, Town of Taos recognized PERA Fund Municipal General Division pension expense of \$349,274. At June 30, 2016, Town of Taos reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 2,007
Changes in proportion	-	251,380
Difference between expected and actual experience	-	114,141
Net difference between projected and actual earning on pension plan investments	-	16,300
Contributions subsequent to the measurement date	549,882	-
	<u>\$ 549,882</u>	<u>\$ 383,828</u>

\$549,882 reported as deferred outflows of resources related to pensions resulting from Town of Taos' contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (214,308)
2018	(214,308)
2019	(214,308)
2020	259,096
Thereafter	-

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

For PERA Fund Municipal Police Division, at June 30, 2016, Town of Taos reported a liability of \$2,329,267 for its proportionate share of the net pension liability. At June 30, 2015, Town of Taos' proportion was 0.4844 percent, which was a decrease of .0043 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, Town of Taos recognized PERA Fund Municipal Police Division pension expense of \$160,324. At June 30, 2016, Town of Taos reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 96,367
Changes in proportion	-	10,704
Difference between expected and actual experience	162,760	-
Net difference between projected and actual earning on pension plan investments	-	6,461
Contributions subsequent to the measurement date	250,363	-
	<u>\$ 413,123</u>	<u>\$ 113,532</u>

\$250,363 reported as deferred outflows of resources related to pensions resulting from Town of Taos' contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows and outsources of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (23,147)
2018	(23,147)
2019	(23,147)
2020	118,669
Thereafter	-

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

For PERA Fund Municipal Fire Division, at June 30, 2016, Town of Taos reported a liability of \$1,429,131 for its proportionate share of the net pension liability. At June 30, 2015, Town of Taos' proportion was 0.2769 percent, which was an increase of .0202 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, Town of Taos recognized PERA Fund Municipal Fire Division pension expense of \$62,985. At June 30, 2016, Town of Taos reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 30,142	\$ -
Changes in proportion	64,382	-
Difference between expected and actual experience	56,282	-
Net difference between projected and actual earning on pension plan investments	-	1,719
Contributions subsequent to the measurement date	96,656	-
	<u>\$ 247,462</u>	<u>\$ 1,719</u>

\$96,656 reported as deferred outflows of resources related to pensions resulting from Town of Taos' contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows and outsources of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ 36,904
2018	36,904
2019	36,904
2020	38,375
Thereafter	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumptions	RP-200 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA.
Experience study date	July 1, 2008 to June 30, 2013

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.
The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Town of Taos' net pension liability in each PERA Fund Division that Town of Taos participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Taos' proportionate share of the net pension liability	<u>\$ 8,773,499</u>	<u>\$ 5,152,991</u>	<u>\$ 2,142,785</u>

PERA Fund Municipal Police Division

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Taos' proportionate share of the net pension liability	<u>\$ 3,846,644</u>	<u>\$ 2,329,267</u>	<u>\$ 1,084,504</u>

PERA Fund Municipal Fire Division

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Taos' proportionate share of the net pension liability	<u>\$ 1,938,256</u>	<u>\$ 1,429,131</u>	<u>\$ 1,009,544</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2016 there were no contributions due and payable to PERA for the Town.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$116,266, \$114,919, and \$118,969, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 12. Contingent Liabilities

The Town is party to various claims and lawsuits arising in the normal course of business. The Town is insured through the New Mexico Self Insurers Fund. The maximum exposure of the Town is not estimable as of June 30, 2016.

NOTE 13. Federal and State Grants

In the normal course of operations, the Town receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 14. Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require that the Town place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post closure care costs is \$1,677,021 as of June 30, 2016, which is based on 40 percent usage (filled) of the landfill.

The estimate has remained unchanged from the prior year as no significant construction occurred or changes to the site conditions. The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2016. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In addition, the Town is required by State and Federal laws and regulations to make annual contributions to finance closure and postclosure care. The Town is in compliance with these requirements, and at June 30, 2016 cash of \$976,766 and investments of \$323,496 is part of the pooled funds held by the Town and is presented as restricted cash on the statement of net position.

NOTE 15. Construction and Other Significant Commitments

The Town has committed to pay for several construction contracts that were not completed at June 30, 2016 in the amount of \$15,566,847 as follows:

Project Description	Contract Amount Remaining	Contractor
Construction of Runway 12/30 Phase 1	\$ 51,328	Northern Mountain Constructors, Inc
Construction of Runway 12/30 Phase 2	1,121,832	Northern Mountain Constructors, Inc
Engineering Services for Construction of Runway 12/30 Phase 1	481,631	Armstrong Consultants, Inc
Engineering Services for Construction of Runway 12/30 Phase 2	13,912,056	Armstrong Consultants, Inc
	<u>\$ 15,566,847</u>	

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 29, 2016, which is the date on which the financial statements were issued.

NOTE 17. Concentrations

The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Town is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 18. Restricted Net Position

The government-wide statement of net position reports \$5,093,945 of restricted net position for governmental activities, all of the special revenue funds which are restricted by enabling legislation. See pages 41 and 82-85 for descriptions of the related restrictions for special revenue, debt service and capital projects funds. In addition, the government-wide statement of net position reports \$3,764,666 of restricted net position for business-type activities. See page 41 for descriptions of the related restrictions for meter deposits, debt service and landfill obligations.

NOTE 19. Utility Revenues Pledged

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$635,600 in Series 1993A Water & Sewer Revenue Bonds, issued in 1993. The bonds are payable solely from utility customer net revenues and are payable through March 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$437,600 and \$253,643, respectively. Principal and interest paid for the current year and total customer net revenues were \$41,246 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$123,000 in Series 1993B Water & Sewer Revenue Bonds, issued in 1993. The bonds are payable solely from utility customer net revenues and are payable through March 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$87,000 and \$52,470, respectively. Principal and interest paid for the current year and total customer net revenues were \$7,950 and \$2,829,873, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 19. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$1,315,000 in Series 1995A Water & Sewer Revenue Bonds, issued in 1995. The bonds are payable solely from utility customer net revenues and are payable through December 2035. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$962,000 and \$586,663, respectively. Principal and interest paid for the current year and total customer net revenues were \$77,686 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$475,000 in Series 1998A Water & Sewer Revenue Bonds, issued in 1999. The bonds are payable solely from utility customer net revenues and are payable through January 2038. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$369,000 and \$227,516, respectively. Principal and interest paid for the current year and total customer net revenues were \$27,184 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$250,000 in RUS Series 2000A Water & Sewer Loan, issued in 2000. The loans are payable solely from utility customer net revenues and are payable through December 2040. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$207,000 and \$164,250, respectively. Principal and interest paid for the current year and total customer net revenues were \$14,550 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$950,391 in NMFA Series 2001A Water & Sewer Loan, issued in 2001. The loans are payable solely from utility customer net revenues and are payable through May 2021. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$256,510 and \$31,517, respectively. Principal and interest paid for the current year and total customer net revenues were \$68,711 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the Taos Regional Landfill system, net of operation and maintenance expenses, to repay \$1,000,000 in NMFA Series 2008A Landfill Loan, issued in 2008. The loans are payable solely from utility customer net revenues and are payable through May 2018. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$233,586 and \$10,235, respectively. Principal and interest paid for the current year and total customer net revenues were \$121,475 and \$1,257,267, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 19. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$130,000 in NMFA/WTB Water Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$86,410 with no interest due. Principal for the current year and total customer net revenues were \$6,531 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$600,000 in NMFA/WTB Water Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$398,817 with no interest due. Principal for the current year and total customer net revenues were \$30,144 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$1,200,000 in NMED Clean Water State Revolving Fund Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2030. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMED or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$1,020,000 with no interest due. Principal for the current year and total customer net revenues were \$60,000 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$197,390 in NMFA/WTB Water Project, issued in 2013. The loans are payable solely from utility customer net revenues and are payable through June 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$168,455 and \$3,816, respectively. Principal for the current year and total customer net revenues were \$10,133 and \$2,829,873, respectively.

The Town of Taos has pledged future revenues from the New Cell for Landfill Facility, net of operation and maintenance expenses, to repay \$1,376,046 in NMFA loan issued 2015. The loans are payable solely from utility customer net revenues and are payable through June 2025. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$1,364,222 and \$119,968, respectively. Principal for the current year and total customer net revenues were \$27,821 and \$1,257,267, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2016

NOTE 20. Subsequent Pronouncements

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued. Effective Date: A portion of this provision of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the Town's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Town expects this pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Town will implement this standard during the fiscal year ended June 30, 2017. The Town is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Taos
Schedule of the Town's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

Schedule I
Page 1 of 3

	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Town of Taos' proportion of the net pension liability	0.5054%	0.5476%
Town of Taos' proportionate share of the net pension liability	\$ 5,152,991	\$ 4,271,868
Town of Taos' covered-employee payroll	\$ 4,513,593	\$ 4,457,324
Town of Taos' proportionate share of the net pension liability as a percentage of its covered-employee payroll	114.17%	95.84%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Town of Taos will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Town of Taos
Schedule of the Town's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

Schedule I
Page 2 of 3

	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Town of Taos' proportion of the net pension liability	0.4844%	0.4887%
Town of Taos' proportionate share of the net pension liability	\$ 2,329,267	\$ 1,593,109
Town of Taos' covered-employee payroll	\$ 949,833	\$ 937,534
Town of Taos' proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.23%	169.93%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Town of Taos will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Town of Taos
Schedule of the Town's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Fire Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

Schedule I
Page 3 of 3

	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Town of Taos' proportion of the net pension liability	0.2769%	0.2567%
Town of Taos' proportionate share of the net pension liability	\$ 1,429,131	\$ 1,071,464
Town of Taos' covered-employee payroll	\$ 315,617	\$ 285,100
Town of Taos's proportionate share of the net pension liability as a percentage of its covered-employee payroll	452.81%	375.82%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Town of Taos will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Town of Taos
Schedule of the Town's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

Schedule II
Page 1 of 3

	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contributions	\$ 549,879	\$ 576,431
Contributions in relation to the contractually required contribution	(549,879)	(576,431)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Taos' covered-employee payroll	\$ 4,069,174	\$ 4,513,593
Contributions as a percentage of covered-employee payroll	13.5%	12.8%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Town of Taos will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Town of Taos
Schedule of the Town's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

Schedule II
Page 2 of 3

	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contributions	\$ 250,363	\$ 252,331
Contributions in relation to the contractually required contribution	(250,363)	(252,331)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Taos' covered-employee payroll	\$ 953,345	\$ 949,833
Contributions as a percentage of covered-employee payroll	26.3%	26.6%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Town of Taos will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Town of Taos
Schedule of the Town's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal Fire Division
Last 10 Fiscal Years*

Schedule II
Page 3 of 3

	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contributions	\$ 96,656	\$ 90,534
Contributions in relation to the contractually required contribution	(96,656)	(90,534)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Taos' covered-employee payroll	\$ 336,796	\$ 315,617
Contributions as a percentage of covered-employee payroll	28.7%	28.7%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Town of Taos will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Town of Taos
Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 on pages 40-42 of the PERA FY15 audit available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of June 30, 2015 is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumptions resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at [http://osanm.org/media/audits/366-B PERA Schedule of Employer Allocations FY2015.pdf](http://osanm.org/media/audits/366-B_PERA_Schedule_of_Employer_Allocations_FY2015.pdf)

See independent auditors' report.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS

Fire Protection – To account for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshall's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

Recreation – To account for establishing and maintaining recreational programs in the Town. Financing is provided by program revenue and by a 1-cent tax on cigarette sales, which is collected and distributed by the State of New Mexico. State Statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

Lodgers Tax – To account for the operations of tourist facilities or for half of advertising, promoting and publicizing such facilities and tourist attractions. Financing is provided by one and a half percent of a five percent tax on lodging gross receipts within the Town of Taos. State Statute Section 4-6-41 provides for this tax to be imposed by the Town. Revenues received are pursuant to the Lodgers Tax Act (Section 3-38-15, NMSA 1978). Monies in the Lodgers Tax Fund may be used to build, operate, and maintain tourism related facilities.

Local Government Correction – The local government corrections fee fund is used to account for the collection of a mandatory correction fee for violations of any municipal ordinance. Funds collected can only be used for jailer training, construction planning, construction, operation and maintenance of a municipal jail, and for paying for costs of housing. Authority is NMSA 1978 Section 35-14-11B(1).

Law Enforcement Protection – The law enforcement protection fund was created to account for revenues received pursuant to the law enforcement protection fund (Section 29-13-7, NMSA 1978). Amounts distributed from this fund may only be expended for the following purposes: (1) the repair and purchase of law enforcement apparatus and equipment that meet nationally recognized standards; (2) expenses associated with advanced law enforcement planning and training; (3) complying with match or contribution requirements of federal funds for criminal justice programs; (4) no more than fifty percent (50%) of the replacement salaries of municipal and county law enforcement personnel while attending a specified advanced law enforcement planning and training.

Civic Center – To account for that portion of lodgers tax receipts allocated for Civic Center operations and promotional expenditures, as well as the revenues earned from Civic Center operations, including rentals, catering fees, and related charges for services. Authority is Town Council resolution.

Domestic Violence Shelter – This fund was created to receive the appropriations and grants for the purpose of construction and maintaining the Domestic Violence Shelter Home. Authority is Town Council resolution.

Public Transportation – To account for the portion of Lodgers Tax receipts allocated for the purpose of providing transportation to the public. Authority is Town Council resolution.

Community Grants – To account for various small grants for various community purposes. Each grant is authorized by the granting agency. The fund is authorized by Town Council resolution.

Municipal Road Gasoline Tax – To account for a 1 cent gasoline tax that is used for repairing and construction of roads. Also included in this fund is revenue from the State Department of Transportation under a municipal arterial project agreement. Authority is 7-7-6.9 and 7-1-6.27 NMSA 1978.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS (CONTINUED)

1/4 Cent Municipal Gross Receipts Tax – To account for proceeds from a supplemental municipal gross receipts tax, a portion of which is pledged toward payment of principal and interest on Gross Receipts Tax Revenue Bonds. After required debt service transfers have been made, the remaining income of this fund is restricted for capital improvement purposes. NMSA 1978 Chapter 7, Article 20E-1 to 22.

Historical District – To account for all associated parking meter and associated revenues and costs, including leases, meter maintenance, personnel, and historic district promotion. Authority is Town Council resolution.

Communications – To account for money collected by the Town from three other government entities to share centralized dispatch services throughout the County of Taos. Funding is authorized by a joint powers agreement as authorized by Sections 11-1-1 through 11-1-7 NMSA 1978.

Confidential Informant – A structured accounting system, operated within the department, providing officers with investigative expense monies to support operations related to the detection, investigation or enforcement of the laws related to crime. This includes, but is not limited to: paying documented confidential informants and confidential sources; purchasing contraband as evidence; and paying expenses for surveillance activities and equipment. Authority is Town Council resolution.

Capital/Maintenance/Operating Fund – This fund was created to receive additional amounts that are paid for one-time costs by the Town of Taos. Authority is Town Council resolution.

DEBT SERVICE FUNDS

2015 NMFA Fire Pumper – This fund was created for the purpose of repayment of the bond issued for the new fire pumper purchased. Authority is Town Council resolution.

2009 NMFA PPRF Disadvantage Program- Eco Park – This fund was created for the purpose of constructing phase I of a multi-phased recreation park. The repayment under the loan agreement is solely from the first and second increments of municipal infrastructure gross receipts tax pursuant to section 7-19D-11, NMSA 1978.

2008 Gross Receipts Tax Revenue Bond Retirement – This fund was created for the purpose of repayment of the bond issue from the 1.225% distribution of State Shared Gross Receipts Tax revenues. Authority is Town Council resolution.

NMFA Debt Service Reserve Eco Park – This fund was created to be credited with transfers from the General Fund for the purpose of accumulating monies for payment of principal and interest on the debt for repayment of Eco Park. Authority is Town Council resolution.

2007 NMFA Land Purchase – This fund was created to be credited with transfers from the General Fund for the purpose of accumulating monies for payment of principal and interest on the debt for repayment of land purchase. Authority is Town Council resolution.

2011 PPRF Street Improvement – This fund was created for the purpose of accumulating monies for the payment of principal and interest on Series PPRF Street Improvement Revenue Bonds. Authority is Town Council resolution.

2011 PPRF Street Improvement Reserve – This fund was created for the purpose of accumulating monies for the payment of principal and interest on Series PPRF Street Improvement Revenue Bonds. Authority is Town Council resolution.

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STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2016

CAPITAL PROJECTS FUNDS

Facilities Improvements – This fund was created to receive transfers from other funds for the purpose of improving facilities of the Town. Authority is Town Council resolution.

Capital Projects – This fund was created to accumulate revenue and other financing sources for the purpose of financing general-purpose capital projects. Authority is Town Council resolution.

Vehicle Replacement – This fund was created to receive transfers from other funds for the purpose of purchasing vehicles for the Town of Taos. Authority is Town Council resolution.

1994 Gross Receipts Tax Revenue Bond Acquisition – This fund was created to receive the 1994 Gross Receipts Tax Bond proceeds for the purpose of construction of affordable housing. Authority is Town Council resolution.

1999 Gasoline Tax Acquisition – This fund was created to receive bond proceeds and to account for the capital outlay associated with the bond issue. Authority is the Town Council resolution.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue			
	Fire Protection	Recreation	Lodgers Tax	Local Government Correction
<i>Assets</i>				
Cash and cash equivalents	\$ 89,366	\$ 22,360	\$ 335,899	\$ 82,326
Investments	223,258	-	400,000	-
Receivables:				
Other taxes	-	-	145,703	-
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 312,624</u>	<u>\$ 22,360</u>	<u>\$ 881,602</u>	<u>\$ 82,326</u>
<i>Liabilities</i>				
Accounts payable	\$ 1,136	\$ 702	\$ 109,663	\$ 6,225
Accrued payroll	-	-	10,789	-
Deposits held in trust for others	-	-	-	-
<i>Total liabilities</i>	<u>1,136</u>	<u>702</u>	<u>120,452</u>	<u>6,225</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	76,101
Culture and recreation	-	21,658	761,150	-
Fire protection	311,488	-	-	-
Health and welfare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed for:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>311,488</u>	<u>21,658</u>	<u>761,150</u>	<u>76,101</u>
<i>Total liabilities and fund balances</i>	<u>\$ 312,624</u>	<u>\$ 22,360</u>	<u>\$ 881,602</u>	<u>\$ 82,326</u>

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

Special Revenue

Law Enforcement Protection	Civic Center	Domestic Violence Shelter	Public Transportation	Community Grants	Municipal Road Gasoline Tax
\$ 214	\$ 780	\$ 1	\$ 148,127	\$ 39,809	\$ -
-	2,000	-	-	72,223	-
-	-	-	-	-	-
-	-	4,701	-	94,175	-
<u>\$ 214</u>	<u>\$ 2,780</u>	<u>\$ 4,702</u>	<u>\$ 148,127</u>	<u>\$ 206,207</u>	<u>\$ -</u>
\$ 214	\$ -	\$ 4,701	\$ 83	\$ 15,230	\$ -
-	-	-	-	2,632	-
-	5,103	-	-	-	-
<u>214</u>	<u>5,103</u>	<u>4,701</u>	<u>83</u>	<u>17,862</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	188,345	-
-	-	-	-	-	-
-	-	-	148,044	-	-
-	-	-	-	-	-
-	(2,323)	-	-	-	-
<u>-</u>	<u>(2,323)</u>	<u>1</u>	<u>148,044</u>	<u>188,345</u>	<u>-</u>
<u>\$ 214</u>	<u>\$ 2,780</u>	<u>\$ 4,702</u>	<u>\$ 148,127</u>	<u>\$ 206,207</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue			
	1/4 Cent Municipal Gross Receipts Tax	Historical District	Communications	Confidential Informant
<i>Assets</i>				
Cash and cash equivalents	\$ 64,317	\$ 77,397	\$ 11,200	\$ 9,828
Investments	-	-	-	-
Receivables:				
Other taxes	176,955	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 241,272</u>	<u>\$ 77,397</u>	<u>\$ 11,200</u>	<u>\$ 9,828</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	603	-	-
Deposits held in trust for others	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>603</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	241,272	-	11,200	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Fire protection	-	-	-	-
Health and welfare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed for:				
General government	-	76,794	-	-
Public safety	-	-	-	9,828
Transportation	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>241,272</u>	<u>76,794</u>	<u>11,200</u>	<u>9,828</u>
<i>Total liabilities and fund balances</i>	<u>\$ 241,272</u>	<u>\$ 77,397</u>	<u>\$ 11,200</u>	<u>\$ 9,828</u>

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

Special Revenue	Debt Service				
		2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase
Capital/Maintenance /Operating Fund	2015 NMFA Fire Pumper				
\$ 194,058	\$ -	\$ 216	\$ 1	10,105	\$ 170
-	-	-	-	176,611	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 194,058</u>	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 1</u>	<u>\$ 186,716</u>	<u>\$ 170</u>
\$ 42,495	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>42,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	216	1	186,716	170
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
151,563	-	-	-	-	-
-	-	-	-	-	-
<u>151,563</u>	<u>-</u>	<u>216</u>	<u>1</u>	<u>186,716</u>	<u>170</u>
<u>\$ 194,058</u>	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 1</u>	<u>\$ 186,716</u>	<u>\$ 170</u>

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	<u>Debt Service</u>		<u>Capital Projects</u>	
	<u>2011 PPRF Street Improvement</u>	<u>2011 PPRF Street Improvement Reserve</u>	<u>Facilities Improvements</u>	<u>Capital Projects</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 3,191	5,451	\$ 311,390	\$ 41,177
Investments	-	165,532	-	414,821
Receivables:				
Other taxes	-	-	-	132,717
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 3,191</u>	<u>\$ 170,983</u>	<u>\$ 311,390</u>	<u>\$ 588,715</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deposits held in trust for others	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Fire protection	-	-	-	-
Health and welfare	-	-	-	-
Debt service expenditures	3,191	170,983	-	-
Capital projects	-	-	-	-
Committed for:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Capital projects	-	-	311,390	588,715
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>3,191</u>	<u>170,983</u>	<u>311,390</u>	<u>588,715</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,191</u>	<u>\$ 170,983</u>	<u>\$ 311,390</u>	<u>\$ 588,715</u>

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

Capital Projects			
Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	1999 Gasoline Tax Acquisition	Total Nonmajor Governmental Funds
\$ 1,401	\$ 87,372	\$ 700,333	\$ 2,236,489
26,000	423,153	151	1,903,749
-	-	-	455,375
-	-	119,603	218,479
<u>\$ 27,401</u>	<u>\$ 510,525</u>	<u>\$ 820,087</u>	<u>\$ 4,814,092</u>
\$ -	\$ 3,374	\$ 5,015	\$ 188,838
-	-	-	14,024
-	-	-	5,103
<u>-</u>	<u>3,374</u>	<u>5,015</u>	<u>207,965</u>
-	-	-	252,472
-	-	-	76,101
-	-	-	782,808
-	-	-	311,488
-	-	-	1
-	-	-	361,277
-	507,151	815,072	1,322,223
-	-	-	265,139
-	-	-	9,828
-	-	-	148,044
27,401	-	-	1,079,069
-	-	-	(2,323)
<u>27,401</u>	<u>507,151</u>	<u>815,072</u>	<u>4,606,127</u>
<u>\$ 27,401</u>	<u>\$ 510,525</u>	<u>\$ 820,087</u>	<u>\$ 4,814,092</u>

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue			
	Fire Protection	Recreation	Lodgers Tax	Local Governmental Correction
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Lodgers taxes	-	-	1,189,267	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	242,127	-	-	-
State capital grants	-	-	-	-
Charges for services	-	606	118,432	52,664
Licenses and fees	-	-	-	13,855
Investment income	970	-	-	-
Miscellaneous	-	10,561	7,094	-
<i>Total revenues</i>	<u>243,097</u>	<u>11,167</u>	<u>1,314,793</u>	<u>66,519</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	80,291	-	-	49,558
Public works	-	-	-	-
Culture and recreation	-	23,858	1,035,147	-
Health and welfare	-	-	-	-
Capital outlay	464,904	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>545,195</u>	<u>23,858</u>	<u>1,035,147</u>	<u>49,558</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(302,098)</u>	<u>(12,691)</u>	<u>279,646</u>	<u>16,961</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	22,360	-	-
Transfers out	(73,634)	-	(108,871)	-
<i>Total other financing sources (uses)</i>	<u>(73,634)</u>	<u>22,360</u>	<u>(108,871)</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(375,732)</u>	<u>9,669</u>	<u>170,775</u>	<u>16,961</u>
<i>Fund balances - beginning of year</i>	<u>687,220</u>	<u>11,989</u>	<u>590,375</u>	<u>59,140</u>
<i>Fund balances - end of year</i>	<u>\$ 311,488</u>	<u>\$ 21,658</u>	<u>\$ 761,150</u>	<u>\$ 76,101</u>

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

Special Revenue

Law Enforcement Protection	Civic Center	Domestic Violence Shelter	Public Transportation	Community Grants	Municipal Road Gasoline Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	121,457
-	-	-	-	-	-
-	-	139,702	-	60,449	-
-	-	-	-	-	-
32,000	-	-	-	353,448	-
-	-	-	-	26,249	-
-	100	-	1,347	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	87	-	-
<u>32,000</u>	<u>100</u>	<u>139,702</u>	<u>1,434</u>	<u>440,146</u>	<u>121,457</u>
-	-	-	-	541,032	-
33,943	-	-	-	-	-
-	-	-	-	-	-
-	100	-	-	-	-
-	-	139,702	47,179	-	-
-	-	-	-	19,985	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,943</u>	<u>100</u>	<u>139,702</u>	<u>47,179</u>	<u>561,017</u>	<u>-</u>
<u>(1,943)</u>	<u>-</u>	<u>-</u>	<u>(45,745)</u>	<u>(120,871)</u>	<u>121,457</u>
-	-	-	108,871	162,474	-
-	-	-	-	(70,000)	(121,457)
-	-	-	<u>108,871</u>	<u>92,474</u>	<u>(121,457)</u>
(1,943)	-	-	63,126	(28,397)	-
<u>1,943</u>	<u>(2,323)</u>	<u>1</u>	<u>84,918</u>	<u>216,742</u>	<u>-</u>
<u>\$ -</u>	<u>\$ (2,323)</u>	<u>\$ 1</u>	<u>\$ 148,044</u>	<u>\$ 188,345</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue			
	1/4 Cent Municipal Gross Receipts Tax	Historical District	Communications	Confidential Informant
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 1,005,369	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Lodgers taxes	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	111,352	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,005,369</u>	<u>111,352</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	96,887	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>96,887</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,005,369</u>	<u>14,465</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(949,133)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(949,133)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	56,236	14,465	-	-
<i>Fund balances - beginning of year</i>	<u>185,036</u>	<u>62,329</u>	<u>11,200</u>	<u>9,828</u>
<i>Fund balances - end of year</i>	<u>\$ 241,272</u>	<u>\$ 76,794</u>	<u>\$ 11,200</u>	<u>\$ 9,828</u>

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

<u>Special Revenue</u>		<u>Debt Service</u>			
<u>Capital/Maintenance/ Operating Fund</u>	<u>2015 NMFA Fire Pumper</u>	<u>2009 NMFA PPRF Disadvantage Program- Eco Park</u>	<u>2008 Gross Receipts Tax Revenue Bond Retirement</u>	<u>NMFA Debt Service Reserve Eco Park</u>	<u>2007 NMFA Land Purchase</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,975	116
-	-	-	-	-	-
-	-	-	-	1,975	116
335,659	426	-	-	-	542
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,797	-	-	-	-	-
-	69,840	134,731	300,000	-	106,705
-	3,368	46,025	193,025	-	6,510
385,456	73,634	180,756	493,025	-	113,757
(385,456)	(73,634)	(180,756)	(493,025)	1,975	(113,641)
355,457	73,634	180,753	493,025	-	113,758
-	-	-	-	-	-
355,457	73,634	180,753	493,025	-	113,758
(29,999)	-	(3)	-	1,975	117
181,562	-	219	1	184,741	53
\$ 151,563	\$ -	\$ 216	\$ 1	\$ 186,716	\$ 170

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Debt Service		Capital Projects	
	2011 PPRF Street Improvement	2011 PPRF Street Improvement Reserve	Facilities Improvements	Capital Projects
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ 754,027
Gasoline and motor vehicle taxes	-	-	-	-
Lodgers taxes	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	500,000	-
State operating grants	-	-	-	-
State capital grants	-	-	-	99,440
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,576	258	-	1,080
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,576</u>	<u>258</u>	<u>500,000</u>	<u>854,547</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	74,585
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	635,517	66,289
Debt service:				
Principal	147,767	-	-	-
Interest	21,746	-	-	-
<i>Total expenditures</i>	<u>169,513</u>	<u>-</u>	<u>635,517</u>	<u>140,874</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(167,937)</u>	<u>258</u>	<u>(135,517)</u>	<u>713,673</u>
<i>Other financing sources (uses)</i>				
Transfers in	169,514	-	50,000	-
Transfers out	-	-	-	(725,079)
<i>Total other financing sources (uses)</i>	<u>169,514</u>	<u>-</u>	<u>50,000</u>	<u>(725,079)</u>
<i>Net change in fund balances</i>	<u>1,577</u>	<u>258</u>	<u>(85,517)</u>	<u>(11,406)</u>
<i>Fund balances - beginning of year</i>	<u>1,614</u>	<u>170,725</u>	<u>396,907</u>	<u>600,121</u>
<i>Fund balances - end of year</i>	<u>\$ 3,191</u>	<u>\$ 170,983</u>	<u>\$ 311,390</u>	<u>\$ 588,715</u>

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

Capital Projects			
Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	1999 Gasoline Tax Acquisition	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,759,396
-	-	-	121,457
-	-	-	1,189,267
-	-	-	200,151
-	-	-	500,000
-	-	-	627,575
-	50,000	408,713	584,402
-	-	-	173,149
-	-	-	125,207
-	1,118	-	7,093
-	-	-	17,742
-	51,118	408,713	5,305,439
-	-	-	877,659
-	-	-	163,792
-	3,374	116,201	194,160
-	-	-	1,155,992
-	-	-	186,881
-	-	846,635	2,083,127
-	-	-	759,043
-	-	-	270,674
-	3,374	962,836	5,691,328
-	47,744	(554,123)	(385,889)
-	-	939,682	2,669,528
-	-	-	(2,048,174)
-	-	939,682	621,354
-	47,744	385,559	235,465
27,401	459,407	429,513	4,370,662
\$ 27,401	\$ 507,151	\$ 815,072	\$ 4,606,127

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

STATE OF NEW MEXICO

Statement B-1

Town of Taos

Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	242,701	242,701	242,127	(574)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	970	970
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>242,701</u>	<u>242,701</u>	<u>243,097</u>	<u>396</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	219,304	199,383	80,291	119,092
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	636,983	656,904	464,904	192,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>856,287</u>	<u>856,287</u>	<u>545,195</u>	<u>311,092</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(613,586)</u>	<u>(613,586)</u>	<u>(302,098)</u>	<u>311,488</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	687,220	687,220	-	(687,220)
Transfers in	-	-	-	-
Transfers out	(73,634)	(73,634)	(73,634)	-
<i>Total other financing sources (uses)</i>	<u>613,586</u>	<u>613,586</u>	<u>(73,634)</u>	<u>(687,220)</u>
<i>Net change in fund balance</i>	-	-	(375,732)	(375,732)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>687,220</u>	<u>687,220</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,488</u>	<u>\$ 311,488</u>

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

STATE OF NEW MEXICO

Statement B-2

Town of Taos

Recreation Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	2,984	2,864	606	(2,258)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	5,773	10,561	4,788
<i>Total revenues</i>	<u>2,984</u>	<u>8,637</u>	<u>11,167</u>	<u>2,530</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	12,967	40,979	23,858	17,121
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,967</u>	<u>40,979</u>	<u>23,858</u>	<u>17,121</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,983)</u>	<u>(32,342)</u>	<u>(12,691)</u>	<u>19,651</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	9,983	9,982	-	(9,982)
Transfers in	-	22,360	22,360	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,983</u>	<u>32,342</u>	<u>22,360</u>	<u>(9,982)</u>
<i>Net change in fund balance</i>	-	-	9,669	9,669
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,989</u>	<u>11,989</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,658</u>	<u>\$ 21,658</u>

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

STATE OF NEW MEXICO

Statement B-3

Town of Taos

Lodgers Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Lodgers taxes	941,426	1,158,556	1,189,267	30,711
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	112,902	112,902	118,432	5,530
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	3,000	4,545	7,094	2,549
<i>Total revenues</i>	<u>1,057,328</u>	<u>1,276,003</u>	<u>1,314,793</u>	<u>38,790</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	967,408	1,194,408	1,035,147	159,261
Health and welfare	-	-	-	-
Capital outlay	38,445	41,445	-	41,445
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,005,853</u>	<u>1,235,853</u>	<u>1,035,147</u>	<u>200,706</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>51,475</u>	<u>40,150</u>	<u>279,646</u>	<u>239,496</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	127,396	68,721	-	(68,721)
Transfers in	-	-	-	-
Transfers out	(178,871)	(108,871)	(108,871)	-
<i>Total other financing sources (uses)</i>	<u>(51,475)</u>	<u>(40,150)</u>	<u>(108,871)</u>	<u>(68,721)</u>
<i>Net change in fund balance</i>	-	-	170,775	170,775
<i>Fund balance - beginning of year</i>	-	-	590,375	590,375
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 761,150</u>	<u>\$ 761,150</u>

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

STATE OF NEW MEXICO

Statement B-4

Town of Taos

Local Government Correction Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	59,190	59,190	52,664	(6,526)
Licenses and fees	22,000	22,000	13,855	(8,145)
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>81,190</u>	<u>81,190</u>	<u>66,519</u>	<u>(14,671)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	105,000	105,000	49,558	55,442
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>105,000</u>	<u>105,000</u>	<u>49,558</u>	<u>55,442</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(23,810)</u>	<u>(23,810)</u>	<u>16,961</u>	<u>40,771</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	23,810	23,810	-	(23,810)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,810</u>	<u>23,810</u>	<u>-</u>	<u>(23,810)</u>
<i>Net change in fund balance</i>	-	-	16,961	16,961
<i>Fund balance - beginning of year</i>	-	-	59,140	59,140
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,101</u>	<u>\$ 76,101</u>

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

STATE OF NEW MEXICO

Statement B-5

Town of Taos

Law Enforcement Protection Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	32,000	32,000	32,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	33,943	33,943	33,943	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>33,943</u>	<u>33,943</u>	<u>33,943</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,943)</u>	<u>(1,943)</u>	<u>(1,943)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	1,943	1,943	-	(1,943)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,943</u>	<u>1,943</u>	<u>-</u>	<u>(1,943)</u>
<i>Net change in fund balance</i>	-	-	(1,943)	(1,943)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,943</u>	<u>1,943</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-6

Town of Taos

Civic Center Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	100	100
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,780	2,780	100	2,680
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,780</u>	<u>2,780</u>	<u>100</u>	<u>2,680</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,780)</u>	<u>(2,780)</u>	<u>-</u>	<u>2,780</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	2,780	2,780	-	(2,780)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,780</u>	<u>2,780</u>	<u>-</u>	<u>(2,780)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,323)</u>	<u>(2,323)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,323)</u>	<u>\$ (2,323)</u>

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

STATE OF NEW MEXICO

Statement B-7

Town of Taos

Domestic Violence Shelter Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	139,702	139,702	139,702	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>139,702</u>	<u>139,702</u>	<u>139,702</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	139,702	139,702	139,702	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>139,702</u>	<u>139,702</u>	<u>139,702</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

STATE OF NEW MEXICO

Statement B-8

Town of Taos

Public Transportation Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	502,395	502,395	-	(502,395)
State capital grants	-	-	-	-
Charges for services	81,500	81,500	1,347	(80,153)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	87	87
<i>Total revenues</i>	<u>583,895</u>	<u>583,895</u>	<u>1,434</u>	<u>(582,461)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	567,464	567,464	47,179	520,285
Capital outlay	213,500	213,500	-	213,500
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>780,964</u>	<u>780,964</u>	<u>47,179</u>	<u>733,785</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(197,069)</u>	<u>(197,069)</u>	<u>(45,745)</u>	<u>151,324</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	18,198	88,198	-	(88,198)
Transfers in	178,871	108,871	108,871	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>197,069</u>	<u>197,069</u>	<u>108,871</u>	<u>(88,198)</u>
<i>Net change in fund balance</i>	-	-	63,126	63,126
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>84,918</u>	<u>84,918</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,044</u>	<u>\$ 148,044</u>

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

STATE OF NEW MEXICO

Statement B-9

Town of Taos

Community Grants Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	119,676	119,676	60,449	(59,227)
Federal capital grants	-	-	-	-
State operating grants	580,000	604,287	353,448	(250,839)
State capital grants	-	-	26,249	26,249
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>699,676</u>	<u>723,963</u>	<u>440,146</u>	<u>(283,817)</u>
<i>Expenditures</i>				
Current:				
General government	1,047,700	991,126	541,032	450,094
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	19,986	19,985	1
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,047,700</u>	<u>1,011,112</u>	<u>561,017</u>	<u>450,095</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(348,024)</u>	<u>(287,149)</u>	<u>(120,871)</u>	<u>166,278</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	191,550	194,675	-	(194,675)
Proceeds from issuance of debt	-	-	-	-
Transfers in	156,474	162,474	162,474	-
Transfers out	-	(70,000)	(70,000)	-
<i>Total other financing sources (uses)</i>	<u>348,024</u>	<u>287,149</u>	<u>92,474</u>	<u>(194,675)</u>
<i>Net change in fund balance</i>	-	-	(28,397)	(28,397)
<i>Fund balance - beginning of year</i>	-	-	216,742	216,742
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,345</u>	<u>\$ 188,345</u>

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

STATE OF NEW MEXICO

Statement B-10

Town of Taos

Municipal Road Gasoline Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	116,399	121,457	121,457	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>116,399</u>	<u>121,457</u>	<u>121,457</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>116,399</u>	<u>121,457</u>	<u>121,457</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(116,399)	(121,457)	(121,457)	-
<i>Total other financing sources (uses)</i>	<u>(116,399)</u>	<u>(121,457)</u>	<u>(121,457)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-11

Town of Taos

1/4 Cent Municipal Gross Receipts Tax Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	931,183	995,502	1,005,369	9,867
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>931,183</u>	<u>995,502</u>	<u>1,005,369</u>	<u>9,867</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>931,183</u>	<u>995,502</u>	<u>1,005,369</u>	<u>9,867</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	17,948	(46,369)	-	46,369
Transfers in	-	-	-	-
Transfers out	(949,131)	(949,133)	(949,133)	-
<i>Total other financing sources (uses)</i>	<u>(931,183)</u>	<u>(995,502)</u>	<u>(949,133)</u>	<u>46,369</u>
<i>Net change in fund balance</i>	-	-	56,236	56,236
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>185,036</u>	<u>185,036</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,272</u>	<u>\$ 241,272</u>

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

STATE OF NEW MEXICO

Statement B-12

Town of Taos

Historical District Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	129,423	106,501	111,352	4,851
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>129,423</u>	<u>106,501</u>	<u>111,352</u>	<u>4,851</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	166,869	143,947	96,887	47,060
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>166,869</u>	<u>143,947</u>	<u>96,887</u>	<u>47,060</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(37,446)</u>	<u>(37,446)</u>	<u>14,465</u>	<u>51,911</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	37,446	37,446	-	(37,446)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>37,446</u>	<u>37,446</u>	<u>-</u>	<u>(37,446)</u>
<i>Net change in fund balance</i>	-	-	14,465	14,465
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>62,329</u>	<u>62,329</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,794</u>	<u>\$ 76,794</u>

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

STATE OF NEW MEXICO

Statement B-13

Town of Taos

Communications Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	11,200	11,200
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 11,200	\$ 11,200

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

STATE OF NEW MEXICO

Statement B-14

Town of Taos

Confidential Informant Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
General government	-	4,328	-	4,328
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	4,328	-	4,328
<i>Excess (deficiency) of revenues over expenditures</i>	-	(4,328)	-	4,328
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	4,328	-	(4,328)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	4,328	-	(4,328)
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	9,828	9,828
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 9,828	\$ 9,828

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

STATE OF NEW MEXICO

Statement B-15

Town of Taos

Capital/Maintenance/Operating Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	427,499	358,213	335,659	22,554
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	30,000	175,668	49,797	125,871
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>457,499</u>	<u>533,881</u>	<u>385,456</u>	<u>148,425</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(457,499)</u>	<u>(533,881)</u>	<u>(385,456)</u>	<u>148,425</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	172,042	178,424	-	(178,424)
Transfers in	285,457	355,457	355,457	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>457,499</u>	<u>533,881</u>	<u>355,457</u>	<u>(178,424)</u>
<i>Net change in fund balance</i>	-	-	(29,999)	(29,999)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>181,562</u>	<u>181,562</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,563</u>	<u>\$ 151,563</u>

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

STATE OF NEW MEXICO

Statement B-16

Town of Taos

2015 NMFA Fire Pumper Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
General government	426	426	426	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	69,840	69,840	69,840	-
Interest	3,368	3,368	3,368	-
<i>Total expenditures</i>	73,634	73,634	73,634	-
<i>Excess (deficiency) of revenues over expenditures</i>	(73,634)	(73,634)	(73,634)	-
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	73,634	73,634	73,634	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	73,634	73,634	73,634	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO

Statement B-17

Town of Taos

2009 NMFA PPRF Disadvantage Program- Eco Park Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	134,731	134,731	134,731	-
Interest	46,025	46,025	46,025	-
<i>Total expenditures</i>	<u>180,756</u>	<u>180,756</u>	<u>180,756</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(180,756)</u>	<u>(180,756)</u>	<u>(180,756)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	3	3	-	(3)
Transfers in	180,753	180,753	180,753	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>180,756</u>	<u>180,756</u>	<u>180,753</u>	<u>(3)</u>
<i>Net change in fund balance</i>	-	-	(3)	(3)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>219</u>	<u>219</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 216</u>

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

STATE OF NEW MEXICO

Statement B-18

Town of Taos

2008 Gross Receipts Tax Revenue Bond Retirement Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	300,000	300,000	300,000	-
Interest	193,025	193,025	193,025	-
<i>Total expenditures</i>	<u>493,025</u>	<u>493,025</u>	<u>493,025</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(493,025)</u>	<u>(493,025)</u>	<u>(493,025)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	1	-	-	-
Transfers in	493,024	493,025	493,025	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>493,025</u>	<u>493,025</u>	<u>493,025</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

STATE OF NEW MEXICO

Statement B-19

Town of Taos

NMFA Debt Service Reserve Eco Park Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	1,975	1,975
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,975</u>	<u>1,975</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,975</u>	<u>1,975</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,975	1,975
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>184,741</u>	<u>184,741</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,716</u>	<u>\$ 186,716</u>

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

STATE OF NEW MEXICO

Statement B-20

Town of Taos

2007 NMFA Land Purchase Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	116	116
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>116</u>	<u>116</u>
<i>Expenditures</i>				
Current:				
General government	542	542	542	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	106,705	106,705	106,705	-
Interest	6,510	6,510	6,510	-
<i>Total expenditures</i>	<u>113,757</u>	<u>113,757</u>	<u>113,757</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(113,757)</u>	<u>(113,757)</u>	<u>(113,641)</u>	<u>116</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	(1)	-	1
Transfers in	113,757	113,758	113,758	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>113,757</u>	<u>113,757</u>	<u>113,758</u>	<u>1</u>
<i>Net change in fund balance</i>	-	-	117	117
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170</u>	<u>\$ 170</u>

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

STATE OF NEW MEXICO

Statement B-21

Town of Taos

2011 PPRF Street Improvement Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	1,576	1,576
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,576</u>	<u>1,576</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	147,767	147,767	147,767	-
Interest	21,746	21,746	21,746	-
<i>Total expenditures</i>	<u>169,513</u>	<u>169,513</u>	<u>169,513</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(169,513)</u>	<u>(169,513)</u>	<u>(167,937)</u>	<u>1,576</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	(1)	-	1
Transfers in	169,513	169,514	169,514	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>169,513</u>	<u>169,513</u>	<u>169,514</u>	<u>1</u>
<i>Net change in fund balance</i>	-	-	1,577	1,577
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,614</u>	<u>1,614</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,191</u>	<u>\$ 3,191</u>

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

STATE OF NEW MEXICO

Statement B-22

Town of Taos

2011 PPRF Street Improvement Reserve Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	258	258
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>258</u>	<u>258</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>258</u>	<u>258</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	258	258
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>170,725</u>	<u>170,725</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,983</u>	<u>\$ 170,983</u>

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

STATE OF NEW MEXICO

Statement B-23

Town of Taos

Facilities Improvements Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	500,000	500,000	500,000	-
State operating grants	65,000	65,000	-	(65,000)
State capital grants	-	50,000	-	(50,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>565,000</u>	<u>615,000</u>	<u>500,000</u>	<u>(115,000)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,049,788	1,049,788	635,517	414,271
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,049,788</u>	<u>1,049,788</u>	<u>635,517</u>	<u>414,271</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(484,788)</u>	<u>(434,788)</u>	<u>(135,517)</u>	<u>299,271</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	434,788	384,788	-	(384,788)
Transfers in	50,000	50,000	50,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>484,788</u>	<u>434,788</u>	<u>50,000</u>	<u>(384,788)</u>
<i>Net change in fund balance</i>	-	-	(85,517)	(85,517)
<i>Fund balance - beginning of year</i>	-	-	396,907	396,907
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,390</u>	<u>\$ 311,390</u>

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

STATE OF NEW MEXICO

Statement B-24

Town of Taos

Capital Projects Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	706,699	746,627	754,027	7,400
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	50,000	50,000	-	(50,000)
State capital grants	67,642	107,082	99,440	(7,642)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	1,080	1,080
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>824,341</u>	<u>903,709</u>	<u>854,547</u>	<u>(49,162)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	65,132	104,572	74,585	29,987
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	513,134	513,134	66,289	446,845
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>578,266</u>	<u>617,706</u>	<u>140,874</u>	<u>476,832</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>246,075</u>	<u>286,003</u>	<u>713,673</u>	<u>427,670</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	479,004	439,076	-	(439,076)
Transfers in	-	-	-	-
Transfers out	(725,079)	(725,079)	(725,079)	-
<i>Total other financing sources (uses)</i>	<u>(246,075)</u>	<u>(286,003)</u>	<u>(725,079)</u>	<u>(439,076)</u>
<i>Net change in fund balance</i>	-	-	(11,406)	(11,406)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>600,121</u>	<u>600,121</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,715</u>	<u>\$ 588,715</u>

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

STATE OF NEW MEXICO

Statement B-25

Town of Taos

Vehicle Replacement Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	27,401	27,401
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 27,401	\$ 27,401

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

STATE OF NEW MEXICO

Statement B-26

Town of Taos

1994 Gross Receipts Tax Revenue Bond Acquisition Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	50,000	50,000	50,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	1,118	(882)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,000</u>	<u>52,000</u>	<u>51,118</u>	<u>(882)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	18,934	18,934	3,374	15,560
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,934</u>	<u>18,934</u>	<u>3,374</u>	<u>15,560</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>33,066</u>	<u>33,066</u>	<u>47,744</u>	<u>14,678</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	(33,066)	(33,066)	-	33,066
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(33,066)</u>	<u>(33,066)</u>	<u>-</u>	<u>33,066</u>
<i>Net change in fund balance</i>	-	-	47,744	47,744
<i>Fund balance - beginning of year</i>	-	-	459,407	459,407
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,151</u>	<u>\$ 507,151</u>

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

STATE OF NEW MEXICO

Statement B-27

Town of Taos

1999 Gasoline Tax Acquisition Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	500,000	500,000	-	(500,000)
State operating grants	-	-	-	-
State capital grants	940,619	1,120,619	408,713	(711,906)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	-	(2,000)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,442,619</u>	<u>1,622,619</u>	<u>408,713</u>	<u>(1,213,906)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	55,357	116,202	116,201	1
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,765,269	2,864,424	846,635	2,017,789
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,820,626</u>	<u>2,980,626</u>	<u>962,836</u>	<u>2,017,790</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,378,007)</u>	<u>(1,358,007)</u>	<u>(554,123)</u>	<u>803,884</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	410,455	62,398	-	(62,398)
Transfers in	967,552	1,295,609	939,682	(355,927)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,378,007</u>	<u>1,358,007</u>	<u>939,682</u>	<u>(418,325)</u>
<i>Net change in fund balance</i>	-	-	385,559	385,559
<i>Fund balance - beginning of year</i>	-	-	429,513	429,513
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815,072</u>	<u>\$ 815,072</u>

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

STATE OF NEW MEXICO

Statement B-28

Town of Taos

Airport Construction Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	20,015,029	20,015,029	4,719,204	(15,295,825)
State operating grants	-	-	-	-
State capital grants	1,484,594	1,484,594	352,170	(1,132,424)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	79,719	79,719
<i>Total revenues</i>	<u>21,499,623</u>	<u>21,499,623</u>	<u>5,151,093</u>	<u>(16,348,530)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	86,699	92,514	4,773	87,741
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	22,154,772	22,149,242	5,418,418	16,730,824
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>22,241,471</u>	<u>22,241,756</u>	<u>5,423,191</u>	<u>16,818,565</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(741,848)</u>	<u>(742,133)</u>	<u>(272,098)</u>	<u>470,035</u>
<i>Other financing sources (uses)</i>				
Budgeted (increase) decrease in fund balance	741,848	742,133	-	(742,133)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>741,848</u>	<u>742,133</u>	<u>-</u>	<u>(742,133)</u>
<i>Net change in fund balance</i>	-	-	(272,098)	(272,098)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>789,593</u>	<u>789,593</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,495</u>	<u>\$ 517,495</u>

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

STATE OF NEW MEXICO

Statement B-29

Town of Taos

Water and Sewer Proprietary Fund

Statement of Revenues, Expenses, and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budget Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 3,328,061	\$ 3,328,061	\$ 3,226,516	\$ (101,545)
<i>Total operating revenues</i>	<u>3,328,061</u>	<u>3,328,061</u>	<u>3,226,516</u>	<u>(101,545)</u>
<i>Operating expenses</i>				
Personnel services	823,646	734,604	654,657	79,947
Contractual services	1,380,906	1,439,510	1,199,572	239,938
Supplies	165,828	169,742	130,507	39,235
Maintenance and materials	50,798	85,365	67,216	18,149
Utilities	400,958	415,560	347,832	67,728
Equipment	2,220,460	2,245,460	-	2,245,460
Miscellaneous	441,633	449,018	218,555	230,463
<i>Total operating expenses</i>	<u>5,484,229</u>	<u>5,539,259</u>	<u>2,618,339</u>	<u>2,920,920</u>
<i>Operating income (loss)</i>	<u>(2,156,168)</u>	<u>(2,211,198)</u>	<u>608,177</u>	<u>2,819,375</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	465,592	497,751	691,685	193,934
Interest expense	(126,177)	(123,477)	(135,174)	(11,697)
Interest income	4,134	4,134	7,423	3,289
Miscellaneous income	-	-	3,722	3,722
<i>Total non-operating revenues (expenses)</i>	<u>343,549</u>	<u>378,408</u>	<u>567,656</u>	<u>189,248</u>
<i>Income (loss)</i>	<u>(1,812,619)</u>	<u>(1,832,790)</u>	<u>1,175,833</u>	<u>3,008,623</u>
<i>Change in net position</i>	<u>\$ (1,812,619)</u>	<u>\$ (1,832,790)</u>	<u>1,175,833</u>	<u>\$ 3,008,623</u>
<i>(Expenses) not budgeted:</i>				
Depreciation			<u>1,588,910</u>	
<i>Change in net position per Exhibit D-2</i>			(413,077)	
<i>Net position - beginning</i>			<u>24,119,804</u>	
<i>Net position - ending</i>			<u>\$ 23,706,727</u>	

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

STATE OF NEW MEXICO

Statement B-30

Town of Taos

Solid Waste Proprietary Fund

Statement of Revenues, Expenses, and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budget Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 1,307,483	\$ 1,307,483	\$ 1,450,666	\$ 143,183
<i>Total operating revenues</i>	1,307,483	1,307,483	1,450,666	143,183
<i>Operating expenses</i>				
Personnel services	140,023	145,879	141,222	4,657
Contractual services	843,440	842,683	812,755	29,928
Supplies	15,379	10,507	9,022	1,485
Maintenance and materials	78,500	60,234	49,577	10,657
Utilities	270,520	267,102	283,005	(15,903)
Equipment	-	25,000	-	25,000
Miscellaneous	67,041	67,151	65,857	1,294
<i>Total operating expenses</i>	1,414,903	1,418,556	1,361,438	57,118
<i>Operating income (loss)</i>	(107,420)	(111,073)	89,228	200,301
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	17,460	17,460	16,442	(1,018)
<i>Total non-operating revenues (expenses)</i>	17,460	17,460	16,442	(1,018)
<i>Income (loss)</i>	(89,960)	(93,613)	105,670	199,283
<i>Change in net position</i>	\$ (89,960)	\$ (93,613)	105,670	\$ 199,283
<i>(Expenses) not budgeted:</i>				
Depreciation			58,315	
<i>Change in net position per Exhibit D-2</i>			47,355	
<i>Net position - beginning</i>			1,251,662	
<i>Net position - ending</i>			\$ 1,299,017	

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

STATE OF NEW MEXICO

Statement B-31

Town of Taos

Taos Regional Landfill Proprietary Fund

Statement of Revenues, Expenses, and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budget Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 1,220,465	\$ 1,276,385	\$ 1,255,657	\$ (20,728)
<i>Total operating revenues</i>	1,220,465	1,276,385	1,255,657	(20,728)
<i>Operating expenses</i>				
Personnel services	270,307	274,632	270,456	4,176
Contractual services	286,215	332,432	297,091	35,341
Supplies	18,375	17,070	5,543	11,527
Maintenance and materials	105,184	101,393	84,976	16,417
Utilities	7,964	8,087	7,865	222
Miscellaneous	272,929	204,930	79,345	125,585
<i>Total operating expenses</i>	3,265,467	3,243,037	745,275	2,497,762
<i>Operating income (loss)</i>	(2,045,002)	(1,966,652)	510,382	2,477,034
<i>Non-operating revenues (expenses)</i>				
Interest expense	(22,771)	(27,554)	(26,571)	983
Interest income	-	-	6,971	6,971
Miscellaneous income (expense)	1,228,121	1,376,047	2	(1,376,045)
<i>Total non-operating revenues (expenses)</i>	1,205,350	1,348,493	(19,598)	(1,368,091)
<i>Income (loss)</i>	(839,652)	(618,159)	490,784	1,108,943
<i>Change in net position</i>	<u>\$ (839,652)</u>	<u>\$ (618,159)</u>	490,784	<u>\$ 1,108,943</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			161,263	
<i>Change in net position per Exhibit D-2</i>			329,521	
<i>Net position - beginning</i>			2,591,686	
<i>Net position - ending</i>			<u>\$ 2,921,207</u>	

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Town of Taos
Schedule of Deposit and Investment Accounts
June 30, 2016

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Reconciled Balance
US Bank					
Clearing Account	Checking	\$ 1,413,449	\$ 290,516	\$ 1,391,246	\$ 312,719
Judicial Bond Fund Municipal Court	Checking	684	-	569	115
Utility Construction Fund	Checking	39,530	-	-	39,530
Water & Sewer System Income Fund	Checking	4,316,211	9,207	1,302	4,324,116
Certificate of Deposit - Investment	CD	170,500	-	-	170,500
Total US Bank		<u>5,940,374</u>	<u>299,723</u>	<u>1,393,117</u>	<u>4,846,980</u>
Centinel Bank					
General Fund	Checking	5,746,180	4,318	253,969	5,496,529
Water/Wastewater Improvement Fund	Checking	736,570	-	-	736,570
Payroll Clearing	Checking	9	-	9	-
1994 GRT Revenue Bond Acquisition Fund	Checking	87,372	-	-	87,372
HUD Account - Domestic Violence Shelter	Checking	7,295	-	7,294	1
ACH Transfer Account	Checking	95,064	-	94,964	100
Total Centinel Bank		<u>6,672,490</u>	<u>4,318</u>	<u>356,236</u>	<u>6,320,572</u>
Bank of Albuquerque- Investments					
2004 Taos Regional Landfill Revenue	U.S. Treasury				
Bond Reserve	Mutual Fund	62,300	-	-	62,300
2008A Taos Regional Landfill Debt	U.S. Treasury				
Service	Mutual Fund	100,925	-	-	100,925
2008 Gross Receipts Tax Revenue Bond	U.S. Treasury				
Reserve	Mutual Fund	170,983	-	-	170,983
2010a Phase I Multi Phased Recreation Park	U.S. Treasury				
	Mutual Fund	182,427	-	-	182,427
Water Systems Improvement Grant	U.S. Treasury				
	Mutual Fund	1,142,687	-	-	1,142,687
WTB Water Systems Improvement Grant	U.S. Treasury				
	Mutual Fund	26,249	-	-	26,249
New Cell for SW Landfill Facility	U.S. Treasury				
	Mutual Fund	107,982	-	-	107,982
New Cell for SW Landfill Facility	U.S. Treasury				
	Mutual Fund	138,794	-	-	138,794
Total Bank of Albuquerque		<u>1,932,347</u>	<u>-</u>	<u>-</u>	<u>1,932,347</u>

See independent auditors' report.

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
New Mexico Finance Authority - Investments					
2007 NMFA Land Purchase	State Treasurer				
	Debt Service	\$ 169	\$ -	\$ -	\$ 169
2004 Taos Regional Landfill Revenue	State Treasurer				
Bond Reserve	Debt Service	1,554	-	-	1,554
2008A Taos Regional Landfill Debt Service	State Treasurer				
	Debt Service	2,271	-	-	2,271
2010 Phase I Multi-phased Rec. Park	State Treasurer				
	Debt Service	4,289	-	-	4,289
1999 Gasoline Tax Acquisition	State Treasurer				
	Debt Service	3,190	-	-	3,190
Fire Pumper	State Treasurer				
	Debt Service	119	-	-	119
New Cell for SW Landfill Facility	State Treasurer				
	Debt Service	20	-	-	20
Total New Mexico Finance Authority		11,612	-	-	11,612
<i>Total</i>		<u>\$14,556,823</u>	<u>\$ 304,041</u>	<u>\$ 1,749,353</u>	13,111,511
New Mexico State Treasurer Local Government Investment Pool					4,081,744
Add: petty cash					1,850
<i>Total deposits and investments</i>					<u>\$ 17,195,105</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 8,486,781
Investments - Exhibit A-1					4,192,244
Restricted cash and cash equivalents - Exhibit A-1					1,715,602
Restricted investments - Exhibit A-1					2,726,863
Fiduciary funds cash and investments - Exhibit E-1					73,615
<i>Total deposits and investments</i>					<u>\$ 17,195,105</u>

See independent auditors' report.

STATE OF NEW MEXICO

Schedule IV

Town of Taos

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2016

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2016	Location of Safekeeper
US Bank					
	FNMA POOL 890193	N/A	LOC	\$ 5,500,000	Federal Home Loan Bank, Dallas, TX
	FNMA POOL 890620	N/A	LOC	800,000	Federal Home Loan Bank, Dallas, TX
				<u>6,300,000</u>	
Centinel Bank					
	CLOVIS SCH DIST	8/1/2022	189414KC8	200,000	Independent Bankers Bank, Dallas TX
	LEA COUNTY SCH	7/15/2021	521513AL5	200,000	Independent Bankers Bank, Dallas TX
	LOS ALAMOS SD GO	8/1/2019	5422NBL9	400,000	Independent Bankers Bank, Dallas TX
	CLOVIS SCH DIST	8/1/2024	189414JA4	250,000	Independent Bankers Bank, Dallas TX
	LOVINGTON SCH	10/1/2016	547473DE5	50,000	Independent Bankers Bank, Dallas TX
	LAS CRUCES SD GO	8/1/2021	517534PE7	250,000	Independent Bankers Bank, Dallas TX
	ESPANOLA SCH	9/1/2025	29662RBA5	150,000	Independent Bankers Bank, Dallas TX
	LEA COUNTY SCH	1/15/2017	521513BR1	179,984	Independent Bankers Bank, Dallas TX
	RUIDOSO SD GO	8/1/2021	781338HR2	250,000	Independent Bankers Bank, Dallas TX
	WEST LAS VEGAS	8/15/2018	953769JW7	50,000	Independent Bankers Bank, Dallas TX
	HOBBS SCH DIST	7/15/2021	433866EV8	200,000	Independent Bankers Bank, Dallas TX
	FHBL	12/14/2018	3133XSUN6	844,720	Independent Bankers Bank, Dallas TX
	WEST LAS VEGAS	8/15/2022	953769KX3	150,000	Independent Bankers Bank, Dallas TX
	GALLUP MCKINLEY	7/15/2021	364010RJ9	175,030	Independent Bankers Bank, Dallas TX
				<u>3,349,734</u>	
	<i>Total Pledged Collateral</i>			<u><u>\$ 9,649,734</u></u>	

See independent auditors' report.

STATE OF NEW MEXICO

Schedule V

Town of Taos

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<i>Assets</i>				
Cash	\$ 11,176	\$ 15,785	\$ 13,346	\$ 13,615
Investments	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
<i>Total assets</i>	<u><u>\$ 71,176</u></u>	<u><u>\$ 15,785</u></u>	<u><u>\$ 13,346</u></u>	<u><u>\$ 73,615</u></u>
<i>Liabilities</i>				
Deposits payable	\$ 70,793	\$ 15,785	\$ 13,346	\$ 73,232
Due to other entities	<u>383</u>	<u>-</u>	<u>-</u>	<u>383</u>
<i>Total liabilities</i>	<u><u>\$ 71,176</u></u>	<u><u>\$ 15,785</u></u>	<u><u>\$ 13,346</u></u>	<u><u>\$ 73,615</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
Town of Taos
Schedule of Joint Powers Agreements
June 30, 2016

Agreement	The Town Participates with	Party Responsible for Operation	Description
Salazar Property and Sports Facilities	Taos Municipal Schools Board of Education	Taos Municipal School District	Develop, manage and maintain a multi-purpose athletic facility on the Salazar Property
Public Restroom Facility	County of Taos	County of Taos	Designing, constructing, operating, and maintaining a public restroom facility
Enhanced 911-Response System	County of Taos, Town of Questa, Village of Taos Ski Valley	County of Taos	Provide an answering point for information regarding needed emergency services
Taos Regional Landfill Board	County of Taos, Village of Questa, Village of Red River, Village of Taos Ski Valley	Town of Taos	Establish the Taos Regional Landfill Board

See independent auditors' report.

Period	Cost to Town	Town Contributions	Audit Responsibility
40 Years from 2009, with option to renew	\$2,140,012 for Phase I; unknown for other phases	None to date	Taos Municipal School District
November 20, 2007 to January 31, 2028	Indeterminate	Indeterminate	County of Taos
August 05, 2014 until terminated	Estimated \$340,000 per year	\$330,950	County of Taos
50 years from November 2, 2000	Dependent on landfill expenses	None to date	Town of Taos

See independent auditors' report.

STATE OF NEW MEXICO
Town of Taos
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2016

Prepared by: Town of Taos Title: Finance Department Date: June 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
6170	Town of Taos	Municipalities	BID 15-16-07	Competitive (RFP or RFB)	Northern Mountain Constructors, Inc.	Winner	\$15,218,769.14
6170	Town of Taos	Municipalities	BID 15-16-07	Competitive (RFP or RFB)	RBK Construction	Loser	\$ -
6170	Town of Taos	Municipalities	BID 15-16-07	Competitive (RFP or RFB)	Mountain States Constructors, Inc.	Loser	\$ -
6170	Town of Taos	Municipalities	BID 15-16-08	Competitive (RFP or RFB)	Vigil's Contracting Services	Winner	\$152,998.33
6170	Town of Taos	Municipalities	BID 15-16-09	Competitive (RFP or RFB)	Vigil's Contracting Services	Loser	\$ -
6170	Town of Taos	Municipalities	RFP 15-16-10	Competitive (RFP or RFB)	Souder, Miller & Associates	Winner	\$903,613.00
6170	Town of Taos	Municipalities	RFP 15-16-10	Competitive (RFP or RFB)	CH2M	Loser	\$ -
6170	Town of Taos	Municipalities	RFP 15-16-11	Competitive (RFP or RFB)	Stray Hearts	Loser	\$ -
6170	Town of Taos	Municipalities	RFP 15-16-12	Competitive (RFP or RFB)	Habitat for Humanity	Winner	Pending, MFA Approval

See independent auditors' report.

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
N/A	Albuquerque, New Mexico	Yes	N/A	Taos Regional Airport Runway 12/30, Parallel Taxiway B, Connecting Taxiway and Holding Bays Grading etc.	
N/A	Rye, Colorado	No	N/A	Taos Regional Airport Runway 12/30, Parallel Taxiway B, Connecting Taxiway and Holding Bays Grading etc.	
N/A	Albuquerque, New Mexico	Yes	N/A	Taos Regional Airport Runway 12/30, Parallel Taxiway B, Connecting Taxiway and Holding Bays Grading etc.	
N/A	Albuquerque, New Mexico	Yes	N/A	Taos Youth & Family Center East Wall Renovations	
N/A	Albuquerque, New Mexico	Yes	N/A	Taos Youth & Family Center Roof Replacement	
N/A	Albuquerque, New Mexico	Yes	No	Operations, Maintenance & Management of the Taos Valley Regional Waste Water Treatment & Reclamation Facility	
N/A	Albuquerque, New Mexico	Yes	No	Operations, Maintenance & Management of the Taos Valley Regional Waste Water Treatment & Reclamation Facility	
N/A	Taos, New Mexico	Yes	N/A	Animal Shelter Care & Services	
N/A	Albuquerque, New Mexico	Yes	N/A	Disposition of Lots for Affordable Housing at the Chamisa Verde Subdivision	

See independent auditors' report.

STATE OF NEW MEXICO
Town of Taos
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
6170	Town of Taos	Municipalities	RFP 15-16-15	Competitive (RFP o	NCA Architects, LLC	Winner	\$95,000.00
6170	Town of Taos	Municipalities	RFP 15-16-15	Competitive (RFP o	Henry Architects	Loser	\$ -
6170	Town of Taos	Municipalities	RFP 15-16-15	Competitive (RFP o	R2 Architectural Services	Loser	\$ -
6170	Town of Taos	Municipalities	BID 15-16-16	Competitive (RFP o	Nambe Healthcare Services	Winner	\$222,115.00
6170	Town of Taos	Municipalities	BID 15-16-16	Competitive (RFP o	ABQ Modular & Mobile Offices LLC	Loser	\$ -
6170	Town of Taos	Municipalities	BID 15-16-16	Competitive (RFP o	Mobile Home Supply	Loser	\$ -
6170	Town of Taos	Municipalities	BID 15-16-17	Competitive (RFP o	File System Construction, LLC	Winner	\$778,358.41
6170	Town of Taos	Municipalities	BID 15-16-20	Competitive (RFP o	Phoenix Mechanical	Winner	\$100,000.00

See independent auditors' report.

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
N/A	Albuquerque, New Mexico	Yes	No	Architectural Services for the Taos Youth & Family Center Reconstruction Project	
N/A	Arroyo Seco, New Mexico	Yes	No	Architectural Services for the Taos Youth & Family Center Reconstruction Project	
N/A	Albuquerque, New Mexico	Yes	N/A	Architectural Services for the Taos Youth & Family Center Reconstruction Project	
N/A	Santa Fe, New Mexico	Yes	N/A	Modular Buildings Transportation	
N/A	Albuquerque, New Mexico	Yes	No	Modular Buildings Transportation	
N/A	El Paso, Texas	No	No	Modular Buildings Transportation	
N/A	Albuquerque, New Mexico	No	No	Town of Taos Water System Improvements	
N/A	Taos, New Mexico	No	No	Mechanical, Electrical & Plumbing Services	

See independent auditors' report.

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COMPLIANCE SECTION

**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**

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The United States Office of Management and Budget and
The Town Council
Town of Taos
Taos, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Town of Taos (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town presented as supplementary information, and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items FS 2015-002 and FS 2016-001.

Compliance and Other Matters

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

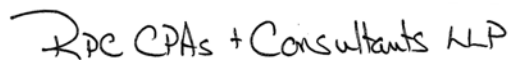
We noted certain matters that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2016-001 and NM 2016-002.

The Town's Responses to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 29, 2016

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FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The United States Office of Management and Budget and
The Town Council
Town of Taos
Taos, New Mexico

Report on Compliance for the Major Federal Program

We have audited the Town of Taos' (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect the Town's major federal program for the year ended June 30, 2016. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

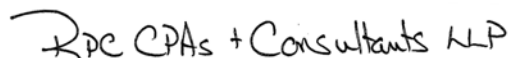
Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 29, 2016

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor or Pass-Through Grantor/ Program Title	CFDA Number	Federal Grant Number
U.S. Department of Justice Passed Through the State of New Mexico, Department of Public Safety		
Taos County Juvenile Accountability Block Grants	16.523	16-690-18442
STOP VAWA (Violence Against Women)	16.588	2016-WF-233
<i>Total U.S. Department of Justice</i>		
U.S. Department of Housing & Urban Development Passed Through the State of New Mexico, Department of Finance & Administration		
Continuum of Care Program - Domestic Violence Shelter for Women	14.267	NM0038L6B011404
Community Development Block Grant - Youth & Family Center	14.228	15-C-NR-I-03-G-01
<i>Total U.S. Department of Housing & Urban Development</i>		
U.S. Department of Transportation		
Federal Aviation Administration (FAA) Airport Improvement Grant:		
Runway 12/30 Construction - Phase 1 and 2	20.106	* 35-0041-032-2014/2015
Memorandum of Agreement Overflight Stipulators	20.106	* 3-35-0041-027-2012
Federal Transit - Taos Chile Line Transit Operations	20.500	NM-03-0041-00
<i>Total U.S. Department of Transportation</i>		
U.S. Department of Agriculture Passed Through Energy Minerals Natural Resources		
Community Forestry Assistance Grant - Facilities	10.664	
Community Forestry Assistance Grant - Fire Department	10.664	15-521-0410-0107
<i>Total U.S. Department of Agriculture</i>		
National Park Service Passed Through Department of Cultural Affairs Historical Preservation Division		
Historic Preservation Fund Grants-In-Aid - Cultural Landscape Report	15.904	35-15-131230.18
<i>Total National Park Service</i>		

Total Federal Financial Assistance

* Denotes Major Federal Financial Assistance Program

See independent auditors' report.
See accompanying notes to the schedule of expenditures of federal awards.

<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
\$ 119,281	\$ -	\$ -
60,449	-	-
<u>179,730</u>	<u>-</u>	<u>-</u>
139,702	-	-
500,000	-	-
<u>639,702</u>	<u>-</u>	<u>-</u>
4,705,755	-	-
13,479	-	-
792	-	-
<u>4,720,026</u>	<u>-</u>	<u>-</u>
7,163	-	-
16,353	-	-
<u>23,516</u>	<u>-</u>	<u>-</u>
48,159	-	-
<u>48,159</u>	<u>-</u>	<u>-</u>
<u>\$ 5,611,133</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.
See accompanying notes to the schedule of expenditures of federal awards.

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Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Town of Taos and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Loans

The Town did not expend federal awards related to loans or loan guarantees during the year.

10% de minimus Indirect Cost Rate

The Town did not elect to use the allowed 10% indirect cost rate.

Federally Funded Insurance

The Town has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 5,611,133
Total expenditures funded by other sources	<u>15,453,526</u>
<i>Total expenditures of governmental funds</i>	<u><u>\$ 21,064,659</u></u>

See independent auditors' report.

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STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2016

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SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for the major program | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None Noted |
| 4. Identification of major program: | |

<u>CFDA</u> <u>Number</u>	<u>Federal Program</u>
20.106	Airport Improvement Grant

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2016

Schedule IX
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SECTION II – PRIOR YEAR AUDIT FINDINGS

FS 2014-001 - Consumable Inventory Controls (Significant Deficiency) - Resolved

FS 2015-001 – Insufficient Controls over Program Income (Finding that does not rise to level of significant deficiency) – Resolved

FS 2015-002 – Segregation of Duties and Improper Access of IT – Repeated and Modified

FS 2015-003 – Small Purchases (Finding that does not rise to level of significant deficiency) - Resolved

SECTION III – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FS 2015-002 Segregation of Duties and Improper Access of IT (Significant Deficiency)—Repeated and Modified

Condition: During our walk-through procedures performed over Information Technology, it was noted that the Town did not maintain proper segregation of duties regarding control of logical access until after year end. The Town has one employee approving and modifying logical access levels or rights to In-Code financial system.

Criteria: The COSO (Committee of Sponsoring Organizations of the Treadway Commission), the generally accepted framework for internal controls, specifies the elements of a strong internal control system which includes IT controls. These elements include the specific control activities themselves which protect the IT system and help prevent, or detect and correct errors in the system. General IT control activities are essential to ensure efficient, reliable, protected performance of an IT system.

After year end the Town put in place controls over the logical access. The IT Director is now the only personnel with add and delete abilities. The Finance Director approves changes from the department and sends the changes needed to the IT Director who makes the changes. These changes did not take full effect until after June 30, 2016.

Effect: There is an increased risk of inappropriate access or changes to the In-Code financial system being made without approval.

Cause: The Town did not fully implement all changes to user access levels until after year end.

Auditors' Recommendations: We recommend that the Town monitor their newly implemented process to ensure it is functioning appropriately. The IT Department should not modify access rights for the In-Code financial system without written instruction and approval from the Finance Director.

Agency's Response: Management agrees with the auditors' recommendations. IT and Finance developed a process in which the Department Head submits a request to the Finance Director on the level of access needed for the employee. The Finance Director then approves and submits that to the IT Director and he makes the necessary changes. The process has been in place since June 2016 and is working effectively. The process was implemented in a series of steps to insure that when administrative rights were removed other programming steps were necessary to give the appropriate access right needed to certain employees. We will continue to monitor our process throughout the current fiscal year.

SECTION III – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FS 2016-001 Utility Billing Receivable and Revenue Accruals (Significant Deficiency)

Condition: During our testwork over the utilities billing process we could not reconcile the balance per general ledger to the utilities billing system. To reconcile, adjustments in the amount of \$824,337 were made. The following adjustments were made to reconcile:

- An adjustment in the amount of \$444,707 was proposed to reconcile the general ledger to the utilities billing system. This difference is due to a timing difference in the date the Town entered the data and the date the bills are generated for customer billing.
- An adjustment in the amount of \$379,630 was proposed due to the unbilled utilities not be accrued by the Town, as needed, for billing after year-end where service occurred prior to year-end.

Criteria: In order to present the Town's financial statements in accordance with GAAP, accruals should be made for all utility services provided through June 30, 2016.

Effect: The Town's utility billing receivables and revenue were misstated at year end prior to the proposed audit adjusting entry.

Cause: The Town did not record all utility billing receivables and revenue through June 30, 2016.

Auditors' Recommendations: We recommend that the Town record all utility billing revenue and receivables through year end and make all adjustments for unbilled utilities as part of their financial close process.

Agency's Response: Management agrees with the auditors' recommendations. The Finance Department in closing the fiscal year books all other receivables and payables to the best of its ability in communicating with all 17 Department's. In the past we had would provide the utility billing receivables and reports for the unbilled amounts to the Auditors for adjustment, but this year due to a timing difference we provided the data but didn't specify the amounts. To prepare for the next audit, the Customer Service Manager, the Accounting Manager and the Finance Director will collectively work together to provide those figures to the auditors for all utility billing receivables and accruals through the end of the fiscal year.

SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2016-001 Sole Source Procurement (Finding that does not rise to level of significant deficiency)

Condition: During our testwork of sole source procurements we noted the following problems:

- In one out of ten sole source procurement tested, there was an incomplete sole source form on the website, as page two of the three page document was missing.
- In one out of ten sole source procurement tested, the CPO did not sign the sole source request and determination form.
- In one out of ten sole source procurement tested, total procurement was over \$30,000 after change order occurred, the procurement did not go out for competitive procurement and there was no Town Council approval for the amendment made, per Town policy.

Criteria: According to Town written “Town of Taos Purchasing Policy, Resolution 15-24, Approval of Small Purchases”, Section 10.A.2 states “...\$10,000.01 to \$30,000: three (3) written quotations on company letterhead based on the description of the scope of work provided by the Town. If fewer than three responsible quotes are obtainable, a purchase may be made at the best obtainable price and in the best interest of the Town and a memo shall be written to the Procurement Office describing the steps taken to determine the availability of appropriate vendors and relevant prices. Also, Section 12, Approval of Change Order and/or Amendments, states “Any change order or amendment greater than \$30,000 will require the specific approval of the Town Council.”

Effect: Inadequate controls over maintenance of procurement records increases the risk of procurements being made not in accordance with Town policy. Not procuring sole source items according to policy could lead to an inefficient use of Town resources.

Cause: The Town did not maintain complete files for their sole source procurements. The Town also did not follow policy in relation to the procurement noted above over \$30,000.

Auditors’ Recommendations: We recommend the Town follow their sole source procurement requirements and maintain all appropriate documentation.

Agency’s Response: Management agrees with the auditors’ recommendations. The Chief Procurement Officer will follow-up with the IT Department that all postings to the website are correct. The Procurement office staff will follow the Town’s sole source procurement requirements and train Town Department’s on the process and requirements by February 2017.

SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

NM 2016-002 Segregation of Duties over Landfill Adjustments and Billing Process (Finding that does not rise to level of significant deficiency)

Condition: During our testwork of the landfill billing process we identified one individual has the ability to make adjustments to customer accounts and bill those accounts without a review from another individual.

Criteria: Proper internal controls require segregation of the customer adjustments and billing processes, or mitigating controls ensuring review of the processes before customers are billed.

Effect: There is an increased risk that customer accounts could be improperly adjusted or billed.

Cause: The Town has not considered it necessary to segregate or otherwise monitor adjustments made during the customer billing process prior to bills being issued.

Auditors' Recommendations: We recommend that the Town ensure all adjustments are reviewed prior to posting.

Agency Response: Management agrees with the auditors' recommendations. The Customer Service Manager has currently started and will continue to sign off on any adjustments made by any another individual within the Utility Billing Division.

STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2016

Schedule IX
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SECTION V – FEDERAL AWARD FINDINGS

None noted

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STATE OF NEW MEXICO

Town of Taos
Other Disclosures
June 30, 2016

Exit Conference

An exit conference was held on November 29, 2016. In attendance were the following:

Representing the Town of Taos:

Daniel Barrone	Mayor
Rick Bellis	Town Manager
Marietta Fambro	Finance Director
Nathaniel Evans	Audit Chair

Representing RPC CPAs + Consultants, LLP:

Ray Roberts, CPA	Managing Partner
Danny Martinez, CPA, CGFM, CGMA	Audit Manager

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of the Town of Taos from the original books and records provided to them by the management of the Town. The responsibility for the financial statements remains with the Town.