

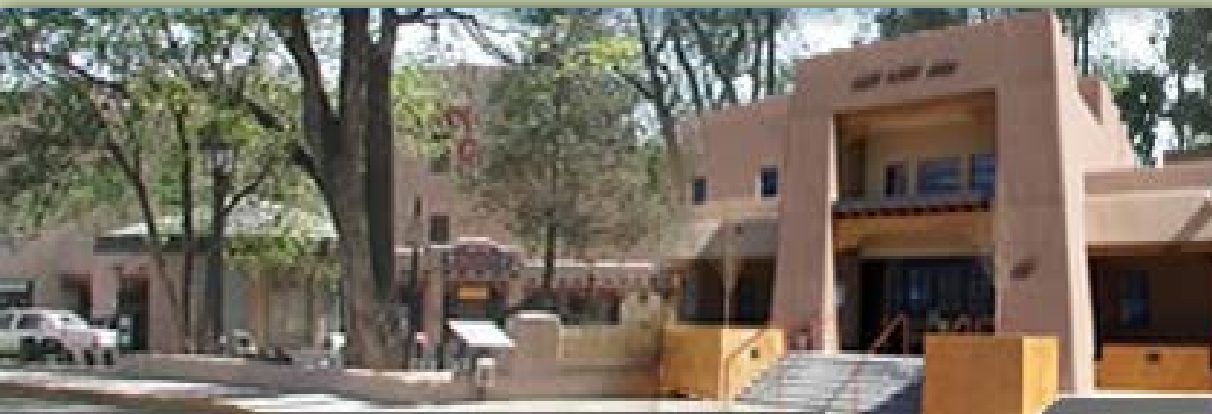


STATE OF NEW MEXICO

TOWN OF TAOS

ANNUAL FINANCIAL REPORT

JUNE 30, 2015



TOWN OF TAOS

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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Town of Taos
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June 30, 2015

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STATE OF NEW MEXICO

Town of Taos

Official Roster

June 30, 2015

<u>Name</u>	<u>Town Council</u>	<u>Title</u>
Daniel Barrone		Mayor
Judith Cantu		Councilor
George “Fritz” Hahn		Councilor
Andrew Gonzales		Councilor
Frederick Peralta		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



Accounting & Consulting Group, LLP
Certified Public Accountants

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, 2015, 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, 2015, 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.

Auditor's 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 auditor's 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, 2015, 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, 2015, 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 12 through 19 and Schedules I and II and the Notes to the Required Supplementary Information on pages 72 through 78 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

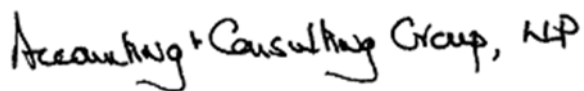
Our audit was conducted for the purpose of forming opinions on the Town's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations*, introductory section, and Supporting Schedules III through VII required by Section 2.2.2 NMAC are presented for 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 27, 2015, 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.



Accounting & Consulting Group, LLP
Albuquerque, NM
November 27, 2015

We are pleased to present the Town of Taos's financial statements for the fiscal year ended June 30, 2015. 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 \$71,801,966 (*net position*). Of this amount, (\$1,342,589) (*unrestricted net position*), is now a negative due to the implementation of GASB Statement No. 68). The restatement of \$8,778,694 for the Pension Plan Liability is the underlying factor of this negative unrestricted net position. This GASB Statement is reflected on the financial statements for the first 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 \$1,683,680 during the fiscal year. The majority of this overall increase was due to increases in charges for services, capital grants and taxes.
- As of June 30, 2015, the Town's governmental activities reported a combined ending net position balance of \$43,838,814. Of this total, \$3,242,321 is designated for debt service and capital projects.
- At the close of the current fiscal year, the unassigned fund balance for the general fund was \$3,047,564, amounting to 31 percent or of total general fund expenditures.
- The Town of Taos' total debt decreased by \$835,906 during the year due to scheduled principal payments being paid. The Town did acquire new debt during the year for the purchase of a new fire pumper. Compensated absences have decreased from the prior year by \$23,541. The Town paid \$1,361,781 towards the principal of various of its government loans, bonds, compensated absences 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.

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-six 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 Capital Projects, which are considered major funds. Data from the other twenty-four 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 one type of 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 37-70 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 84-95 of this report.

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 \$71,801,966 at the close of the current fiscal year.

The significant portion of the Town of Taos' net position represents the Town's investment of \$64,110,273 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	\$ 10,273,081	\$ 5,167,371	\$ 15,440,452
Restricted cash, cash equivalents & investments	133,895	2,836,673	2,970,568
Restricted investments	655,942	1,536,927	2,192,869
Bond issuance costs and discount	-	-	-
Capital assets, net of accumulated depreciation	50,349,740	26,294,311	76,644,051
Total assets	<u>61,412,658</u>	<u>35,835,282</u>	<u>97,247,940</u>
<u>Deferred Outflows of Resources</u>			
Change in assumptions	33,607	3,589	37,196
Employer contributions subsequent to the measurement date	830,601	88,695	919,296
Total deferred outflows of resources	<u>864,208</u>	<u>92,284</u>	<u>956,492</u>
Total assets and deferred outflows of resources	<u>\$ 62,276,866</u>	<u>\$ 35,927,566</u>	<u>\$ 98,204,432</u>
<u>Liabilities</u>			
Current Liabilities	\$ 2,382,256	\$ 1,111,914	\$ 3,494,170
Non-current liabilities	13,756,910	6,607,016	20,363,926
Total liabilities	<u>16,139,166</u>	<u>7,718,930</u>	<u>23,858,096</u>
<u>Deferred Inflows of Resources</u>			
Change in assumptions	119,545	12,765	132,310
Net difference between projected and actual investment earnings on pension plan investments	2,179,341	232,719	2,412,060
Total deferred inflows of resources	<u>2,298,886</u>	<u>245,484</u>	<u>2,544,370</u>
<u>Net Position</u>			
Net investment in capital assets	42,373,210	21,737,063	64,110,273
Restricted	4,944,808	4,089,474	9,034,282
Unrestricted	(3,479,204)	2,136,615	(1,342,589)
Total net position	<u>\$ 43,838,814</u>	<u>\$ 27,963,152</u>	<u>\$ 71,801,966</u>
Total Liabilities and Net Position	<u>\$ 62,276,866</u>	<u>\$ 35,927,566</u>	<u>\$ 98,204,432</u>

A portion of the Town of Taos' governmental restricted net position of \$4,944,808 (11 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*, (\$3,479,204) previously stated above, has fallen to a negative due to the implementation of GASB Statement 68. In the previous year, this amount was \$3,477,536 of which may still may be used 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 \$1,683,680 during the fiscal year. This increase is primarily the result of increased charges for services, operating and capital grants and other taxes during the fiscal year.

Revenues	Governmental Activities	Business-type Activities	Total
Program revenues:			
Charges for service	\$ 1,386,617	\$ 5,903,490	\$ 7,290,107
Operating grants and contributions	1,057,536	-	1,057,536
Capital grants and contributions	3,164,550		3,164,550
General revenues:			
Property taxes, levied for general purposes	1,046,280	-	1,046,280
Gross receipts taxes	10,455,571	528,195	10,983,766
Gasoline and auto distribution taxes	375,915	-	375,915
Other taxes	1,311,378	-	1,311,378
Interest income (loss)	11,230	6,463	17,693
Miscellaneous income	14,816	16,761	31,577
Transfers	-		-
Loss on disposal of capital assets	(402,348)	-	(402,348)
Total Revenues	18,421,545	6,454,909	24,876,454
Program expenses:			
General government	\$ 8,765,816	\$ -	\$ 8,765,816
Public safety	3,362,296	-	3,362,296
Public works	1,285,347	-	1,285,347
Culture and recreation	2,249,519	-	2,249,519
Health and welfare	630,155	-	630,155
Interest on long-term debt	285,242	-	285,242
Joint water and sewer	-	4,307,462	4,307,462
Solid waste	-	1,383,395	1,383,395
Taos Regional Landfill	-	923,542	923,542
Total Expenses	16,578,375	6,614,399	23,192,774
Change in net position	1,843,170	(159,490)	1,683,680
Net Position, beginning	49,927,357	28,969,623	78,896,980
Net Position, restatement (Note 20)	(7,931,713)	(846,981)	(8,778,694)
Net Position, beginning as restated	41,995,644	28,122,642	70,118,286
Net Position, ending	\$ 43,838,814	\$ 27,963,152	\$ 71,801,966

Governmental activities. Governmental activities increased the Town of Taos' net position by \$1,843,170, primarily as the result of increase in capital grants and contributions and gross receipts taxes. Along with expenditures being less \$658,713 than last fiscal year.

Tax revenues account for \$13,189,144 or 72 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 \$4,222,086 or 23 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 \$1,386,617 or 8 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 \$159,490.

The Town's direct charges to users of business-type services made up \$5,903,490 or 91 percent of total business-type revenues. These charges are for water and sewer services, and water and sewer connection fees, landfill tipping fees and solid waste services. These direct charges for service increased by \$779,276 from the previous year, primarily as the result of a rate increase in the landfill tipping fees and the 4th 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 has started 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 \$18,745,851 in the fiscal year ended June 30, 2015, which represents an increase of \$519,027 from the fiscal year ended June 30, 2014. This is largely due to the increase in gross receipts, federal and state capital grants and state operating grants. Expenditures for governmental functions, totaling \$18,238,641 increased by approximately \$261,797 from the fiscal year ended June 30, 2014. This is largely due to the increase in expenditures public safety and capital outlay. In the fiscal year ended June 30, 2015, revenues for governmental functions exceeded expenditures by approximately \$507,210.

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 \$3,047,564.

Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2015 of \$1,328,720 an increase of \$247,632 over the comparable figure from the prior year of \$1,081,088. 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 \$2,136,615. The total decrease in net position for the enterprise funds was (\$159,490). Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

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, 2015. 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 \$643,973 less than budgeted. This was primarily due to general governmental favorable variance of \$491,801. The difference between actual expenditures and budgeted expenditures is due to various departments not spending their 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	\$ 4,833,299	\$ 4,784,746	\$ 4,292,945	\$ 491,801
Public safety	3,311,853	3,257,692	3,154,434	103,258
Public works	1,006,324	954,626	946,062	8,564
Culture and recreation	1,523,809	1,442,924	1,405,627	37,297
Capital outlay	-	23,000	19,947	3,053
<i>Total Expenditures</i>	<u>\$ 10,675,285</u>	<u>\$ 10,462,988</u>	<u>\$ 9,819,015</u>	<u>\$ 643,973</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, 2015 amount to \$76,644,051 (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 \$375,773 for governmental activities and decreased \$767,219 for business-type activities (net of accumulated depreciation).

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

- \$3,614,192 of additions to governmental infrastructure and equipment for completion and/or purchase of the following – Town Hall Drive Improvements, Chamisa Area Infrastructure Improvements – Phase III -Paving, Bertha Road Improvements and Camino de la Merced Road Improvements.
- \$1,266,492 of additions to business-type infrastructure of the following – La Posta Sewer Crossing, Bertha Road Water/Sewer Improvements, and Camino de la Merced Water/Sewer Improvements.

Capital Asset and Debt Administration (continued)

	Governmental Activities	Business-like Activities	Total
Land	\$ 6,277,809	\$ 262,422	\$ 6,540,231
Constuction in progress	4,420,772	654,898	5,075,670
Land improvements	7,461,945	104,895	7,566,840
Buildings and improvements	34,542,166	4,656,981	39,199,147
Machinery and Equipment	15,744,890	8,861,368	24,606,258
Infrastructure	54,170,366	33,499,623	87,669,989
Total capital assets	<u>122,617,948</u>	<u>48,040,187</u>	<u>170,658,135</u>
Less: accumulated depreciation	<u>(72,268,208)</u>	<u>(21,745,876)</u>	<u>(94,014,084)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 50,349,740</u>	<u>\$ 26,294,311</u>	<u>\$ 76,644,051</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 \$14,544,324. The Town did acquire new debt for a fire pumper, with the first interest and principal payment due in fiscal year 2016.

	Governmental Activities	Business-type Activities	Total
Revenue Bonds	\$ 4,675,000	\$ 1,909,600	\$ 6,584,600
NMFA amd RUS Loans	3,001,530	2,647,648	5,649,178
USDA Contract Payable	-	-	-
Compensated absences	566,383	67,142	633,525
Landfill Closure Liability	<u>-</u>	<u>1,677,021</u>	<u>1,677,021</u>
Total long-term liabilities	<u>\$ 8,242,913</u>	<u>\$ 6,301,411</u>	<u>\$ 14,544,324</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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 4,471,236	\$ 2,651,452	\$ 7,122,688
Investments	2,540,584	1,641,183	4,181,767
Receivables:			
Property taxes	196,206	-	196,206
Other taxes	2,077,890	83,544	2,161,434
Due from other governments	960,409	-	960,409
Customer receivables, net	-	772,228	772,228
Inventory	-	45,720	45,720
Internal balances	26,756	(26,756)	-
Total current assets	<u>10,273,081</u>	<u>5,167,371</u>	<u>15,440,452</u>
Noncurrent assets			
Restricted cash and cash equivalents	133,895	2,836,673	2,970,568
Restricted investments	655,942	1,536,927	2,192,869
Capital assets	122,617,948	48,040,187	170,658,135
Less: accumulated depreciation	<u>(72,268,208)</u>	<u>(21,745,876)</u>	<u>(94,014,084)</u>
Total noncurrent assets	<u>51,139,577</u>	<u>30,667,911</u>	<u>81,807,488</u>
Total assets	<u>61,412,658</u>	<u>35,835,282</u>	<u>97,247,940</u>
Deferred outflows of resources			
Change in assumptions	33,607	3,589	37,196
Employer contributions subsequent to the measurement date	<u>830,601</u>	<u>88,695</u>	<u>919,296</u>
Total deferred outflows of resources	<u>864,208</u>	<u>92,284</u>	<u>956,492</u>
Total assets and deferred outflows of resources	<u><u>\$ 62,276,866</u></u>	<u><u>\$ 35,927,566</u></u>	<u><u>\$ 98,204,432</u></u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 1,059,570	\$ 396,122	\$ 1,455,692
Accrued payroll	192,593	25,914	218,507
Deposits held in trust for others	5,103	282,828	287,931
Accrued compensated absences	336,347	32,763	369,110
Accrued interest	29,600	43,417	73,017
Current portion of bonds payable	300,000	54,000	354,000
Current portion of loans payable	459,043	276,870	735,913
Total current liabilities	2,382,256	1,111,914	3,494,170
Noncurrent liabilities			
Accrued compensated absences	230,036	34,379	264,415
Accrued landfill closure costs	-	1,677,021	1,677,021
Bond premiums, net of accumulated amortization of \$28,658	42,184	-	42,184
Bonds payable	4,375,000	1,855,600	6,230,600
Loans and payable	2,842,487	2,370,778	5,213,265
Net pension liability	6,267,203	669,238	6,936,441
Total noncurrent liabilities	13,756,910	6,607,016	20,363,926
Total liabilities	16,139,166	7,718,930	23,858,096
Deferred inflows of resources			
Change in assumptions	119,545	12,765	132,310
Net difference between projected and actual investment earnings on pension plan investments	2,179,341	232,719	2,412,060
Total deferred inflows of resources	2,298,886	245,484	2,544,370
Net Position			
Net investment in capital assets	42,373,210	21,737,063	64,110,273
Restricted for:			
Debt service	356,250	3,214,309	3,570,559
Capital projects	2,886,071	-	2,886,071
Special revenue	1,702,487	-	1,702,487
Landfill	-	875,165	875,165
Unrestricted	(3,479,204)	2,136,615	(1,342,589)
Total net position	43,838,814	27,963,152	71,801,966
Total liabilities, deferred inflows of resources and net position	\$ 62,276,866	\$ 35,927,566	\$ 98,204,432

STATE OF NEW MEXICO
Town of Taos
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 8,765,816	\$ 1,214,542	\$ 328,459	\$ -
Public safety	3,362,296	-	225,842	-
Public works	1,285,347	-	-	3,164,550
Culture and recreation	2,249,519	128,899	-	-
Health and welfare	630,155	43,176	503,235	-
Interest on long-term debt	285,242	-	-	-
<i>Total governmental activities</i>	<u>16,578,375</u>	<u>1,386,617</u>	<u>1,057,536</u>	<u>3,164,550</u>
Business-type Activities:				
Water and sewer	4,307,462	3,331,297	-	-
Solid waste	1,383,395	1,375,185	-	-
Taos regional landfill	923,542	1,197,008	-	-
<i>Total business-type activities</i>	<u>6,614,399</u>	<u>5,903,490</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 23,192,774</u>	<u>\$ 7,290,107</u>	<u>\$ 1,057,536</u>	<u>\$ 3,164,550</u>

General Revenues:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Franchise taxes

Lodger's taxes

Investment income

Miscellaneous income

Loss on disposal of capital assets

Total general revenues

Change in net position

Net position, beginning

Net position- restatement (Note 20)

Net position- beginning as restated

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
\$ (7,222,815)	\$ -	\$ (7,222,815)
(3,136,454)	-	(3,136,454)
1,879,203	-	1,879,203
(2,120,620)	-	(2,120,620)
(83,744)	-	(83,744)
(285,242)	-	(285,242)
(10,969,672)	-	(10,969,672)
-	(976,165)	(976,165)
-	(8,210)	(8,210)
-	273,466	273,466
-	(710,909)	(710,909)
(10,969,672)	(710,909)	(11,680,581)
1,046,280	-	1,046,280
10,455,571	528,195	10,983,766
375,915	-	375,915
255,136	-	255,136
1,056,242	-	1,056,242
11,230	6,463	17,693
14,816	16,761	31,577
(402,348)	-	(402,348)
12,812,842	551,419	13,364,261
1,843,170	(159,490)	1,683,680
49,927,357	28,969,623	78,896,980
(7,931,713)	(846,981)	(8,778,694)
41,995,644	28,122,642	70,118,286
\$ 43,838,814	\$ 27,963,152	\$ 71,801,966

STATE OF NEW MEXICO

Town of Taos
Balance Sheet
Governmental Funds
June 30, 2015

Exhibit B-1

Page 1 of 2

	General Fund	Airport Construction	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 1,806,076	\$ 785,750	\$ 2,013,305	\$ 4,605,131
Investments	1,295,310	-	1,901,216	3,196,526
Receivables:				
Property taxes	196,206	-	-	196,206
Other taxes	1,502,183	-	575,707	2,077,890
Due from other governments	-	608,518	351,891	960,409
Due from other funds	26,756	-	-	26,756
<i>Total assets</i>	<u>\$ 4,826,531</u>	<u>\$ 1,394,268</u>	<u>\$ 4,842,119</u>	<u>\$ 11,062,918</u>
<i>Liabilities</i>				
Accounts payable	\$ 167,030	\$ 604,675	\$ 287,865	\$ 1,059,570
Accrued payroll	184,687	-	7,906	192,593
Deposits held in trust for others	-	-	5,103	5,103
<i>Total liabilities</i>	<u>351,717</u>	<u>604,675</u>	<u>300,874</u>	<u>1,257,266</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	169,556	-	-	169,556
Unavailable revenue- delinquent lodgers tax	-	-	170,583	170,583
<i>Total deferred inflows of resources</i>	<u>169,556</u>	<u>-</u>	<u>170,583</u>	<u>340,139</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	666,697	666,697
Public safety	-	-	61,083	61,083
Culture and recreation	-	-	602,364	602,364
Fire protection	-	-	687,220	687,220
Health and welfare	-	-	84,919	84,919
Debt service expenditures	-	-	357,353	357,353
Capital projects	-	789,593	1,913,349	2,702,942
Committed for:				
Minimum fund balance	818,251	-	-	818,251
Subsequent year's expenditures	439,443	-	-	439,443
Unassigned	3,047,564	-	(2,323)	3,045,241
<i>Total fund balances</i>	<u>4,305,258</u>	<u>789,593</u>	<u>4,370,662</u>	<u>9,465,513</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4,826,531</u>	<u>\$ 1,394,268</u>	<u>\$ 4,842,119</u>	<u>\$ 11,062,918</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, 2015

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	\$ 9,465,513
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	50,349,740
Delinquent property taxes and lodger's tax settlement 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	340,139
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable: Accrued interest	(29,600)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to change in assumptions	33,607
Deferred outflows of resources related to employer contributions subsequent to the measurement date	830,601
Deferred inflows of resources related to change in assumptions	(119,545)
Deferred inflows of resources related to Net difference between projected and actual investment earnings on pension plan investments	(2,179,341)
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	(566,383)
Bond premiums	(42,184)
Bonds payable	(4,675,000)
Loans payable	(3,301,530)
Net pension liability	(6,267,203)
Total net position of governmental activities	<u>\$ 43,838,814</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, 2015

Exhibit B-2
Page 1 of 2

	General Fund	Airport Construction	Other Governmental Funds	Total
<i>Revenues</i>				
Taxes				
Property	\$ 1,012,671	\$ -	\$ -	\$ 1,012,671
Gross receipts	8,731,661	-	1,723,910	10,455,571
Gasoline and motor vehicle taxes	254,332	-	121,583	375,915
Lodger's taxes	-	-	1,011,809	1,011,809
Other	255,136	-	-	255,136
Intergovernmental income				
Federal operating grants	-	-	144,030	144,030
Federal capital grants	-	2,069,246	500,000	2,569,246
State operating grants	112,900	-	800,606	913,506
State capital grants	-	113,655	481,649	595,304
Charges for services	275,506	-	473,402	748,908
Licenses and fees	496,674	-	141,035	637,709
Investment income	6,146	-	5,084	11,230
Miscellaneous	2,709	-	12,107	14,816
<i>Total revenues</i>	<u>11,147,735</u>	<u>2,182,901</u>	<u>5,415,215</u>	<u>18,745,851</u>
<i>Expenditures</i>				
Current				
General government	4,292,945	-	1,086,944	5,379,889
Public safety	3,154,434	-	192,676	3,347,110
Public works	946,062	-	51,719	997,781
Culture and recreation	1,405,627	-	864,309	2,269,936
Health and welfare	-	-	666,016	666,016
Capital outlay	19,947	2,297,763	2,304,152	4,621,862
Debt service				
Principal	-	-	670,341	670,341
Interest	-	-	285,706	285,706
<i>Total expenditures</i>	<u>9,819,015</u>	<u>2,297,763</u>	<u>6,121,863</u>	<u>18,238,641</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,328,720</u>	<u>(114,862)</u>	<u>(706,648)</u>	<u>507,210</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	434,994	434,994
Transfers in	6,767,358	413,000	3,235,269	10,415,627
Transfers out	(7,690,658)	-	(2,724,969)	(10,415,627)
<i>Total other financing sources (uses)</i>	<u>(923,300)</u>	<u>413,000</u>	<u>945,294</u>	<u>434,994</u>
<i>Net change in fund balances</i>	<u>405,420</u>	<u>298,138</u>	<u>238,646</u>	<u>942,204</u>
<i>Fund balance - beginning of year</i>	<u>3,899,838</u>	<u>491,455</u>	<u>4,132,016</u>	<u>8,523,309</u>
<i>Fund balance - end of year</i>	<u>\$ 4,305,258</u>	<u>\$ 789,593</u>	<u>\$ 4,370,662</u>	<u>\$ 9,465,513</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, 2015

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	\$ 942,204
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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	4,621,862
Depreciation expense	(3,843,741)
Loss of disposition of capital assets	(402,348)

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

Increase in unavailable revenue related to property taxes receivable	33,609
Increase in lodger's tax settlement revenue not received within the period of availability	44,433

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	830,601
Pension expense	(600,769)

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	464
Increase in accrued compensated absences	(22,356)
Amortization of bond premiums	3,864
Proceeds from the issuance of debt	(434,994)
Principal payments on bonds payable	290,000
Principal payments on loans payable	380,341

Change in net position of governmental activities	<u>\$ 1,843,170</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ 1,005,921	\$ 1,005,921	\$ 1,012,671	\$ 6,750
Gross receipts	8,160,703	8,552,711	8,731,661	178,950
Gas and motor vehicle	256,741	261,150	254,332	(6,818)
Other	378,101	378,101	255,136	(122,965)
Intergovernmental income				
State operating grants	102,740	102,740	112,900	10,160
Charges for services	266,255	266,255	275,506	9,251
Licenses and fees	556,262	556,262	496,674	(59,588)
Interest income	5,341	5,341	6,146	805
Miscellaneous	34,432	34,432	2,709	(31,723)
<i>Total revenues</i>	<u>10,766,496</u>	<u>11,162,913</u>	<u>11,147,735</u>	<u>(15,178)</u>
<i>Expenditures</i>				
Current				
General government	4,833,299	4,784,746	4,292,945	491,801
Public safety	3,311,853	3,257,692	3,154,434	103,258
Public works	1,006,324	954,626	946,062	8,564
Culture and recreation	1,523,809	1,442,924	1,405,627	37,297
Capital outlay	-	23,000	19,947	3,053
<i>Total expenditures</i>	<u>10,675,285</u>	<u>10,462,988</u>	<u>9,819,015</u>	<u>643,973</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>91,211</u>	<u>699,925</u>	<u>1,328,720</u>	<u>628,795</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	611,283	223,375	-	(223,375)
Transfers in	6,462,382	6,767,358	6,767,358	-
Transfers out	(7,164,876)	(7,690,658)	(7,690,658)	-
<i>Total other financing sources (uses)</i>	<u>(91,211)</u>	<u>(699,925)</u>	<u>(923,300)</u>	<u>(223,375)</u>
<i>Net change in fund balance</i>	-	-	405,420	405,420
<i>Fund balance - beginning of year</i>	-	-	3,899,838	3,899,838
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,305,258</u>	<u>\$ 4,305,258</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, 2015

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 1,013,912	\$ 418,040	\$ 1,219,500	\$ 2,651,452
Investments	1,316,683	249,100	75,400	1,641,183
Other taxes	83,544	-	-	83,544
Customer receivables, net	468,915	162,808	140,505	772,228
Inventory	45,720	-	-	45,720
<i>Total current assets</i>	<u>2,928,774</u>	<u>829,948</u>	<u>1,435,405</u>	<u>5,194,127</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	2,052,866	-	783,807	2,836,673
Restricted investments	1,343,498	-	193,429	1,536,927
Capital assets	42,684,306	1,079,996	4,275,885	48,040,187
Less: accumulated depreciation	(19,457,148)	(530,139)	(1,758,589)	(21,745,876)
<i>Total noncurrent assets</i>	<u>26,623,522</u>	<u>549,857</u>	<u>3,494,532</u>	<u>30,667,911</u>
<i>Total assets</i>	<u>29,552,296</u>	<u>1,379,805</u>	<u>4,929,937</u>	<u>35,862,038</u>
<i>Deferred outflows of resources</i>				
Change in assumptions	2,312	439	838	3,589
Employer contributions subsequent to the measurement date	57,142	10,853	20,700	88,695
<i>Total deferred outflows of resources</i>	<u>59,454</u>	<u>11,292</u>	<u>21,538</u>	<u>92,284</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 29,611,750</u>	<u>\$ 1,391,097</u>	<u>\$ 4,951,475</u>	<u>\$ 35,954,322</u>

The accompanying notes are an integral part of these financial statements

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 292,503	\$ 16,239	\$ 87,380	\$ 396,122
Accrued payroll	15,855	3,459	6,600	25,914
Meter deposits payable	282,828	-	-	282,828
Accrued compensated absences	30,435	2,328	-	32,763
Interfund payable	16,120	5,481	5,155	26,756
Accrued interest payable	41,309	-	2,108	43,417
Current portion of bonds payable	54,000	-	-	54,000
Current portion of loans payable	165,197	-	111,673	276,870
<i>Total current liabilities</i>	<u>898,247</u>	<u>27,507</u>	<u>212,916</u>	<u>1,138,670</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	11,595	-	22,784	34,379
Accrued landfill closure costs	-	-	1,677,021	1,677,021
Bonds payable	1,855,600	-	-	1,855,600
Loans payable	2,137,192	-	233,586	2,370,778
Net pension liability	431,158	81,890	156,190	669,238
<i>Total noncurrent liabilities</i>	<u>4,435,545</u>	<u>81,890</u>	<u>2,089,581</u>	<u>6,607,016</u>
<i>Total liabilities</i>	<u>5,333,792</u>	<u>109,397</u>	<u>2,302,497</u>	<u>7,745,686</u>
<i>Deferred inflows of resources</i>				
Change in assumptions	8,224	1,562	2,979	12,765
Net difference between projected and actual investment earnings on pension plan investments	149,930	28,476	54,313	232,719
<i>Total deferred inflows of resources</i>	<u>158,154</u>	<u>30,038</u>	<u>57,292</u>	<u>245,484</u>
<i>Net position</i>				
Net investment in capital assets	19,015,169	549,857	2,172,037	21,737,063
Restricted for:				
Debt service	3,113,536	-	100,773	3,214,309
Landfill	-	-	875,165	875,165
Unrestricted	1,991,099	701,805	(556,289)	2,136,615
<i>Total net position</i>	<u>24,119,804</u>	<u>1,251,662</u>	<u>2,591,686</u>	<u>27,963,152</u>
<i>Total liabilities, deferred inflows of resources and net position</i>	<u>\$ 29,611,750</u>	<u>\$ 1,391,097</u>	<u>\$ 4,951,475</u>	<u>\$ 35,954,322</u>

STATE OF NEW MEXICO
Town of Taos
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit D-2

	Enterprise Funds			
	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
<i>Operating revenues</i>				
Charges for services	\$ 3,331,297	\$ 1,375,185	\$ 1,197,008	\$ 5,903,490
<i>Total operating revenues</i>	<u>3,331,297</u>	<u>1,375,185</u>	<u>1,197,008</u>	<u>5,903,490</u>
<i>Operating expenses</i>				
Personnel services	675,971	129,228	271,027	1,076,226
Contractual services	1,226,540	816,524	290,201	2,333,265
Supplies	40,610	9,061	13,573	63,244
Repairs and maintenance	43,236	63,643	95,071	201,950
Utilities	367,985	240,133	6,487	614,605
Depreciation	1,620,927	57,000	177,431	1,855,358
Other costs	210,885	67,806	57,102	335,793
<i>Total operating expenses</i>	<u>4,186,154</u>	<u>1,383,395</u>	<u>910,892</u>	<u>6,480,441</u>
<i>Operating income (loss)</i>	<u>(854,857)</u>	<u>(8,210)</u>	<u>286,116</u>	<u>(576,951)</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	528,195	-	-	528,195
Interest expense	(121,308)	-	(12,650)	(133,958)
Interest income	5,180	-	1,283	6,463
Miscellaneous income (expense)	(2)	16,774	(11)	16,761
<i>Total non-operating revenues (expenses)</i>	<u>412,065</u>	<u>16,774</u>	<u>(11,378)</u>	<u>417,461</u>
<i>Income (loss) before transfers</i>	<u>(442,792)</u>	<u>8,564</u>	<u>274,738</u>	<u>(159,490)</u>
Transfers in	4,017,673	-	1,354,874	5,372,547
Transfers out	<u>(4,017,673)</u>	<u>(118,222)</u>	<u>(1,236,652)</u>	<u>(5,372,547)</u>
<i>Change in net position</i>	<u>(442,792)</u>	<u>(109,658)</u>	<u>392,960</u>	<u>(159,490)</u>
<i>Net position, beginning</i>	25,108,266	1,464,959	2,396,398	28,969,623
<i>Net position - restatement (Note 20)</i>	<u>(545,670)</u>	<u>(103,639)</u>	<u>(197,672)</u>	<u>(846,981)</u>
<i>Net position - beginning as restated</i>	<u>24,562,596</u>	<u>1,361,320</u>	<u>2,198,726</u>	<u>28,122,642</u>
<i>Net position, ending</i>	<u>\$ 24,119,804</u>	<u>\$ 1,251,662</u>	<u>\$ 2,591,686</u>	<u>\$ 27,963,152</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, 2015

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	\$ 3,169,051	\$ 1,336,110	\$ 1,163,489	\$ 5,668,650
Cash payments to employees for services	(687,348)	(130,405)	(269,888)	(1,087,641)
Cash payments to suppliers for goods and services	(1,706,118)	(1,276,950)	(504,615)	(3,487,683)
<i>Net cash provided (used) by operating activities</i>	<u>775,585</u>	<u>(71,245)</u>	<u>388,986</u>	<u>1,093,326</u>
<i>Cash flows from noncapital financing activities</i>				
Gross receipts taxes	528,195	-	-	528,195
Miscellaneous (expense) income	(2)	16,774	(11)	16,761
Payments for noncurrent accrued compensated absences	(12,792)	-	4,074	(8,718)
Interfund advances (payments)	(44,561)	(118,120)	118,331	(44,350)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>470,840</u>	<u>(101,346)</u>	<u>122,394</u>	<u>491,888</u>
<i>Cash flows from capital and related financing activities</i>				
Interest paid	(128,503)	-	(12,650)	(141,153)
Principal payments on long-term debt	(213,785)	-	(108,545)	(322,330)
Acquisition of capital assets	(1,076,120)	(6,010)	(6,010)	(1,088,140)
<i>Net cash (used) provided by capital and related financing activities</i>	<u>(1,418,408)</u>	<u>(6,010)</u>	<u>(127,205)</u>	<u>(1,551,623)</u>
<i>Cash flows from investing activities</i>				
Purchases of investments	(2,503)	-	-	(2,503)
Interest on investments	5,180	-	1,283	6,463
<i>Net cash provided by investing activities</i>	<u>2,677</u>	<u>-</u>	<u>1,283</u>	<u>3,960</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	(169,306)	(178,601)	385,458	37,551
<i>Cash and cash equivalents - beginning of year</i>	<u>4,579,582</u>	<u>596,641</u>	<u>1,811,278</u>	<u>6,987,501</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 4,410,276</u>	<u>\$ 418,040</u>	<u>\$ 2,196,736</u>	<u>\$ 7,025,052</u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>				
Operating income (loss)	\$ (854,857)	\$ (8,210)	\$ 286,116	\$ (576,951)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,620,928	57,000	177,431	1,855,359
Net pension expense	(15,812)	(3,003)	(5,728)	(24,543)
Changes in assets and liabilities				
Receivables	(162,247)	(39,075)	(33,519)	(234,841)
Accounts payable	177,258	(79,783)	(36,453)	61,022
Accrued payroll expenses	(1,370)	98	1,139	(133)
Current accrued compensated absences	5,805	1,728	-	7,533
Meter deposits	5,880	-	-	5,880
<i>Net cash provided (used) by operating activities</i>	<u>\$ 775,585</u>	<u>\$ (71,245)</u>	<u>\$ 388,986</u>	<u>\$ 1,093,326</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit E-1

Town of Taos

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2015

Assets

Cash	\$	11,176
Investments		<u>60,000</u>
Total assets	\$	<u><u>71,176</u></u>

Liabilities

Deposits payable	\$	70,793
Due to other entities		<u>383</u>
Total liabilities	\$	<u><u>71,176</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, 2015

NOTE 1. Summary of Significant Accounting Policies

The Town of Taos (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, 2015, the Town adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* ("GASB 68"), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* ("GASB 71"). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability ("NPL") measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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. 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 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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

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

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.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 Funds* 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 Town. 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 in a trustee for the judicial system bonds and recreational events.

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, Lodger's Tax Fund, Water and Sewer Fund and the Taos Regional Landfill fund are combined with funds that have identical activities for financial statement reporting.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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)*

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 Town 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.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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)

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

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, deferred outflows of resources, 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 two types of items that qualify for reporting in this category in both the governmental and business-type activities. Accordingly, the items – Change in assumptions and employer contributions subsequent to measurement date has been reported as a deferred outflow of resources in the amount of \$37,196 and \$919,296, respectively. This amount is reported in the Statement of Net Position. These amounts will directly reduce the net pension liability in the next fiscal year.

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, deferred inflows of resources, 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 two types of deferred inflows which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and delinquent lodgers tax is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Town has recorded \$169,556 related to property taxes considered “unavailable” and \$170,583 related to delinquent lodger’s tax considered “unavailable”. In addition, the Town has two 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, net difference between projected and actual investment earnings on pension plan investments of \$2,412,060 and change in assumptions of \$132,310, are reported on the Statement of Net Position. These amounts are reported as a deferred inflow and amortized into pension expense over the average remaining service life of employees.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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)

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: For committed fund balance, the Town's highest level of decision-making authority is the Town Council. The formal action that is required to be taken to establish a fund balance commitment is the Town Council.

For assigned fund balance, the Town Council or an official or body to which the Town Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the Town considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Town considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2015, the Town did not have any fund balances in nonspendable form.

Restricted and Committed Fund Balance: At June 30, 2015, the Town has presented restricted fund balance on the governmental funds balance sheet in the amount of \$666,697 for various general government operations as restricted by enabling legislation, \$61,083 for public safety, \$602,364 for culture and recreation, \$687,220 for fire protection, \$84,919 for health and welfare, \$357,353 for debt service expenditures, and \$2,702,942 for capital projects. The Town has committed fund balance of the general fund for subsequent year's expenditures in the amount of \$439,443. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 26.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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)

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, 2015 for the Town is \$818,251.

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 40 and 80-83.
- 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 and the estimate for landfill closure and postclosure costs.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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:

	<u>Excess (deficiency) of revenues over expenditures</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	\$ 92,211	\$ 699,925
Airport Construction	\$ (756,311)	\$ (756,311)
Nonmajor Governmental Funds	\$ (2,517,175)	\$ (3,207,939)
	<u>Change in net position</u>	
Budgeted Funds:		
Water and Sewer	\$ (2,760,617)	\$ (2,859,025)
Solid Waste	\$ (33,426)	\$ (87,328)
Taos Regional Landfill	\$ 67,188	\$ (613,013)

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, 2015.

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.

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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the Town's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

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, 2015, \$9,453,689 of the Town's deposits of \$10,203,689 was exposed to custodial credit risk. \$7,487,005 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Town's name, and \$1,966,684 was uninsured and uncollateralized.

	US Bank	Centinel Bank	Total
Amount of deposits	\$ 5,448,689	\$ 4,755,000	\$ 10,203,689
FDIC Coverage	(500,000)	(250,000)	(750,000)
Total uninsured public funds	<u>4,948,689</u>	<u>4,505,000</u>	<u>9,453,689</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>4,948,689</u>	<u>2,538,316</u>	<u>7,487,005</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 1,966,684</u>	<u>\$ 1,966,684</u>
Collateral requirement (50% of uninsured funds)	\$ 2,474,345	\$ 2,252,500	\$ 4,726,845
Pledged Collateral	<u>5,685,636</u>	<u>2,538,316</u>	<u>8,223,952</u>
Over (Under) collateralized	<u>\$ 3,211,291</u>	<u>\$ 285,816</u>	<u>\$ 3,497,107</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.

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 7,122,688
Restricted cash and cash equivalents per Exhibit A-1	2,970,568
Restricted investments per Exhibit A-1	2,192,869
Agency funds cash per Exhibit E-1	11,176
Certificates of deposits (maturity > 3 months)	170,500
Plus outstanding checks	957,296
Less deposits in transit	(357,088)
Less U.S. Treasury Money Market Mutual Funds	(2,855,953)
Less New Mexico State Treasurer Debt Service	(6,517)
Less petty cash	<u>(1,850)</u>
Bank balance of deposits	<u>\$ 10,203,689</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

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, 2015, 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, 2015 include the following:

Investments	Rated	Weighted Average Maturity	Fair Value
New Mexico Local Government Investment Pool	AAAm	WAR (R)54.6 day and WAM (F)77.7 day	\$ 4,065,875
Reserve Contingency Fund	Unrated	Does not earn interest	5,392
U.S. Treasury Money Market Mutual Funds	Aaa **	>365 Days	2,855,953
New Mexico State Treasurer Debt Service	Aaa **	>365 Days	6,517
			<u>\$ 6,933,737</u>

** Based Moody's rating

At June 30, 2015 the Town had \$170,500 of certificates of deposit classified as governmental activities investments at Exhibit A-1. In addition the Town has funds which are managed by NMFA which are considered restricted cash and cash equivalents and restricted investments. Of the \$2,855,953 noted above \$2,192,869 is considered restricted investments as these are invested by NMFA in US Treasury notes and \$663,084 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 59% and 42%, 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).

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 4. Receivables

Receivables as of June 30, 2015, are as follows:

Governmental Activities:

	General	Airport Construction	Other Governmental Funds	Total
Property taxes receivable	\$ 196,206	\$ -	\$ -	\$ 196,206
Other taxes receivable:				
Gross receipts	1,487,081	-	292,404	1,779,485
Gasoline and motor vehicle	-	-	-	-
Franchise taxes	15,102	-	-	15,102
Lodger's taxes	-	-	283,303	283,303
Due from other governments:				
Intergovernmental:				
Federal grants	-	544,207	-	544,207
State grants	-	64,311	351,891	416,202
Total receivables	<u>\$1,698,388</u>	<u>\$ 608,518</u>	<u>\$ 927,598</u>	<u>\$ 3,234,505</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, 2015 was \$169,556. In addition, the Town also deferred revenue related to a lodger's tax settlement that has not been received within the period of availability in the amount of \$170,583.

Business-type Activities:

	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
Customer receivables	\$ 995,882	\$ 213,801	\$ 160,705	\$ 1,370,388
Other receivables:				
Gross receipts taxes	83,544	-	-	83,544
Total gross receivables	<u>1,079,426</u>	<u>213,801</u>	<u>160,705</u>	<u>1,453,932</u>
Less: allowance for doubtful accounts	<u>526,967</u>	<u>50,993</u>	<u>20,200</u>	<u>598,160</u>
Total net receivables	<u>\$ 552,459</u>	<u>\$ 162,808</u>	<u>\$ 140,505</u>	<u>\$ 855,772</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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:

Transfers In	Transfers Out	Amount
General Fund	General Fund	\$ 6,767,358
Recreation Fund	General Fund	4,100
Capital/Operating/Maintenance Fund	General Fund	318,904
Community Grants	General Fund	350,656
Capital Projects	General Fund	11,241
2011 PPRF Street Improvement	General Fund	135,913
Facilities Improvement	General Fund	50,000
1999 Gasoline Tax Acquisition	General Fund	52,486
2009 NMFA PPRF Disadvantage		
Program-Eco Park	1/4 Cent Municipal Gross Receipts Tax	180,973
2008 Gross Receipts Tax Revenue	1/4 Cent Municipal Gross Receipts Tax	494,625
2007 NMFA Land Purchase	1/4 Cent Municipal Gross Receipts Tax	113,749
Capital Projects	1/4 Cent Municipal Gross Receipts Tax	153,684
Facilities Improvement	Capital Projects	338,000
Airport Construction	Capital Projects	413,000
Lodger's Tax	Lodger's Tax	730,484
Public Transportation	Lodger's Tax	178,871
2011 PPRF Street Improvement	Municipal Road Gasoline Tax	30,000
1999 Gasoline Tax Acquisition	Municipal Road Gasoline Tax	91,583
		<u>\$10,415,627</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 5. Transfers and Interfund Receivables (continued)

Business-Type Activities:

Transfers In	Transfers Out	Amount
Water and Sewer	Water and Sewer	\$ 4,017,673
Taos Regional Landfill	Solid Waste	118,222
Taos Regional Landfill	Taos Regional Landfill	<u>1,236,652</u>
		<u>\$ 5,372,547</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2015 is as follows:

Due from Other Funds	Due to Other Funds	Amount
General Fund	Water and Sewer	\$ 16,120
General Fund	Solid Waste	5,481
General Fund	Taos Regional Landfill	<u>5,155</u>
		<u>\$ 26,756</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, 2015

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 6,277,809	\$ -	\$ -	\$ 6,277,809
Construction in progress	3,413,102	2,598,810	1,591,140	4,420,772
Total capital assets, not depreciated	9,690,911	2,598,810	1,591,140	10,698,581
Capital assets, depreciated:				
Land improvements	7,461,945	-	-	7,461,945
Buildings and improvements	34,414,256	533,938	406,028	34,542,166
Machinery and equipment	16,580,069	163,032	998,211	15,744,890
Infrastructure	51,263,280	2,917,222	10,136	54,170,366
Total capital assets, depreciated	109,719,550	3,614,192	1,414,375	111,919,367
Less accumulated depreciation:				
Land improvements	(4,310,173)	(267,635)	-	(4,577,808)
Buildings and improvements	(15,718,943)	(1,154,698)	(87,515)	(16,786,126)
Machinery and equipment	(13,479,264)	(652,741)	(922,952)	(13,209,053)
Infrastructure	(35,928,114)	(1,768,667)	(1,560)	(37,695,221)
Total accumulated depreciation	(69,436,494)	(3,843,741)	(1,012,027)	(72,268,208)
Net book value	\$ 49,973,967	\$ 2,369,261	\$ 1,993,488	\$ 50,349,740

During the year ended June 30, 2015, the Town transferred capital assets and related depreciation from the Communications Fund to Taos County resulting in current year deletions of \$1,385,171 and accumulated depreciation of \$982,823 for a loss on disposition of \$402,348.

Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows:

General government	\$ 3,458,981
Public safety	103,163
Public works	273,853
Culture and recreation	7,744
Health and welfare	-
	<u>\$ 3,843,741</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets (continued)

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 262,422	\$ -	\$ -	\$ 262,422
Construction in progress	833,250	400,701	579,053	654,898
Total capital assets, not depreciated	1,095,672	400,701	579,053	917,320
Capital assets, depreciated:				
Land improvements	104,895	-	-	104,895
Buildings and improvements	4,656,981	-	-	4,656,981
Machinery and equipment	8,878,308	31,453	48,393	8,861,368
Infrastructure	32,264,584	1,235,039	-	33,499,623
Total capital assets, depreciated	45,904,768	1,266,492	48,393	47,122,867
Less accumulated depreciation:				
Land improvements	(90,817)	(2,132)	-	(92,949)
Buildings and improvements	(2,434,344)	(154,562)	-	(2,588,906)
Machinery and equipment	(6,986,075)	(322,655)	48,393	(7,260,337)
Infrastructure	(10,427,674)	(1,376,010)	-	(11,803,684)
Total accumulated depreciation	(19,938,910)	(1,855,359)	48,393	(21,745,876)
Net book value	<u>\$ 27,061,530</u>	<u>\$ (188,166)</u>	<u>\$ 675,839</u>	<u>\$ 26,294,311</u>

Depreciation expense for the year ended June 30, 2015 was charged to business-type activities as follows:

Enterprise activities:	
Water and sewer	\$ 1,620,928
Solid waste	57,000
Landfill	177,431
	<u>\$ 1,855,359</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Revenue Bonds	\$ 4,965,000	\$ -	\$ 290,000	\$ 4,675,000	\$ 300,000
NMFA Loans	3,246,877	434,994	380,341	3,301,530	459,043
Compensated Absences	544,027	358,703	336,347	566,383	336,347
Total Long-Term Debt	<u>\$ 8,755,904</u>	<u>\$ 793,697</u>	<u>\$ 1,006,688</u>	<u>\$ 8,542,913</u>	<u>\$ 1,095,390</u>

Revenue Bonds

At June 30, 2015, 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, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 300,000	\$ 193,025	\$ 493,025
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
2021-2025	2,335,000	118,775	2,453,775
2026	525,000	312,780	837,780
	<u>\$ 4,675,000</u>	<u>\$ 1,259,130</u>	<u>\$ 5,934,130</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 459,043	\$ 77,648	\$ 536,691
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
2021-2025	1,239,059	101,988	1,341,047
	<u>\$ 3,301,530</u>	<u>\$ 409,845</u>	<u>\$ 3,711,375</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, 2015, compensated absences increased \$22,356 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, 2015

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, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Revenue Bonds	\$ 1,960,600	\$ -	\$ 51,000	\$ 1,909,600	\$ 54,000
NMFA and RUS Loans	2,918,978	-	271,330	2,647,648	276,870
Landfill Closure Liability	1,677,021	-	-	1,677,021	-
Compensated Absences	68,327	31,578	32,763	67,142	32,763
Total Long-Term Debt	<u>\$ 6,624,926</u>	<u>\$ 31,578</u>	<u>\$ 355,093</u>	<u>\$ 6,301,411</u>	<u>\$ 363,633</u>

Revenue Bonds

At June 30, 2015, the Town had the following revenue bonds outstanding:

Description	Date of Issue	Due Date	Interest Rate	Amount of Issue
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, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 54,000	\$ 99,279	\$ 153,279
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
2021-2025	389,000	378,951	767,951
2026-2030	503,000	265,742	768,742
2031-2035	558,600	108,374	666,974
2036-2038	159,000	-	159,000
	<u>\$ 1,909,600</u>	<u>\$ 1,219,570</u>	<u>\$ 3,129,170</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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	Original 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

The annual requirement to amortize the loans as of June 30, 2015, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 276,870	\$ 34,674	\$ 311,544
2017	282,775	29,094	311,869
2018	289,074	23,132	312,206
2019	174,400	16,795	191,195
2020	175,580	13,722	189,302
2021-2025	576,799	46,669	623,468
2026-2030	535,901	37,703	573,604
2031-2035	256,249	27,301	283,550
2032-2040	59,000	14,350	73,350
2041	21,000	1,051	22,051
	<u>\$ 2,647,648</u>	<u>\$ 244,491</u>	<u>\$ 2,892,139</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, 2015, compensated absences decreased \$1,185 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, 2015

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, 2015, 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, 2015.

Civic Center Special Revenue Fund	\$(2,323)
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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, 2015.
- 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, 2015

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_2014.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 FY14 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 FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.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 \$919,296 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

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’s 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, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan (continued)

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, 2015, Town of Taos reported a liability of \$4,271,868 for its proportionate share of the net pension liability. At June 30, 2014, Town of Taos's proportion was .5476% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, Town of Taos recognized PERA Fund Municipal General Division pension expense of \$372,873. At June 30, 2015, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ -	\$ 2,895
Net difference between projected and actual earnings on pension plan investments	-	1,671,267
Contributions subsequent to the measurement date	<u>576,431</u>	<u>-</u>
	<u>\$ 576,431</u>	<u>\$ 1,674,162</u>

\$576,431 reported as deferred outflows of resources related to pensions resulting from Town of Taos's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (418,537)
2017	(418,537)
2018	(418,537)
2019	(418,537)
2020	(14)
Thereafter	-

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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, 2015, Town of Taos reported a liability of \$1,593,109 for its proportionate share of the net pension liability. At June 30, 2014, Town of Taos's proportion was 0.4887 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, Town of Taos recognized PERA Fund Municipal Police Division pension expense of \$177,479. At June 30, 2015, 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	\$ -	\$ 129,415
Net difference between projected and actual earnings on pension plan investments	-	592,388
Contributions subsequent to the measurement date	<u>252,331</u>	<u>-</u>
	<u><u>\$ 252,331</u></u>	<u><u>\$ 721,803</u></u>

\$252,331 reported as deferred outflows of resources related to pensions resulting from Town of Taos's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (180,290)
2017	(180,290)
2018	(180,290)
2019	(180,290)
2020	(643)
Thereafter	-

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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, 2015, Town of Taos reported a liability of \$1,071,464 for its proportionate share of the net pension liability. At June 30, 2014, Town of Taos's proportion was 0.2567 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, Town of Taos recognized PERA Fund Municipal Fire Division pension expense of \$114,569. At June 30, 2015, 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	\$ 37,196	\$ -
Net difference between projected and actual earnings on pension plan investments	-	148,405
Contributions subsequent to the measurement date	90,534	-
	<u>\$ 127,730</u>	<u>\$ 148,405</u>

\$90,534 reported as deferred outflows of resources related to pensions resulting from Town of Taos's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (27,849)
2017	(27,849)
2018	(27,849)
2019	(27,849)
2020	187
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, 2013 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, 2014 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, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan (continued)

Actuarial valuation date	June 30, 2013
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
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

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.

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's 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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan (continued)

PERA Fund Municipal General Division

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Taos's proportionate share of the net pension liability	<u>\$ 8,053,431</u>	<u>\$ 4,271,868</u>	<u>\$ 1,350,429</u>

PERA Fund Municipal Police Division

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Taos's proportionate share of the net pension liability	<u>\$ 3,038,061</u>	<u>\$ 1,593,109</u>	<u>\$ 514,183</u>

PERA Fund Municipal Fire Division

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Taos's proportionate share of the net pension liability	<u>\$ 1,513,899</u>	<u>\$ 1,071,464</u>	<u>\$ 745,152</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 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, 2015 there was \$1,375 of contributions due and payable to PERA for the Town.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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, 2015, 2014 and 2013 were \$114,919, \$118,969, and \$123,302, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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, 2015.

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, 2015, 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, 2015. 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, 2015 cash of \$875,165 and investments of \$74,500 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, 2015 in the amount of \$5,130,684 as follows:

Project Description	Contract Amount Remaining	Estimated Date of Completion	Contractor
Pot Hole Repair	\$ 41,487	September 2015	Silva's Excavation Inc.
Airport Runway Construction Phase I	4,072,520	October 2015	Northern Mountain Constructors, Inc.
Airport Runway Design Phase 1, 2 & 3	135,876	October 2015	Armstrong Consultants Inc.
Weimer Water Improvements	311,843	October 2015	Garcia Underground
Weimer Water Improvements - Engineering	217,158	October 2015	Souder, Miller & Associates
Landfill Construction Engineering	52,471	October 2015	Souder, Miller & Associates
Camino de Medio Engineering	208,914	March 2016	Souder, Miller & Associates
Air Filtration Units	48,883	August 2015	Air Technology Solutions of Delaware LLC.
Hydrological Services	41,532	December 2015	Daniel B. Stephens & Associates
	<u>\$5,130,684</u>		

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 27, 2015, which is the date on which the financial statements were issued.

The Town has entered into a Loan with New Mexico Finance Authority for the Regional Landfill in the amount of \$1,376,046. Closing date was August 28, 2015, with an interest rate of 0.38% to 2.24%. This loan will mature June 1, 2025.

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 \$4,944,808 of restricted net position for governmental activities, all of the special revenue funds which are restricted by enabling legislation. See pages 40 and 80-83 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 \$4,089,474 of restricted net position for business-type activities. See page 40 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 \$452,600 and \$279,101, respectively. Principal and interest paid for the current year and total customer net revenues were \$40,246 and \$3,331,297, 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 \$90,000 and \$57,420, respectively. Principal and interest paid for the current year and total customer net revenues were \$8,115 and \$3,331,297, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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 \$989,000 and \$637,349, respectively. Principal and interest paid for the current year and total customer net revenues were \$78,019 and \$3,331,297, 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 \$378,000 and \$245,700, respectively. Principal and interest paid for the current year and total customer net revenues were \$26,715 and \$3,331,297, 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 \$211,000 and \$174,800, respectively. Principal and interest paid for the current year and total customer net revenues were \$14,750 and \$3,331,297, 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 \$311,345 and \$45,394, respectively. Principal and interest paid for the current year and total customer net revenues were \$68,575 and \$3,331,297, 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 \$345,259 and \$20,037, respectively. Principal and interest paid for the current year and total customer net revenues were \$121,195 and \$1,197,008, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

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 \$92,941 with no interest due. Principal for the current year and total customer net revenues were \$6,515 and \$3,331,297, 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 \$428,961 with no interest due. Principal for the current year and total customer net revenues were \$30,069 and \$3,331,297, 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 \$1,080,000 with no interest due. Principal for the current year and total customer net revenues were \$60,000 and \$3,331,297, 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 \$178,143 and \$4,261, respectively. Principal for the current year and total customer net revenues were \$10,134 and \$3,331,297, respectively.

NOTE 20. Net Position Restatement

The Town has a prior period adjustment of (\$7,931,713) and (\$846,981) for governmental activities and business-type, respectively which was required for implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of (\$9,705,440) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$926,746.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2015

NOTE 21. Subsequent Pronouncements

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Town will implement this standard during the fiscal year ended June 30, 2016. The Town is still evaluating how this pronouncement will affect the financial statements.

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: The provisions 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 Town.

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 effect 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 June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Town will implement this standard during the fiscal year ended June 30, 2016. The Town is still evaluating how this pronouncement will affect the Town.

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 effect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Town of Taos

Schedule I

Page 1 of 3

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*

	<u>2015</u>
Town of Taos's proportion of the net pension liability	0.5476%
Town of Taos's proportionate share of the net pension liability	\$ 4,271,868
Town of Taos's covered-employee payroll	\$ 4,457,324
Town of Taos's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.84%
Plan fiduciary net position as a percentage of the total pension liability	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 I

Page 2 of 3

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*

	<u>2015</u>
Town of Taos's proportion of the net pension liability	0.4887%
Town of Taos's proportionate share of the net pension liability	\$ 1,593,109
Town of Taos's covered-employee payroll	\$ 937,534
Town of Taos's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.93%
Plan fiduciary net position as a percentage of the total pension liability	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 I

Page 3 of 3

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*

	<u>2015</u>
Town of Taos's proportion of the net pension liability	0.2567%
Town of Taos's proportionate share of the net pension liability	\$ 1,071,464
Town of Taos's covered-employee payroll	\$ 285,100
Town of Taos's proportionate share of the net pension liability as a percentage of its covered-employee payroll	375.82%
Plan fiduciary net position as a percentage of the total pension liability	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 Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

Schedule II
Page 1 of 3

	<u>2015</u>
Contractually required contributions	\$ 576,431
Contributions in relation to the contractually required contribution	(576,431)
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Town of Taos's covered-employee payroll	\$ 4,513,593
Contributions as a percentage of covered-employee payroll	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 Employer Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Municipal Police Division
 Last 10 Fiscal Years*

Schedule II
 Page 2 of 3

	<u>2015</u>
Contractually required contributions	\$ 252,331
Contributions in relation to the contractually required contribution	(252,331)
Contribution deficiency (excess)	<u>\$ -</u>
Town of Taos's covered-employee payroll	\$ 949,833
Contributions as a percentage of covered-employee payroll	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 Employer Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Municipal Fire Division
 Last 10 Fiscal Years*

Schedule II
 Page 3 of 3

	<u>2015</u>
Contractually required contributions	\$ 90,534
Contributions in relation to the contractually required contribution	(90,534)
Contribution deficiency (excess)	<u>\$ -</u>
Town of Taos's covered-employee payroll	\$ 315,617
Contributions as a percentage of covered-employee payroll	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, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

See independent auditors’ report

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2015

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.

Lodger's 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 Lodger's Tax Act (Section 3-38-15, NMSA 1978). Monies in the Lodger's 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 lodger's 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 Lodger's Tax receipts allocated for the purpose of providing transportation to the public. Authority is Town Council resolution.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2015

Special Revenue Funds (continued)

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.

¼ 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.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2015

Debt Service Funds

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.

Camino Rael Building

This fund was created for the purpose of accumulating monies for the payment of principal on an interest free loan from the United States Forest Service. 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.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2015

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, 2015

	Special Revenue			
	Fire Protection	Recreation	Lodger's Tax	Local Government Correction
<i>Assets</i>				
Cash and cash equivalents	\$ 433,962	\$ 6,976	\$ 251,447	\$ 72,940
Investments	253,258	7,000	300,000	-
Receivables:				
Other taxes	-	-	283,303	-
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 687,220</u>	<u>\$ 13,976</u>	<u>\$ 834,750</u>	<u>\$ 72,940</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 1,987	\$ 68,094	\$ 13,800
Accrued payroll	-	-	5,698	-
Deposits held in trust for others	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>1,987</u>	<u>73,792</u>	<u>13,800</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
Unavailable revenue- delinquent lodgers tax	-	-	170,583	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>170,583</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	59,140
Culture and recreation	-	11,989	590,375	-
Fire protection	687,220	-	-	-
Health and welfare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>687,220</u>	<u>11,989</u>	<u>590,375</u>	<u>59,140</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 687,220</u>	<u>\$ 13,976</u>	<u>\$ 834,750</u>	<u>\$ 72,940</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
\$ 7,196	\$ 780	\$ 1	\$ 46,393	\$ 91,171	\$ -
-	2,000	-	-	150,000	-
-	-	-	-	-	-
265	-	10,411	41,847	64,656	-
<u>\$ 7,461</u>	<u>\$ 2,780</u>	<u>\$ 10,412</u>	<u>\$ 88,240</u>	<u>\$ 305,827</u>	<u>\$ -</u>
\$ 5,518	\$ -	\$ 10,411	\$ 3,322	\$ 89,085	\$ -
-	-	-	-	-	-
-	5,103	-	-	-	-
<u>5,518</u>	<u>5,103</u>	<u>10,411</u>	<u>3,322</u>	<u>89,085</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	216,742	-
1,943	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	84,918	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(2,323)	-	-	-	-
<u>1,943</u>	<u>(2,323)</u>	<u>1</u>	<u>84,918</u>	<u>216,742</u>	<u>-</u>
<u>\$ 7,461</u>	<u>\$ 2,780</u>	<u>\$ 10,412</u>	<u>\$ 88,240</u>	<u>\$ 305,827</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

Special Revenue

	1/4 Cent Municipal Gross Receipts Tax	Historical District	Communications	Confidential Informant
<i>Assets</i>				
Cash and cash equivalents	\$ 17,948	\$ 64,537	\$ 11,585	\$ 9,828
Investments	-	-	-	-
Receivables:				
Other taxes	167,088	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 185,036</u>	<u>\$ 64,537</u>	<u>\$ 11,585</u>	<u>\$ 9,828</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 385	\$ -
Accrued payroll	-	2,208	-	-
Deposits held in trust for others	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>2,208</u>	<u>385</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
Unavailable revenue- delinquent lodgers tax	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	185,036	62,329	11,200	9,828
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Fire protection	-	-	-	-
Health and welfare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>185,036</u>	<u>62,329</u>	<u>11,200</u>	<u>9,828</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 185,036</u>	<u>\$ 64,537</u>	<u>\$ 11,585</u>	<u>\$ 9,828</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Debt Service			
Capital/Maintenance/ Operating Fund	2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase	2011 PPRF Street Improvement
\$ 197,117	\$ 219	\$ 1	\$ 184,741	\$ 53	\$ 1,614
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 197,117</u>	<u>\$ 219</u>	<u>\$ 1</u>	<u>\$ 184,741</u>	<u>\$ 53</u>	<u>\$ 1,614</u>
\$ 15,555	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
181,562	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	219	1	184,741	53	1,614
-	-	-	-	-	-
-	-	-	-	-	-
<u>181,562</u>	<u>219</u>	<u>1</u>	<u>184,741</u>	<u>53</u>	<u>1,614</u>
<u>\$ 197,117</u>	<u>\$ 219</u>	<u>\$ 1</u>	<u>\$ 184,741</u>	<u>\$ 53</u>	<u>\$ 1,614</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Debt Service		Capital Projects	
	Camino Rael Building	2011 PPRF Street Improvement Reserve	Facilities Improvements	Capital Projects
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 170,725	\$ 71,476	\$ 61,064
Investments	-	-	327,000	413,741
Receivables:				
Other taxes	-	-	-	125,316
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 170,725</u>	<u>\$ 398,476</u>	<u>\$ 600,121</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,569	\$ -
Accrued payroll	-	-	-	-
Deposits held in trust for others	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>1,569</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
Unavailable revenue- delinquent lodgers tax	-	-	-	-
<i>Total deferred inflows of resources</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	-	170,725	-	-
Capital projects	-	-	396,907	600,121
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>170,725</u>	<u>396,907</u>	<u>600,121</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 170,725</u>	<u>\$ 398,476</u>	<u>\$ 600,121</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
\$ 2,400	\$ 37,341	\$ 271,790	\$ 2,013,305
26,000	422,066	151	1,901,216
-	-	-	575,707
-	-	234,712	351,891
<u>\$ 28,400</u>	<u>\$ 459,407</u>	<u>\$ 506,653</u>	<u>\$ 4,842,119</u>
\$ 999	\$ -	\$ 77,140	\$ 287,865
-	-	-	7,906
-	-	-	5,103
<u>999</u>	<u>-</u>	<u>77,140</u>	<u>300,874</u>
-	-	-	-
-	-	-	170,583
-	-	-	170,583
-	-	-	666,697
-	-	-	61,083
-	-	-	602,364
-	-	-	687,220
-	-	-	84,919
-	-	-	357,353
27,401	459,407	429,513	1,913,349
-	-	-	(2,323)
<u>27,401</u>	<u>459,407</u>	<u>429,513</u>	<u>4,370,662</u>
<u>\$ 28,400</u>	<u>\$ 459,407</u>	<u>\$ 506,653</u>	<u>\$ 4,842,119</u>

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, 2015

	Special Revenue			
	Fire Protection	Recreation	Lodger's Tax	Local Governmental Correction
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Lodger's taxes	-	-	1,011,809	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	225,842	-	15,000	-
State capital grants	-	-	-	-
Charges for services	-	457	126,429	59,190
Licenses and fees	-	-	-	12,693
Investment income	77	-	-	-
Miscellaneous	-	5,081	5,498	-
<i>Total revenues</i>	<u>225,919</u>	<u>5,538</u>	<u>1,158,736</u>	<u>71,883</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	54,364	-	-	99,777
Public works	-	-	-	-
Culture and recreation	-	10,061	740,422	-
Health and welfare	-	-	-	-
Capital outlay	200,000	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>254,364</u>	<u>10,061</u>	<u>740,422</u>	<u>99,777</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,445)</u>	<u>(4,523)</u>	<u>418,314</u>	<u>(27,894)</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	434,994	-	-	-
Transfers in	-	4,100	730,484	-
Transfers out	-	-	(909,355)	-
<i>Total other financing sources (uses)</i>	<u>434,994</u>	<u>4,100</u>	<u>(178,871)</u>	<u>-</u>
<i>Net change in fund balances</i>	406,549	(423)	239,443	(27,894)
<i>Fund balances - beginning of year</i>	<u>280,671</u>	<u>12,412</u>	<u>350,932</u>	<u>87,034</u>
<i>Fund balances - end of year</i>	<u>\$ 687,220</u>	<u>\$ 11,989</u>	<u>\$ 590,375</u>	<u>\$ 59,140</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	121,583
-	-	-	-	-	-
-	-	139,702	-	-	-
-	-	-	-	-	-
-	-	-	322,533	237,231	-
-	-	-	-	-	-
-	100	-	43,176	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20	-	-
-	100	139,702	365,729	237,231	121,583
-	-	-	-	481,104	-
38,535	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	139,702	526,314	-	-
-	-	-	26,869	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,535	-	139,702	553,183	481,104	-
(38,535)	100	-	(187,454)	(243,873)	121,583
-	-	-	-	-	-
-	-	-	178,871	350,656	-
-	-	-	-	-	(121,583)
-	-	-	178,871	350,656	(121,583)
(38,535)	100	-	(8,583)	106,783	-
40,478	(2,423)	1	93,501	109,959	-
\$ 1,943	\$ (2,323)	\$ 1	\$ 84,918	\$ 216,742	\$ -

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, 2015

	Special Revenue			
	1/4 Cent Municipal Gross Receipts Tax	Historical District	Communications	Confidential Informant
<i>Revenues</i>				
Taxes				
Gross receipts	\$ 985,092	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	4,328
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	244,050	-
Licenses and fees	-	128,342	-	-
Investment income	-	-	-	-
Miscellaneous	-	100	1,408	-
<i>Total revenues</i>	<u>985,092</u>	<u>128,442</u>	<u>245,458</u>	<u>4,328</u>
<i>Expenditures</i>				
Current				
General government	-	-	470,615	3,000
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	113,826	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>113,826</u>	<u>470,615</u>	<u>3,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>985,092</u>	<u>14,616</u>	<u>(225,157)</u>	<u>1,328</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(943,031)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(943,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	42,061	14,616	(225,157)	1,328
<i>Fund balances - beginning of year</i>	<u>142,975</u>	<u>47,713</u>	<u>236,357</u>	<u>8,500</u>
<i>Fund balances - end of year</i>	<u>\$ 185,036</u>	<u>\$ 62,329</u>	<u>\$ 11,200</u>	<u>\$ 9,828</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Debt Service			
Capital/Maintenance/ Operating Fund	2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase	2011 PPRF Street Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,567	5	768
-	-	-	-	-	-
-	-	-	1,567	5	768
131,424	-	-	-	801	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,918	-	-	-	-	-
-	132,145	290,000	-	103,440	144,756
-	48,611	204,625	-	9,508	22,962
137,342	180,756	494,625	-	113,749	167,718
(137,342)	(180,756)	(494,625)	1,567	(113,744)	(166,950)
-	-	-	-	-	-
318,904	180,973	494,625	-	113,749	165,913
-	-	-	-	-	-
318,904	180,973	494,625	-	113,749	165,913
181,562	217	-	1,567	5	(1,037)
-	2	1	183,174	48	2,651
\$ 181,562	\$ 219	\$ 1	\$ 184,741	\$ 53	\$ 1,614

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, 2015

	Debt Service		Capital Projects	
		2011 PPRF Street Improvement Reserve	Facilities Improvements	Capital Projects
	Camino Rael Building			
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ 738,818
Gasoline and motor vehicle taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	700	-	1,034
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	700	-	739,852
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	8,937	41,222
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	201,696	61,831
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	210,633	103,053
<i>Excess (deficiency) of revenues over expenditures</i>	-	700	(210,633)	636,799
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	388,000	164,925
Transfers out	-	-	-	(751,000)
<i>Total other financing sources (uses)</i>	-	-	388,000	(586,075)
<i>Net change in fund balances</i>	-	700	177,367	50,724
<i>Fund balances - beginning of year</i>	-	170,025	219,540	549,397
<i>Fund balances - end of year</i>	\$ -	\$ 170,725	\$ 396,907	\$ 600,121

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
\$ -	\$ -	\$ -	\$ 1,723,910
-	-	-	121,583
-	-	-	1,011,809
-	-	-	144,030
-	-	500,000	500,000
-	-	-	800,606
-	-	481,649	481,649
-	-	-	473,402
-	-	-	141,035
-	783	150	5,084
-	-	-	12,107
-	783	981,799	5,415,215
-	-	-	1,086,944
-	-	-	192,676
-	1,560	-	51,719
-	-	-	864,309
-	-	-	666,016
57,407	-	1,750,431	2,304,152
-	-	-	670,341
-	-	-	285,706
57,407	1,560	1,750,431	6,121,863
(57,407)	(777)	(768,632)	(706,648)
-	-	-	434,994
-	-	144,069	3,235,269
-	-	-	(2,724,969)
-	-	144,069	945,294
(57,407)	(777)	(624,563)	238,646
84,808	460,184	1,054,076	4,132,016
\$ 27,401	\$ 459,407	\$ 429,513	\$ 4,370,662

STATE OF NEW MEXICO
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, 2015

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	225,842	225,842	225,842	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	77	77
Miscellaneous	-	1	-	(1)
<i>Total revenues</i>	<u>225,842</u>	<u>225,843</u>	<u>225,919</u>	<u>76</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	211,755	215,018	54,364	160,654
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	294,758	726,490	200,000	526,490
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>506,513</u>	<u>941,508</u>	<u>254,364</u>	<u>687,144</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(280,671)</u>	<u>(715,665)</u>	<u>(28,445)</u>	<u>687,220</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	280,671	715,665	-	(715,665)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>280,671</u>	<u>715,665</u>	<u>-</u>	<u>(715,665)</u>
<i>Net change in fund balance</i>	-	-	(28,445)	(28,445)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>280,671</u>	<u>280,671</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,226</u>	<u>\$ 252,226</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2015

Statement B-2

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	5,033	5,033	457	(4,576)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	5,082	5,081	(1)
<i>Total revenues</i>	<u>5,033</u>	<u>10,115</u>	<u>5,538</u>	<u>(4,577)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	9,445	11,440	10,061	1,379
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,445</u>	<u>11,440</u>	<u>10,061</u>	<u>1,379</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,412)</u>	<u>(1,325)</u>	<u>(4,523)</u>	<u>(3,198)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,412	(2,775)	-	2,775
Transfers in	-	4,100	4,100	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,412</u>	<u>1,325</u>	<u>4,100</u>	<u>2,775</u>
<i>Net change in fund balance</i>	-	-	(423)	(423)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>12,412</u>	<u>12,412</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,989</u>	<u>\$ 11,989</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Town of Taos

Lodger's Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Lodger's taxes	987,360	1,001,322	1,011,809	10,487
Intergovernmental income				-
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	15,000	15,000	-
State capital grants	-	-	-	-
Charges for services	112,902	164,949	126,429	(38,520)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	3,000	6,453	5,498	(955)
<i>Total revenues</i>	<u>1,103,262</u>	<u>1,187,724</u>	<u>1,158,736</u>	<u>(28,988)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	868,538	930,210	740,422	189,788
Health and welfare	-	-	-	-
Capital outlay	38,445	38,445	-	38,445
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>906,983</u>	<u>968,655</u>	<u>740,422</u>	<u>228,233</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>196,279</u>	<u>219,069</u>	<u>418,314</u>	<u>199,245</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(8,681)	(44,562)	-	44,562
Transfers in	750,394	822,735	730,484	(92,251)
Transfers out	(937,992)	(997,242)	(909,355)	87,887
<i>Total other financing sources (uses)</i>	<u>(196,279)</u>	<u>(219,069)</u>	<u>(178,871)</u>	<u>40,198</u>
<i>Net change in fund balance</i>	-	-	239,443	239,443
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>350,932</u>	<u>350,932</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,375</u>	<u>\$ 590,375</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	59,190	-
Licenses and fees	22,000	22,000	12,693	(9,307)
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>81,190</u>	<u>81,190</u>	<u>71,883</u>	<u>(9,307)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	99,700	109,670	99,777	9,893
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>99,700</u>	<u>109,670</u>	<u>99,777</u>	<u>9,893</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18,510)</u>	<u>(28,480)</u>	<u>(27,894)</u>	<u>586</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	18,510	28,480	-	(28,480)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>18,510</u>	<u>28,480</u>	<u>-</u>	<u>(28,480)</u>
<i>Net change in fund balance</i>	-	-	(27,894)	(27,894)
<i>Fund balance - beginning of year</i>	-	-	87,034	87,034
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,140</u>	<u>\$ 59,140</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	32,600	32,600	-	(32,600)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>32,600</u>	<u>32,600</u>	<u>-</u>	<u>(32,600)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	40,477	40,477	38,535	1,942
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,477</u>	<u>40,477</u>	<u>38,535</u>	<u>1,942</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,877)</u>	<u>(7,877)</u>	<u>(38,535)</u>	<u>(30,658)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	7,877	7,877	-	(7,877)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,877</u>	<u>7,877</u>	<u>-</u>	<u>(7,877)</u>
<i>Net change in fund balance</i>	-	-	(38,535)	(38,535)
<i>Fund balance - beginning of year</i>	-	-	40,478	40,478
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943</u>	<u>\$ 1,943</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	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	2,680	2,680	-	2,680
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,680</u>	<u>2,680</u>	<u>-</u>	<u>2,680</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,680)</u>	<u>(2,680)</u>	<u>100</u>	<u>2,780</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,680	2,680	-	(2,680)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,680</u>	<u>2,680</u>	<u>-</u>	<u>(2,680)</u>
<i>Net change in fund balance</i>	-	-	100	100
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,423)</u>	<u>(2,423)</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	150,000	150,000	139,702	(10,298)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>139,702</u>	<u>(10,298)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	150,000	150,000	139,702	10,298
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>150,000</u>	<u>150,000</u>	<u>139,702</u>	<u>10,298</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	502,395	498,721	322,533	(176,188)
State capital grants	-	-	-	-
Charges for services	81,500	81,500	43,176	(38,324)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	20	20
<i>Total revenues</i>	<u>583,895</u>	<u>580,221</u>	<u>365,729</u>	<u>(214,492)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	603,164	590,763	526,314	64,449
Capital outlay	213,500	231,734	26,869	204,865
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>816,664</u>	<u>822,497</u>	<u>553,183</u>	<u>269,314</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(232,769)</u>	<u>(242,276)</u>	<u>(187,454)</u>	<u>54,822</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	45,171	63,405	-	(63,405)
Transfers in	187,598	178,871	178,871	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>232,769</u>	<u>242,276</u>	<u>178,871</u>	<u>(63,405)</u>
<i>Net change in fund balance</i>	-	-	(8,583)	(8,583)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>93,501</u>	<u>93,501</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,918</u>	<u>\$ 84,918</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2015

Statement B-9

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	273,662	342,286	237,231	(105,055)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>273,662</u>	<u>342,286</u>	<u>237,231</u>	<u>(105,055)</u>
<i>Expenditures</i>				
Current				
General government	580,853	798,133	481,104	317,029
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>580,853</u>	<u>798,133</u>	<u>481,104</u>	<u>317,029</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(307,191)</u>	<u>(455,847)</u>	<u>(243,873)</u>	<u>211,974</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	105,191	105,191	-	(105,191)
Transfers in	202,000	350,656	350,656	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>307,191</u>	<u>455,847</u>	<u>350,656</u>	<u>(105,191)</u>
<i>Net change in fund balance</i>	-	-	106,783	106,783
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>109,959</u>	<u>109,959</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,742</u>	<u>\$ 216,742</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	114,117	121,584	121,583	(1)
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>114,117</u>	<u>121,584</u>	<u>121,583</u>	<u>(1)</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>114,117</u>	<u>121,584</u>	<u>121,583</u>	<u>(1)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(114,117)	(121,584)	(121,583)	1
<i>Total other financing sources (uses)</i>	<u>(114,117)</u>	<u>(121,584)</u>	<u>(121,583)</u>	<u>1</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	951,406	960,979	985,092	24,113
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>951,406</u>	<u>960,979</u>	<u>985,092</u>	<u>24,113</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>951,406</u>	<u>960,979</u>	<u>985,092</u>	<u>24,113</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	53	-	(53)
Transfers in	-	-	-	-
Transfers out	(951,406)	(961,032)	(943,031)	18,001
<i>Total other financing sources (uses)</i>	<u>(951,406)</u>	<u>(960,979)</u>	<u>(943,031)</u>	<u>17,948</u>
<i>Net change in fund balance</i>	-	-	42,061	42,061
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>142,975</u>	<u>142,975</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,036</u>	<u>\$ 185,036</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	20,000	20,000	-	(20,000)
Licenses and fees	100,000	128,342	128,342	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	100	100	-
<i>Total revenues</i>	<u>120,000</u>	<u>148,442</u>	<u>128,442</u>	<u>(20,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	153,467	153,467	113,826	39,641
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>153,467</u>	<u>153,467</u>	<u>113,826</u>	<u>39,641</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,467)</u>	<u>(5,025)</u>	<u>14,616</u>	<u>19,641</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	33,467	5,025	-	(5,025)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,467</u>	<u>5,025</u>	<u>-</u>	<u>(5,025)</u>
<i>Net change in fund balance</i>	-	-	14,616	14,616
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>47,713</u>	<u>47,713</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,329</u>	<u>\$ 62,329</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	702,000	702,000	244,050	(457,950)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	1,408	1,408
<i>Total revenues</i>	<u>702,000</u>	<u>702,000</u>	<u>245,458</u>	<u>(456,542)</u>
<i>Expenditures</i>				
Current				
General government	679,820	776,039	470,615	305,424
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	39,800	39,800	-	39,800
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>719,620</u>	<u>815,839</u>	<u>470,615</u>	<u>345,224</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,620)</u>	<u>(113,839)</u>	<u>(225,157)</u>	<u>(111,318)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	17,620	113,839	-	(113,839)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>17,620</u>	<u>113,839</u>	<u>-</u>	<u>(113,839)</u>
<i>Net change in fund balance</i>	-	-	(225,157)	(225,157)
<i>Fund balance - beginning of year</i>	-	-	236,357	236,357
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,200</u>	<u>\$ 11,200</u>

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	4,328	4,328	-
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>4,328</u>	<u>4,328</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	6,000	3,000	3,000
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,000</u>	<u>3,000</u>	<u>3,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,672)</u>	<u>1,328</u>	<u>3,000</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	1,672	-	(1,672)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,672</u>	<u>-</u>	<u>(1,672)</u>
<i>Net change in fund balance</i>	-	-	1,328	1,328
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,500</u>	<u>8,500</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,828</u>	<u>\$ 9,828</u>

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
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	310,504	312,904	131,424	181,480
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	6,000	6,000	5,918	82
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>316,504</u>	<u>318,904</u>	<u>137,342</u>	<u>181,562</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(316,504)</u>	<u>(318,904)</u>	<u>(137,342)</u>	<u>181,562</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	316,504	318,904	318,904	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>316,504</u>	<u>318,904</u>	<u>318,904</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	181,562	181,562
<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>\$ 181,562</u>	<u>\$ 181,562</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
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	132,145	132,145	132,145	-
Interest	48,611	48,611	48,611	-
<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>				
Designated cash (budgeted increase in cash)	(1)	(218)	-	218
Transfers in	180,757	180,974	180,973	(1)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>180,756</u>	<u>180,756</u>	<u>180,973</u>	<u>217</u>
<i>Net change in fund balance</i>	-	-	217	217
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 219</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
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	290,000	290,000	290,000	-
Interest	204,625	204,625	204,625	-
<i>Total expenditures</i>	<u>494,625</u>	<u>494,625</u>	<u>494,625</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(494,625)</u>	<u>(494,625)</u>	<u>(494,625)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	494,625	494,625	494,625	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>494,625</u>	<u>494,625</u>	<u>494,625</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-18

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	1,567	1,567
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,567</u>	<u>1,567</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>1,567</u>	<u>1,567</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
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>	-	-	1,567	1,567
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>183,174</u>	<u>183,174</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,741</u>	<u>\$ 184,741</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	5	5
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<i>Expenditures</i>				
Current				
General government	801	801	801	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	103,440	103,440	103,440	-
Interest	9,508	9,508	9,508	-
<i>Total expenditures</i>	<u>113,749</u>	<u>113,749</u>	<u>113,749</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(113,749)</u>	<u>(113,749)</u>	<u>(113,744)</u>	<u>5</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	113,749	113,749	113,749	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>113,749</u>	<u>113,749</u>	<u>113,749</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	5	5
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 53</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	768	768
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>768</u>	<u>768</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	144,756	144,756	144,756	-
Interest	22,962	22,962	22,962	-
<i>Total expenditures</i>	<u>167,718</u>	<u>167,718</u>	<u>167,718</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(167,718)</u>	<u>(167,718)</u>	<u>(166,950)</u>	<u>768</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,805	1,805	-	(1,805)
Transfers in	165,913	165,913	165,913	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>167,718</u>	<u>167,718</u>	<u>165,913</u>	<u>(1,805)</u>
<i>Net change in fund balance</i>	-	-	(1,037)	(1,037)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,651</u>	<u>2,651</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614</u>	<u>\$ 1,614</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

Town of Taos

Camino Rael Building Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
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	18,000	18,000	-	18,000
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>	<u>18,000</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	18,000	18,000	-	(18,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>(18,000)</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-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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	700	700
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>700</u>	<u>700</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>700</u>	<u>700</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
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>	-	-	700	700
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>170,025</u>	<u>170,025</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,725</u>	<u>\$ 170,725</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	500,000	-	(500,000)
State operating grants	-	-	-	-
State capital grants	50,000	50,000	-	(50,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>550,000</u>	<u>-</u>	<u>(550,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	8,937	(8,937)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	602,598	1,152,598	201,696	950,902
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>602,598</u>	<u>1,152,598</u>	<u>210,633</u>	<u>941,965</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(552,598)</u>	<u>(602,598)</u>	<u>(210,633)</u>	<u>391,965</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	214,598	214,598	-	(214,598)
Transfers in	338,000	388,000	388,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>552,598</u>	<u>602,598</u>	<u>388,000</u>	<u>(214,598)</u>
<i>Net change in fund balance</i>	-	-	177,367	177,367
<i>Fund balance - beginning of year</i>	-	-	219,540	219,540
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,907</u>	<u>\$ 396,907</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	706,699	720,735	738,818	18,083
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	58,967	58,967	-	(58,967)
State capital grants	60,000	67,642	-	(67,642)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	1,034	1,034
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>825,666</u>	<u>847,344</u>	<u>739,852</u>	<u>(107,492)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	164,000	175,241	41,222	134,019
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	495,405	503,047	61,831	441,216
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>659,405</u>	<u>678,288</u>	<u>103,053</u>	<u>575,235</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>166,261</u>	<u>169,056</u>	<u>636,799</u>	<u>467,743</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	440,464	417,019	-	(417,019)
Transfers in	144,275	164,925	164,925	-
Transfers out	(751,000)	(751,000)	(751,000)	-
<i>Total other financing sources (uses)</i>	<u>(166,261)</u>	<u>(169,056)</u>	<u>(586,075)</u>	<u>(417,019)</u>
<i>Net change in fund balance</i>	-	-	50,724	50,724
<i>Fund balance - beginning of year</i>	-	-	549,397	549,397
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,121</u>	<u>\$ 600,121</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	-	-	-	-
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	64,000	64,000	57,407	6,593
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>64,000</u>	<u>64,000</u>	<u>57,407</u>	<u>6,593</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(64,000)</u>	<u>(64,000)</u>	<u>(57,407)</u>	<u>6,593</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	64,000	64,000	-	(64,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>64,000</u>	<u>64,000</u>	<u>-</u>	<u>(64,000)</u>
<i>Net change in fund balance</i>	-	-	(57,407)	(57,407)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>84,808</u>	<u>84,808</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,401</u>	<u>\$ 27,401</u>

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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	50,000	50,000	-	(50,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	783	(1,217)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,000</u>	<u>52,000</u>	<u>783</u>	<u>(51,217)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	8,994	20,494	1,560	18,934
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,994</u>	<u>20,494</u>	<u>1,560</u>	<u>18,934</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>43,006</u>	<u>31,506</u>	<u>(777)</u>	<u>(32,283)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(43,006)	(31,506)	-	31,506
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(43,006)</u>	<u>(31,506)</u>	<u>-</u>	<u>31,506</u>
<i>Net change in fund balance</i>	-	-	(777)	(777)
<i>Fund balance - beginning of year</i>	-	-	460,184	460,184
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,407</u>	<u>\$ 459,407</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	1,000,000	1,000,000	500,000	(500,000)
State operating grants	-	-	-	-
State capital grants	1,329,494	1,329,494	481,649	(847,845)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	150	(1,850)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,331,494</u>	<u>2,331,494</u>	<u>981,799</u>	<u>(1,349,695)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,506,591	3,506,591	1,750,431	1,756,160
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,506,591</u>	<u>3,506,591</u>	<u>1,750,431</u>	<u>1,756,160</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,175,097)</u>	<u>(1,175,097)</u>	<u>(768,632)</u>	<u>406,465</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,042,903	1,031,027	-	(1,031,027)
Transfers in	132,194	144,070	144,069	(1)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,175,097</u>	<u>1,175,097</u>	<u>144,069</u>	<u>(1,031,028)</u>
<i>Net change in fund balance</i>	-	-	(624,563)	(624,563)
<i>Fund balance - beginning of year</i>	-	-	1,054,076	1,054,076
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,513</u>	<u>\$ 429,513</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	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	22,082,092	22,082,092	2,069,246	(20,012,846)
State operating grants	-	-	-	-
State capital grants	1,601,259	1,601,259	113,655	(1,487,604)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>23,683,351</u>	<u>23,683,351</u>	<u>2,182,901</u>	<u>(21,500,450)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	50,000	50,000	-	50,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	24,389,662	24,389,662	2,297,763	22,091,899
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,439,662</u>	<u>24,439,662</u>	<u>2,297,763</u>	<u>22,141,899</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(756,311)</u>	<u>(756,311)</u>	<u>(114,862)</u>	<u>641,449</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	343,311	343,311	-	(343,311)
Transfers in	413,000	413,000	413,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>756,311</u>	<u>756,311</u>	<u>413,000</u>	<u>(343,311)</u>
<i>Net change in fund balance</i>	-	-	298,138	298,138
<i>Fund balance - beginning of year</i>	-	-	491,455	491,455
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789,593</u>	<u>\$ 789,593</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, 2015

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(GAAP Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 3,215,764	\$ 3,261,430	\$ 3,331,297	\$ 69,867
<i>Total operating revenues</i>	<u>3,215,764</u>	<u>3,261,430</u>	<u>3,331,297</u>	<u>69,867</u>
<i>Operating expenses</i>				
Personnel services	801,563	766,484	675,971	90,513
Contractual services	1,203,993	1,364,919	1,226,540	138,379
Supplies	178,968	163,865	41,584	122,281
Maintenance and materials	90,931	65,172	43,236	21,936
Utilities	400,958	377,115	367,985	9,130
Equipment	3,216,677	3,299,468	(974)	3,300,442
Depreciation	-	-	1,620,927	(1,620,927)
Miscellaneous	431,663	434,889	210,885	224,004
<i>Total operating expenses</i>	<u>6,324,753</u>	<u>6,471,912</u>	<u>4,186,154</u>	<u>2,285,758</u>
<i>Operating income (loss)</i>	<u>(3,108,989)</u>	<u>(3,210,482)</u>	<u>(854,857)</u>	<u>2,355,625</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	475,510	475,510	528,195	52,685
Interest expense	(131,271)	(128,502)	(121,308)	7,194
Interest income	4,133	4,449	5,180	731
Miscellaneous expense	-	-	(2)	(2)
<i>Total non-operating revenues (expenses)</i>	<u>348,372</u>	<u>351,457</u>	<u>412,065</u>	<u>60,608</u>
<i>Income (loss) before transfers and grants</i>	<u>(2,760,617)</u>	<u>(2,859,025)</u>	<u>(442,792)</u>	<u>2,416,233</u>
Transfers	-	-	-	-
<i>Change in net position</i>	<u>\$ (2,760,617)</u>	<u>\$ (2,859,025)</u>	<u>(442,792)</u>	<u>\$ 2,416,233</u>
<i>Net position, beginning</i>			<u>25,108,266</u>	
<i>Net position- restatement (Note 20)</i>			(545,670)	
<i>Net position- beginning as restated</i>			<u>24,562,596</u>	
<i>Net position, ending</i>			<u>\$ 24,119,804</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, 2015

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(GAAP Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,293,950	\$ 1,393,877	\$ 1,375,185	\$ (18,692)
<i>Total operating revenues</i>	<u>1,293,950</u>	<u>1,393,877</u>	<u>1,375,185</u>	<u>(18,692)</u>
<i>Operating expenses</i>				
Personnel services	146,544	131,026	129,228	1,798
Contractual services	803,800	825,801	816,524	9,277
Supplies	15,349	15,249	9,061	6,188
Maintenance and materials	69,300	65,345	63,643	1,702
Utilities	240,520	264,100	240,133	23,967
Equipment	-	6,011	-	6,011
Depreciation	-	-	57,000	(57,000)
Miscellaneous	73,236	76,835	67,806	9,029
<i>Total operating expenses</i>	<u>1,348,749</u>	<u>1,384,367</u>	<u>1,383,395</u>	<u>972</u>
<i>Operating income (loss)</i>	<u>(54,799)</u>	<u>9,510</u>	<u>(8,210)</u>	<u>(17,720)</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	21,373	21,384	16,774	(4,610)
<i>Total non-operating revenues (expenses)</i>	<u>21,373</u>	<u>21,384</u>	<u>16,774</u>	<u>(4,610)</u>
<i>Income (loss) before transfers and grants</i>	<u>(33,426)</u>	<u>30,894</u>	<u>8,564</u>	<u>(22,330)</u>
Transfers	-	(118,222)	(118,222)	-
<i>Change in net position</i>	<u>\$ (33,426)</u>	<u>\$ (87,328)</u>	<u>(109,658)</u>	<u>\$ (22,330)</u>
<i>Net position, beginning</i>			<u>1,464,959</u>	
<i>Net position- restatement (Note 20)</i>			(103,639)	
<i>Net position- beginning as restated</i>			<u>1,361,320</u>	
<i>Net position, ending</i>			<u>\$ 1,251,662</u>	

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, 2015

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,126,196	\$ 1,182,979	\$ 1,197,008	\$ 14,029
<i>Total operating revenues</i>	<u>1,126,196</u>	<u>1,182,979</u>	<u>1,197,008</u>	<u>14,029</u>
<i>Operating expenses</i>				
Personnel services	286,397	272,681	271,027	1,654
Contractual services	301,941	314,865	290,201	24,664
Supplies	22,522	31,903	12,599	19,304
Maintenance and materials	103,849	98,846	95,071	3,775
Utilities	8,564	6,462	6,487	(25)
Depreciation	-	-	177,431	(177,431)
Miscellaneous	163,475	166,585	57,102	109,483
<i>Total operating expenses</i>	<u>1,658,748</u>	<u>1,901,564</u>	<u>910,892</u>	<u>990,672</u>
<i>Operating income (loss)</i>	<u>(532,552)</u>	<u>(718,585)</u>	<u>286,116</u>	<u>1,004,701</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	(12,650)	(12,650)	(12,650)	-
Interest income	-	-	1,283	1,283
Miscellaneous income (expense)	-	-	(11)	(11)
<i>Total non-operating revenues (expenses)</i>	<u>(12,650)</u>	<u>(12,650)</u>	<u>(11,378)</u>	<u>1,272</u>
<i>Income (loss) before transfers and grants</i>	<u>(545,202)</u>	<u>(731,235)</u>	<u>274,738</u>	<u>1,005,973</u>
Transfers	<u>612,390</u>	<u>118,222</u>	<u>118,222</u>	<u>-</u>
<i>Change in net position</i>	<u>\$ 67,188</u>	<u>\$ (613,013)</u>	<u>392,960</u>	<u>\$ 1,005,973</u>
<i>Net position, beginning</i>			<u>2,396,398</u>	
<i>Net position- restatement (Note 20)</i>			(197,672)	
<i>Net position- beginning as restated</i>			<u>2,198,726</u>	
<i>Net position, ending</i>			<u>\$ 2,591,686</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, 2015

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
US Bank					
Clearing Account	Checking	\$ 517,296	\$ 254,884	\$ 545,523	\$ 226,657
Judicial Bond Fund Municipal Court	Checking	937	-	822	115
Utility Construction Fund	Checking	39,530	-	-	39,530
Water & Sewer System Income Fund	Checking	4,720,426	68,975	28,641	4,760,760
Certificate of Deposit - Investment	CD	170,500	-	-	170,500
Total US Bank		<u>5,448,689</u>	<u>323,859</u>	<u>574,986</u>	<u>5,197,562</u>
Centinel Bank					
General Fund	Checking	4,444,171	-	191,714	4,252,457
Water/Wastewater Improvement Fund	Checking	170,798	-	54,778	116,020
Payroll Clearing	Checking	6,603	-	6,603	-
1994 GRT Revenue Bond Acquisition Fund	Checking	37,341	-	-	37,341
HUD Account - Domestic Violence Shelter	Checking	17,629	-	17,628	1
ACH Transfer Account	Checking	78,458	33,229	111,587	100
Total Centinel Bank		<u>4,755,000</u>	<u>33,229</u>	<u>382,310</u>	<u>4,405,919</u>
Bank of Albuquerque- Investments					
2004 Taos Regional Landfill Revenue Bond Reserve	U.S. Treasury Mutual Fund	62,206	-	-	62,206
2008A Taos Regional Landfill Debt Service	U.S. Treasury Mutual Fund	100,773	-	-	100,773
2008 Gross Receipts Tax Revenue Bond Reserve	U.S. Treasury Mutual Fund	170,725	-	-	170,725
2010a Phase I Multi Phased Recreation Park	U.S. Treasury Mutual Fund	182,153	-	-	182,153
Water Systems Improvement Grant	U.S. Treasury Mutual Fund	1,776,513	-	-	1,776,513
WTB Water Systems Improvement Grant	U.S. Treasury Mutual Fund	131,774	-	-	131,774
Fire Pumper	U.S. Treasury Mutual Fund	431,809	-	-	431,809
Total Bank of Albuquerque		<u>2,855,953</u>	<u>-</u>	<u>-</u>	<u>2,855,953</u>
New Mexico Finance Authority - Investments					
2007 NMFA Land Purchase	State Treasurer Debt Service	53	-	-	53
2004 Taos Regional Landfill Revenue Bond Reserve	State Treasurer Debt Service	964	-	-	964
2008A Taos Regional Landfill Debt Service	State Treasurer Debt Service	1,298	-	-	1,298
2010 Phase I Multi-phased Rec. Park	State Treasurer Debt Service	2,588	-	-	2,588
1999 Gasoline Tax Acquisition	State Treasurer Debt Service	1,614	-	-	1,614
Total New Mexico Finance Authority		<u>6,517</u>	<u>-</u>	<u>-</u>	<u>6,517</u>
Total		<u>\$13,066,159</u>	<u>\$ 357,088</u>	<u>\$ 957,296</u>	12,465,951
New Mexico State Treasurer Local Government Investment Pool					4,065,875
Reserve Contingency Fund					5,392
Add: petty cash					1,850
Total deposits and investments					<u>\$ 16,539,068</u>

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Deposit and Investment Accounts
June 30, 2015

Schedule III
Page 2 of 2

Deposits and investments per financial statements:

Cash and cash equivalents - Exhibit A-1	\$ 7,122,688
Investments - Exhibit A-1	4,181,767
Restricted cash and cash equivalents - Exhibit A-1	2,970,568
Restricted investments- Exhibit A-1	2,192,869
Fiduciary funds cash and investments - Exhibit E-1	<u>71,176</u>
Total deposits and investments	<u><u>\$ 16,539,068</u></u>

STATE OF NEW MEXICO

Schedule IV

Town of Taos

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2015

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2015	Location of Safekeeper
US Bank					
	FNMA POOL 890193	8/1/2025	31410K7E8	\$ 734,290	Federal Home Loan Bank, Dallas, TX
	FNMA POOL 890620	9/1/2028	31410LPD8	1,248,478	Federal Home Loan Bank, Dallas, TX
	FNMA POOL AE5486	10/1/2025	31419GCY8	651,635	Federal Home Loan Bank, Dallas, TX
	FNMA POOL AE8316	11/1/2025	31419KG25	2,175,831	Federal Home Loan Bank, Dallas, TX
	FNMA POOL AH2656	1/1/2026	3138A35S2	875,402	Federal Home Loan Bank, Dallas, TX
				<u>5,685,636</u>	
Centinel Bank					
	CLOVIS SCH DIST	8/1/2022	189414KC8	200,000	Independent Bankers Bank, Dallas TX
	TAOS SD ED TECH	10/1/2015	87601UAG8	315,000	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
	FNMA 1612	1/1/2017	3138E5Y1	289,499	Independent Bankers Bank, Dallas TX
	FHLB	12/14/2018	3133XSUN6	853,833	Independent Bankers Bank, Dallas TX
				<u>2,538,316</u>	
Total Pledged Collateral				<u>\$ 8,223,952</u>	

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<i>Assets</i>				
Cash	\$ 8,725	\$ 16,736	\$ 14,285	\$ 11,176
Investments	60,000	-	-	60,000
Total assets	<u>\$ 68,725</u>	<u>\$ 16,736</u>	<u>\$ 14,285</u>	<u>\$ 71,176</u>
<i>Liabilities</i>				
Deposits payable	\$ 68,342	\$ 16,736	\$ 14,285	\$ 70,793
Due to other entities	383	-	-	383
Total liabilities	<u>\$ 68,725</u>	<u>\$ 16,736</u>	<u>\$ 14,285</u>	<u>\$ 71,176</u>

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Joint Powers Agreements
June 30, 2015

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	Town 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

<u>Period</u>	<u>Cost to Town</u>	<u>Town Contributions</u>	<u>Audit Responsibility</u>
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
July 6, 1998 until terminated	Estimated \$340,000 per year	\$330,950	Town of Taos
50 years from November 2, 2000	Dependent on landfill expenses	None to date	Town of Taos

STATE OF NEW MEXICO
Town of Taos
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by: Town of Taos

Title: Finance Department

Date: June 30, 2015

RFP#/ RFB#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
RFP	SB04-PO1415	Souder Miller & Associates	\$ 294,010.45	\$ 367,828.00
RFP	SB04-PO1415	Bohannon Huston	-	-
RFP	SB04-PO1415	Engineers Inc.	-	-
RFP	SB04-PO1415	Wilson & Company	-	-
BID	14-15-03	Century Club Construction	-	-
BID	14-15-04	Did not receive any bids first round	-	-
BID	14-15-04	Garcia Underground	630,911.35	-
BID	14-15-05	Northern Mountain Constructors	5,389,832.08	-
BIB	14-15-05	Michael's Corporation	-	-
BID	14-15-07	Comnet	-	-
BID	14-15-09	AJAC Construction	897,715.20	-
BID	14-15-09	Northern Mountain Constructors	340,979.77	-
BID	14-15-09	HR Construction	-	-
RFQ	14-15-10	Armstrong Consultants Inc.	577,045.08	-
RFQ	14-15-10	Molzen Corbin	-	-
RFQ	14-15-10	Delta Airport Construction Inc.	-	-
BID	14-15-11	Northern Mountain Constructors	701,913.77	-
BID	14-15-11	Century Club Construction	-	-
BID	14-15-12	Northern Mountain Constructors	-	-
See independent auditors' report				

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	was the vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
Souder, Miller & Associates 2904 Rodeo Park Drive East, Bldg. 100 Santa Fe, New Mexico 87505	Yes	No	Engineering Services for Camino del Medio
Bohannon Huston 7500 Jefferson Street NE Albuquerque, New Mexico 87571	Yes	No	Engineering Services for Camino del Medio
Engineers Inc. 1601 Camino del Coronado Tucumcari, New Mexico 88401	Yes	No	Engineering Services for Camino del Medio
Wilson & Company 4900 Lang Avenue NE Albuquerque, New Mexico 87109	Yes	No	Engineering Services for Camino del Medio
Century Club Construction 8201 Golf Course Road NW D-295 Albuquerque, New Mexico 87120	Yes	No	Salazar Road Extension
	N/A	N/A	Camino de la Merced - Construction of Water & Roadway Improvements
Garcia Underground Inc. P.O. Box 345 Guadalupita, New Mexico 87722	Yes	No	Re-Bid: Camino de la Merced - Construction of Water & Roadway Improvements
Northern Mountain Constructors P.O. Box 348 Albuquerque, New Mexico 87529	Yes	No	Construction of Taos Regional Airport Runway Improvements
Michels Corporation 817 West Main Street Brownsville, Wisconsin 53006	No	N/A	Construction of Taos Regional Airport Runway Improvements
Comnet 1562 Park Street Castle Rock, Colorado 80109	No	N/A	Telecommunications Tower
AJAC Construction 8359 Corona Loop NE Albuquerque, New Mexico 87113	Yes	No	Taos Regional Landfill Construction of Cells 3B and 4
Northern Mountain Constructors P.O. Box 348 Albuquerque, New Mexico 87529	Yes	No	Taos Regional Landfill Construction of Cells 3B and 4
HR Construction 5520 Broadway SE Albuquerque, New Mexico 87105	Yes	No	Taos Regional Landfill Construction of Cells 3B and 4
Armstrong Consultants Inc. 2305 Renard Place, SE Suite 210 Albuquerque, New Mexico 87106	FAA Grant	N/A	Engineering Services for Taos Regional Airport by Task Order G
Molzen Corbin 2701 Miles Road SE Albuquerque, New Mexico 87106	FAA Grant	N/A	Engineering Services for Taos Regional Airport by Task Order
Delta Airport Construction Inc. 7804 Pan American Freeway, Suite 4 Albuquerque, New Mexico 87109	FAA Grant	N/A	Engineering Services for Taos Regional Airport by Task Order
Northern Mountain Constructors P.O. Box 348 Albuquerque, New Mexico 87529	Yes	No	Chamisa Road Infrastructure Improvements
Century Club Construction 8201 Golf Course Road NW D-295 Northern Mountain Constructors P.O. Box 348 Albuquerque, New Mexico 87529	Yes	No	Chamisa Road Infrastructure Improvements
	Yes	No	Road Improvements Camino de la Placita, Civic Plaza Drive and Bent Street

STATE OF NEW MEXICO
Town of Taos
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by: Town of Taos

Title: Finance Department

Date: June 30, 2015

<u>RFP#/ RFB#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>
BID	14-15-12A	Silva's Excavation	-	-
BID	14-15-13	Garcia Underground	311,843.03	-
BID	14-15-13	Total Contracting Services Inc.	-	-
BID	14-15-13	Velocity Build	-	-
BID	14-15-13	CJ Mead Construction Company	-	-
BID	14-15-13	New Image Construction Inc.	-	-
BID	14-15-13	TLC Plumbing & Utility	-	-
BID	14-15-13	Sasquatch Inc.	-	-
BID	14-15-13	H.O. Construction Inc.	-	-
RFP	14-15-15	Atlas Advertising	357,000.00	-
RFP	14-15-15	12 FPS	-	-
RFP	14-15-15	Accelerated Imagination	-	-
RFP	14-15-15	Griffin & Associates	-	-
RFP	14-15-15	Profor Creative Services	-	-
RFP	14-15-15	The Waite Company, LLC	-	-
RFP	14-15-15	Wilson Binkley Advertising & Marketing	-	-
RFP	14-15-16	Rocky Mountain Youth Corps.	79,106.62	-
RFP	14-15-23	Community Against Violence See independent auditors' report	-	-

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
Silva's Excavation P.O. Box 1101 El Prado, New Mexico 87529	Yes	No	Road Improvements Camino de la Placita, Civic Plaza Drive and Bent Street
Garcia Underground Inc. P.O. Box 345 Guadalupita, New Mexico 87722	Yes	No	Weimer Hills Water Distribution Project
Total Contracting Services, Inc. P.O. Box 72395 Albuquerque, New Mexico 87195	Yes	No	Weimer Hills Water Distribution Project
Velocity Build 62B Tribal Road 90 Albuquerque, New Mexico 87105	No	No	Weimer Hills Water Distribution Project
CJ Mead Construction Co. Inc. P.O. Box 952 Edgewood, New Mexico 87015	Yes	No	Weimer Hills Water Distribution Project
New Image Construction, Inc. HCR 72 P.O. Box 5 Ribera, New Mexico 87560	Yes	No	Weimer Hills Water Distribution Project
TLC Plumbing & Utility 5000 Edith Blvd. NE Albuquerque, New Mexico 87107	Yes	No	Weimer Hills Water Distribution Project
Sasquatch, Inc. 2868 Rufina St. A Santa Fe, New Mexico 87507	Yes	No	Weimer Hills Water Distribution Project
H.O. Construction Inc. P.O. Box 9468 Albuquerque, New Mexico 87119	Yes	No	Weimer Hills Water Distribution Project
Atlas Advertising 929 Broadway Denver, Colorado 80203	No	No	Tourism Related Marketing & Advertising
12FPS 520 Hampshire Street, # 206 San Francisco, California 94110	Yes	No	Tourism Related Marketing & Advertising
Accelerated Imagination 900RR620 South, Suite C101 Austin, Texas 78734	No	No	Tourism Related Marketing & Advertising
Griffin & Assoc 119 Dartmouth Drive SE Albuquerque, 87106	Yes	No	Tourism Related Marketing & Advertising
Profor Creative Services 609 Wood St. Suite A Austin, Texas 78703	No	No	Tourism Related Marketing & Advertising
The Waite Company, LLC 6000 Uptown Blvd. Suite 130 Albuquerque, NM 87110	Yes	No	Tourism Related Marketing & Advertising
Wilson Brinkley 250 Cotorro Court Las Cruces, New Mexico 88005	Yes	No	Tourism Related Marketing & Advertising
Rocky Mountain Youth Corps 1203 King Drive P.O. Box 1960 Ranchos de Taos, New Mexico 87557	Yes	No	Kit Carson Park Revitalization Project
Community Against Violence 945 Salazar Rd. Taos, NM 87571	Yes	No	Continuum of Care Provider

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**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, 2015, 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 27, 2015.

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 2014-001 and FS 2015-002.

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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2015-001 and FS 2015-003.

The Town's Responses to Findings

The Town's responses to the finding 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 27, 2015

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Each Major Federal Program

We have audited the Town of Taos' (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2015. The Town's major federal programs are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2015.

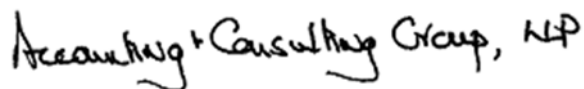
Report on Internal Control Over Compliance

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose



Accounting & Consulting Group, LLP
Albuquerque, NM
November 27, 2015

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor or Pass-Through Grantor/ Program Title	CFDA Number	Federal Grant Number	Federal Expenditures
U.S. Department of Justice Passed Through the State of New Mexico, Department of Public Safety			
Taos County Juvenile Justice	16.523	11-690-12421	\$ 115,323
Total U.S. Department of Justice			<u>115,323</u>
U.S. Department of Housing & Urban Development Passed Through State of New Mexico, Department of Finance & Administration			
Domestic Violence Shelter	14.235	NM0038B6B010901	139,702
Chamisa Area Infrastructure Improvements Phase III	14.228	* 13-C-NR-I-01-G-011	500,000
Total U.S. Department of Housing & Urban Development			<u>639,702</u>
U.S. Department of Transportation			
Federal Aviation Administration (FAA)			
Runway 12/30 Design	20.106	3-35-0041-028-2012	2,044,947
Memorandum of Agreement Overflight Stipulators	20.106	3-35-0041-027-2012	24,300
Federal Transit - Taos Chile Line Transit Operations	20.500	* NM-03-0041	309,102
Total U.S. Department of Transportation			<u>2,378,349</u>
Total Federal Financial Assistance			<u><u>\$ 3,133,374</u></u>

* Denotes Major Federal Financial Assistance Program

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

Notes to Schedule of Expenditures of Federal Awards

1. 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 governmental fund financial statements, except for the proprietary funds. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

2. Subrecipients

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

3. Loan amounts

The Town did not have any loan amounts outstanding at June 30, 2015.

4. Federally funded insurance

The Town has no federally funded insurance.

5. Non-cash Federal Assistance

The Town did not receive any amount in form of non-cash assistance

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,133,374
Total expenditures funded by other sources	<u>21,719,679</u>
Total expenditures	<u><u>\$ 24,853,053</u></u>

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STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2015

Schedule IX
Page 1 of 6

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. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | None Noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
14.228	Chamisa Area Infrastructure Improvements Phase III
20.500	Federal Transit- Taos Chile Line Transit Operations

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under the requirements set forth by OMB Circular A-133 section 530? | Yes |

STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2015

Schedule IX
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Section II – Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings

FS 2010-001	Design Deficiencies in Internal Control over Financial Reporting (Significant Deficiency)	Resolved
FS 2012-001	Weakness in Design Related to Internal Control over Receipts (Significant Deficiency)	Resolved
FS 2014-001	Consumable Inventory Controls (Significant Deficiency)	Repeated
FS 2014-002	Compliance over Travel and Per Diem (Other Matter)	Resolved
FS-2014-003	Social Security Administration (Other Matter)	Resolved

Section III – Financial Statement Findings and Questioned Costs

FS 2014-001 Consumable Inventory Controls (Significant Deficiency)

Condition: During walk-through procedures performed due to risk assessment procedures it was noted that the Town has purchased bulk inventory to have on-hand in the Public Works department in the amount of \$45,720 and the Town has not implemented any controls over inventory. We also noted there is no procedure in place in regards to consuming inventory on hand or tracking inventory in any system.

Currently the Town does take some steps currently to monitor consumable inventory, but must achieve all five components of the COSO integrated framework for internal controls to address this finding.

Criteria: Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

Effect: Without proper inventory controls, the Town cannot verify what inventory they have on hand or is available for use. In addition, inventory may be misappropriated without management knowledge.

Cause: The Town in prior years has not purchased large amounts of inventory to maintain on-hand. Due to the timing of the inventory being purchased at year end the Town did not have time to fully implement controls for inventory and inventory procedures.

Auditors' Recommendations: We recommend the Town develop and implement policies and procedures designed to prevent or detect possible misstatements in its inventory as well as train individuals in the responsible departments the proper maintenance and handling of inventory.

Agency's Response: Management agrees with the auditor's recommendations. We will continue working with the Department's in finalizing the consumable inventory control; including the development of policies and procedures. To date we have met with all department managers to explain the finding for consumable inventory controls, issued a standardized excel workbook for the Department's to use in tracking of consumable inventory and met with the Finance Audit Committee on their recommendations to address this finding. As it relates to the \$45,720 the Fixed Assets Clerk/Finance Assistant went out in March 2015 and identified with the supervisor of Public Utilities all of the items on the original list and verified what had been used based on the work orders that each division records. They do report to their supervisor on a weekly basis on their work orders including materials. Currently the Town does take some steps currently to monitor consumable inventory, but must achieve all five components of the COSO integrated framework for internal controls to address this finding. Responsible positions: Public Works Director, Facilities Director, Youth & Family Center Director, Fire Department Chief, Police Department Chief, Human Resources Director, Library Director, Information Technology Director, and Special Events/Visitor Center. Resolution of this finding is expected to be by June 30, 2016.

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

Condition: During our review of the Cash Count Log Sheet for Program Income, ACG noted that in all five cases, controls were not implemented. The Cash count log lacked the supervisor review. It was also noted in all five sample items tested that the cash count logs were not dated. The employees bringing the cash from the buses to the utility building for count did not date and sign the log. There was no record of when the cash was actually counted, or by whom. The cash collection and counting technology was not capable of differentiating between legal tender and foreign objects, leading to inaccurate counts and a reliance on bank personnel for accurate program income recording.

Criteria: The Town of Taos shall establish and maintain a Program Income management program and related internal controls to ensure that income generated is being accurately recorded and deposited in the Bank and in compliance with the Office of Management and Budget Circular A-133 and applicable federal and state laws and regulations.

Effect: Due to the lack of supervisor review of the Cash Count Log Sheet, this leads to a lack of accountability and as a result, the Town of Taos lacks is recording unverified income. In addition, income recorded was not accurate until adjusted by the bank.

Cause: The insufficient controls over program income is due to failure of management to effectively implement the control system in place as to ensuring that the cash count is being reviewed, signed and dated.

Auditors' Recommendation: We recommend that the Town of Taos ensures that internal controls requiring review of cash count log and recount of Cash deposited are implemented and operating effectively.

Agency's Response: Management agrees with the auditors' recommendations. We currently have a control system in place to ensure that the cash count is being reviewed, signed and dated. In this instance we had a shortage of staff from the department depositing the cash. The fill-in staff was not familiar with the controls in place for cash collection. In the future the Town needs to take the appropriate measures to make sure all managers, supervisors and staff are trained in the event of staff absence or lack thereof and will be implemented by March 1, 2016 and will be implemented by the Finance Director. This program income was from the Transportation Department which is no longer operated by the Town. Responsible position: Public Works Office Manager.

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

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. The Town has one employee approving and modifying logical access levels or rights to In-Code financial system. In addition we noted, the Town did not have proper server room controls to safeguard assets or fire suppression in place.

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.

Effect: Without effective internal controls the Town is at risk of providing improper access without a second level review and also at risk of loss of data and IT equipment without proper server room controls.

Cause: The Town has not updated and reviewed its IT policies.

Auditors' Recommendations: We recommend that the Town implement a process to govern access level changes where access is approved by the Finance Director and implemented by the IT Department. It is recommended that the Finance Director not have the ability to set rights for In-Code. Only the IT Department should have the ability to set rights for In-Code. The IT Department should never modify access rights without written instruction and approval from Finance. In addition we recommend that the Town give all employees who are authorized server room access their own unique code for entry. It is recommended that the Town install a fire suppression system or place fire extinguishers in the server room

Agency's Response: Management agrees with the auditors' recommendations. IT and Finance Director will work on implementing a process to govern access level changes by January 2016. At this time we are in the process of procuring a fire suppression system for the server room which is to be implemented by the Facilities Director by September 30, 2016.

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

Condition: During our testwork of “small purchases” that do not meet the threshold for a formal bid or proposal, we noted that the Town is not following their internal purchasing policy for maintenance of respondents. During review of small purchases it was noted in one instance no written responses from other vendors were present nor memo to Procurement Office describing steps taken to obtain responses if none were received.

Criteria: According to Town written “Town of Taos Purchasing Policy”, Section IV- Procurement Methods, it was noted that professional services up to \$50,000 and tangible goods valued at less than \$20,000 “The Town shall obtain reasonable number of responses for the procurement of professional services based on the same scope of work and taking into consideration such factors as the respondents’ qualifications, experience, references, and price. If fewer than three qualified responses are obtainable using the procedure set forth above, the procurement may be made and a memo shall be written to the Procurement Officer describing the steps taken to obtain the responses. Such memo shall be retained as part of the procurement file.”

Effect: Improper maintenance of written responses received or memo to Procurement Officer describing steps taken could lead individuals or those who inspect procurement files to conclude the Town is not following procurement procedures.

Cause: The current service contract expired and as a result the Town procured services under an “temporary” condition, but it was in effect for the entire fiscal year 2015.

Auditors’ Recommendations: We recommend the Town follow all requirements put forth by the Town in regards to procurement and receive training on State requirements of procurement.

Agency’s Response: Management agrees with the auditors’ recommendations. During this audit period the Finance Department was short staffed and was not able to procure this service in a timely manner. Since then we have done an advertised request for proposal for said services. At this time we also have a certified procurement officer on staff as required by the State of New Mexico and have taken the necessary steps to hire on an additional procurement officer to assist with the procurement demands at the Town. Resolution is expected to be as of June 30, 2016. Responsible positions: Finance Department and Department Directors.

FINDINGS – FEDERAL AWARDS

None noted

STATE OF NEW MEXICO

Town of Taos
Other Disclosures
June 30, 2015

OTHER DISCLOSURES

Exit Conference

An exit conference was held on December 10, 2015. In attendance were the following:

Representing the Town of Taos:

Daniel Barrone	Mayor
George "Fritz" Hahn	Councilor
Richard Bellis	Town Manager
Marietta Fambro	Finance Director

Representing Accounting & Consulting Group, LLP:

Ray Roberts, CPA	Partner
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Auditor Prepared Financial Statements

Accounting and Consulting Group, 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.