

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2012**



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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
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Official Roster  
June 30, 2012

Elected Officials

Joe Mike Duran	Commission Chairman -District V
Daniel R. Barrone	County Commissioner -District I
Larry Sanchez	County Commissioner-District II
Andrew Chavez	County Commissioner-District III
Nicklos Jaramillo	County Commissioner-District IV
Elaine S. Montaña	County Clerk
Evangeline S. Romero	County Treasurer
Darlene J. Vigil	County Assessor
Miguel A Romero, Jr.	County Sheriff
Andres “Andy” Vargas	County Probate Judge

Administrative Officials

Stephen P. Archuleta	County Manager
Dayna D. Duran	Finance Director

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**FINANCIAL SECTION**

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# Griego Professional Services, LLC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector Balderas  
New Mexico State Auditor  
The Board of Taos County Commissioners  
Taos County  
Taos, New Mexico

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 comparisons for the general fund of Taos County, New Mexico (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statement of each for the County's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Taos County, New Mexico's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of Taos County Housing Authority, which has been presented as an aggregate discretely presented component unit of Taos County, which statements reflect total assets of \$4,939,734 as of June 30, 2012, and total revenues of \$3,926,470 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Taos County Housing Authority, is based solely on the report of the other auditors.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The auditor's of Taos County Housing Authority were unable to obtain adequate supporting documentation and evidence for the Authority's revenues, expenditures, and cash account balances, the scope of their work was not sufficient to enable them to express, and they did not express opinions on the business-type activities of Taos County Housing Authority as of June 30, 2012, and the respective changes in financial position, and cash flows for the year then ended in conformity 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 respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Taos County, New Mexico, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity 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 respects, the respective financial position of each nonmajor governmental and fiduciary fund of Taos County, New Mexico as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund,

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debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2012 on our consideration of Taos, New Mexico'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages viv through xii 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The additional schedules listed as "Supporting Schedules" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico  
November 7, 2012

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**State of New Mexico**  
**Taos County**  
**Management's Discussion and Analysis**  
**June 30, 2012**

This discussion and analysis presents the highlights of financial activities and financial position for Taos County. The analysis focuses on significant financial issues, major financial activities, resulting changes in financial position, budget changes and variances from the budget, and identifies individual fund issues or concerns. It is designed to focus on the current year's activities and should be read in conjunction with the County's financial statements.

**Overview of the Financial Statements**

The County's basic financial statements have three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Taos County has four major funds: General Fund, NMFA Debt Service Fund, 2007 Refunding Series Debt Service Fund and USDA/RUS Complex Debt Service Fund. The Nonmajor Governmental Fund is comprised of 60 individual governmental funds and are described beginning on page 41 of this report. Additionally, Taos County has one fiduciary fund for collection and disbursement of property taxes and one component unit (Taos County Housing Authority).

The government-wide financial statements are designed to provide readers with a broad overview of County finances as a whole in a manner similar to a private sector business. The statement of net assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets, over time, are an indicator of whether the financial position of the County is improving or declining.

The statement of activities presents information showing how the County's assets changed during the past fiscal year. All changes in net assets are reported when the underlying event or transaction occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period such as uncollected property taxes and earned, but unused, vacation leave.

**State of New Mexico**  
**Taos County**  
**Management's Discussion and Analysis**

**June 30, 2012**

**Financial Highlights**

- ◆ *Net Income*—In 2012 the County experienced an increase in net assets (net income) of \$855,231.
- ◆ *Net Assets*—The assets of the County exceeded its liabilities at the close of FY 12 by \$70,296,432. Of this amount, \$7,374,795 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- ◆ *Revenues*—Revenues are \$1,913,728 higher than the prior year. Program revenues increased from prior year, changes in Operating Grants and Charges for Services attributed to the increase.
- ◆ *Expenditures*—
  1. During FY 12 Total Governmental Fund revenues exceeded expenditures by \$20,612,616. Total expenditures in FY 12 were \$8,086,166 million compared to \$39,986,233 million in the prior year.
  2. Expenses were higher in the Interest on long-term debt, due to debt associated with the new complex.
- ◆ *Intergovernmental Transfers*—The County supports several of its special revenue funds with transfers from the general fund and other funds. The most significant transfers are for the detention and public works funds.
- ◆ *Overall Financial Condition of Taos County*—In FY 12 the County's general fund revenues exceeded its expenditures by \$3,914,154. The County enjoys an unrestricted fund balance in the General Fund of \$6,767,795.

**State of New Mexico  
Taos County  
Management's Discussion and Analysis**

**June 30, 2012**

**Financial Statements**

The County's government-wide statement of net assets and statement of activities are presented in the following tables:

**Table I  
Taos County  
Condensed Statement of Net Assets—Governmental Activities  
June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Assets		
Current	\$ 16,855,757	\$ 15,993,741
Non-current	7,832,691	6,023,226
Capital assets	<u>93,924,779</u>	<u>76,017,285</u>
Total assets	<u>\$ 118,613,227</u>	<u>\$ 98,034,252</u>
Liabilities and net assets		
Current and other liabilities	\$ 2,070,812	\$ 3,213,828
Long-term liabilities	<u>46,271,146</u>	<u>45,390,258</u>
Total liabilities	<u>48,341,958</u>	<u>48,604,086</u>
Invested in capital assets, net of related debt	45,722,135	28,879,429
Restricted net assets	16,140,585	13,985,112
Unrestricted net assets	<u>7,374,795</u>	<u>6,565,625</u>
Total fund balance	<u>69,237,515</u>	<u>49,430,166</u>
Total liabilities and net assets	<u>\$ 118,613,227</u>	<u>\$ 98,034,252</u>

**State of New Mexico  
Taos County  
Management's Discussion and Analysis**

**June 30, 2012**

**Table II  
Taos County  
Government-Wide  
Condensed Statement of Activities—Governmental Activities  
Fiscal Year Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Program revenues		
Charges for services	\$ 2,895,548	\$ 1,484,313
Operating grants and contributions	4,897,857	4,687,808
Capital grants and contributions	1,053,060	563,032
General revenues		
Taxes	18,905,170	19,812,984
Investment	103,609	395,346
Other	<u>1,424,347</u>	<u>440,482</u>
	<u>29,279,591</u>	<u>27,383,965</u>
Expenditures		
General government	638,109	7,585,055
Public Works	2,404,605	22,145,180
Health and welfare	1,351,631	2,866,834
Public safety	1,609,442	2,435,835
Culture and recreation	15,619	332,004
Education	-	1,454,912
Interest	<u>2,059,026</u>	<u>3,166,413</u>
Total expenditures	<u>8,078,432</u>	<u>39,986,233</u>
Increase (Decrease) in net assets	20,433,126	(12,602,268)
Transfers	<u>(598,911)</u>	<u>(472,537)</u>
Increase in net assets	<u>19,553,699</u>	<u>(13,074,805)</u>
Prior Period Adjustment	253,650	-
Fund balance, beginning	<u>49,430,166</u>	<u>62,504,971</u>
Fund balance, ending	<u>\$ 69,237,515</u>	<u>\$ 49,430,166</u>

**State of New Mexico**  
**Taos County**  
**Management's Discussion and Analysis**

**June 30, 2012**

**Analysis of Variations From the Original and Final Amended Budget for the General Fund**

- ◆ Changes in the budget—Revenues of the General Fund remained the same. Budgeted expenses of the General Fund were increased \$93,592 due to the increased expenses associated with the transition of a new Administrative/Judicial/Detention Complex and capital outlay projects.
- ◆ Significant *revenue variances* in actual results vs. budget—Actual General Fund revenues are \$853,372 more than budgeted revenues. Tax revenues were \$447,515 more than budgeted while Payment in lieu of Taxes was \$160,022 more than budgeted.
- ◆ Significant *expenditure variances* in actual results vs. budget—Actual general fund expenditures are \$1,185,919 less than budgeted expenditures. The most significant variance was in the general government. The favorable variance was due to disciplined spending and careful monitoring of the budget in each of the County's departments.
- ◆ The following table summarizes the general fund results verses the final budget. Please note that this table is based on the traditional governmental funds accounting and therefore it has some differences from the government-wide statement of revenue, expenditures, and changes in fund balance shown in Table II.

**State of New Mexico  
Taos County  
Management's Discussion and Analysis**

**June 30, 2012**

**Table III  
Taos County  
Statement of Revenues and Expenditures—  
Budget and Actual—General Fund  
Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 9,002,271	\$ 9,449,786	\$ 447,515
Intergovernmental	1,588,000	1,783,630	195,630
Other	<u>730,635</u>	<u>940,862</u>	<u>210,227</u>
Total revenues	<u>11,320,906</u>	<u>12,174,278</u>	<u>853,372</u>
Expenditures			
General Government	9,730,519	8,591,453	1,139,066
Capital Outlay	<u>92,953</u>	<u>46,100</u>	<u>46,853</u>
Total expenditures	<u>8,971,835</u>	<u>8,104,806</u>	<u>1,185,919</u>
Revenues over expenditures	<u>1,497,434</u>	<u>3,536,725</u>	<u>2,039,291</u>
Other financing sources (uses)			
Transfers, net	(2,898,066)	(2,840,746)	57,960
Designated Cash	<u>1,401,272</u>	<u>-</u>	<u>(1,401,272)</u>
Total other financing sources	<u>(1,497,434)</u>	<u>(2,840,746)</u>	<u>(1,343,312)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 695,979</u>	<u>\$ 695,979</u>

**State of New Mexico  
Taos County  
Management's Discussion and Analysis**

**June 30, 2012**

**Table III — continued  
Taos County  
Statement of Revenues and Expenditures—  
Budget and Actual—General Fund  
Fiscal Year Ended June 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 8,735,251	\$ 8,960,425	\$ 226,174
Intergovernmental	1,587,200	1,626,065	38,865
Other	<u>705,340</u>	<u>808,364</u>	<u>103,024</u>
Total revenues	<u>11,026,791</u>	<u>11,394,854</u>	<u>368,063</u>
Expenditures			
General Government	8,950,785	8,094,630	856,155
Capital Outlay	<u>21,050</u>	<u>10,176</u>	<u>10,874</u>
Total expenditures	<u>8,971,835</u>	<u>8,104,806</u>	<u>867,029</u>
Revenues over expenditures	<u>2,054,956</u>	<u>3,290,048</u>	<u>1,235,092</u>
Other financing sources (uses)			
Transfers, net	(4,244,611)	(3,660,354)	584,257
Designated Cash	<u>2,189,655</u>	<u>-</u>	<u>(2,189,655)</u>
Total other financing sources	<u>(2,054,956)</u>	<u>(3,660,354)</u>	<u>(1,605,398)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (370,306)</u>	<u>\$ (370,306)</u>

**Component Unit**

The County has one component unit, which is the Taos County Housing Authority. This component unit has separate elected and/or appointed board and provides services to residents, generally within the geographic boundaries of the government. The Housing Authority was audited by another auditor and has separately issued financial statements and all exhibits, schedules, and footnotes are included in their financial statements. The component unit's activities are detailed on Exhibit A-1 and A-2 in the County's financial reports.

**State of New Mexico**  
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**Management's Discussion and Analysis**  
**June 30, 2012**

**Significant Capital Asset and Long-Term Debt Activity**

- ◆ *Significant Capital Asset Additions*—Capital asset additions for FY 12 total \$21,324,160. Approximately \$18,777,722 million was expended on Buildings and Structures. Other significant capital asset transfers include approximately \$27,541,462 from Construction in Progress to Building and Structures for the new Administrative/Judicial/Detention Complex.
- ◆ *Long-Term Debt Activity*—Note 7 to the financial statements describes all of the County's long-term debt including terms and maturities. During FY 12 the County initiated debt in the amount of \$1,033,754 for the purchase of land.

**Requests for Information**

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 105 Albright St, Suite I, Taos, New Mexico 87571. Please refer to Note 1 of the financial statements for information on obtaining financial statements for the Taos County Housing Authority. Information related to the Housing Authority's separately issued financial statements can be obtained through the Taos Housing Authority at 525 Ranchitos Road, Unit 962, Taos, NM 87571.



**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

Exhibit A-1

	Primary Government			Taos County Housing Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 13,240,490	\$ 191,181	\$ 13,431,671	\$ 492,838
Short term investments	-	-	-	60,084
Receivables				
Property taxes, net	1,565,912	-	1,565,912	-
Intergovernmental	1,493,804	37,615	1,531,419	57,705
Customers, net of allowance	-	629,659	629,659	15,800
Other accounts receivable	278,734	241,147	519,881	24,939
Prepaid insurance	276,817	10,411	287,228	21,826
Total Current Assets	16,855,757	1,110,013	17,965,770	673,192
Noncurrent Assets				
Restricted cash and equivalents	7,800,868	-	7,800,868	65,568
Bond issuance costs (net of accumulated amortization of \$57,205)	10,981	-	10,981	-
Original issue discounts (net of accumulated amortization of \$183,587)	20,842	-	20,842	-
Capital assets	134,392,295	10,649,530	145,041,825	12,592,282
Less: accumulated depreciation	(40,467,516)	(6,159,774)	(46,627,290)	(8,391,308)
Total Noncurrent Assets	101,757,470	4,489,756	106,247,226	4,266,542
Total Assets	\$ 118,613,227	\$ 5,599,769	\$ 124,212,996	\$ 4,939,734

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

Exhibit A-1

	Primary Government			Taos County Housing Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Current Liabilities				
Accounts payable	\$ 272,271	\$ 24,166	\$ 296,437	\$ 24,377
Accrued payroll liabilities	170,819	36,119	206,938	7,854
Accrued interest payable	253,272	-	253,272	-
Current portion of accrued compensated absences	80,079	19,592	99,671	14,568
Current portion of long term obligations	1,378,299	-	1,378,299	-
<b>Total Current Liabilities</b>	<b>2,154,740</b>	<b>79,877</b>	<b>2,234,617</b>	<b>46,799</b>
Noncurrent Liabilities				
Security deposits	-	-	-	70,402
Non current portion of accrued compensated absences	364,804	61,038	425,842	19,311
Original issue premiums (net of accumulated amortization of \$483,579)	7,551	-	7,551	-
Bonds payable	15,147,000	-	15,147,000	-
Notes & Capital Leases Payable	31,701,617	-	31,701,617	-
<b>Total Noncurrent Liabilities</b>	<b>47,220,972</b>	<b>61,038</b>	<b>15,580,393</b>	<b>89,713</b>
<b>Total Liabilities</b>	<b>49,375,712</b>	<b>140,915</b>	<b>49,516,627</b>	<b>136,512</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	45,722,135	4,489,756	50,211,891	4,200,974
Restricted for:				
Debt service	4,313,478	-	4,313,478	-
Capital projects	1,616,203	-	1,616,203	-
Special revenue funds	10,210,904	-	10,210,904	223,213
Unrestricted	7,374,795	969,098	8,343,893	379,035
<b>Total Net Assets</b>	<b>69,237,515</b>	<b>5,458,854</b>	<b>74,696,369</b>	<b>4,803,222</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 118,613,227</b>	<b>\$ 5,599,769</b>	<b>\$ 124,212,996</b>	<b>\$ 4,939,734</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2012**

	<b>Program Revenues</b>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b><u>Functions/Programs:</u></b>				
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 638,109	\$ 1,315,811	\$ 2,308,814	\$ -
Public safety	1,609,442	383,341	2,257,836	-
Culture and recreation	15,619	10,903	2,944	-
Health and welfare	1,351,631	773,000	22,202	-
Public works	2,404,605	412,493	306,061	4,511
Interest on long-term debt	2,059,026	-	-	-
Total governmental activities	<u>8,078,432</u>	<u>2,895,548</u>	<u>4,897,857</u>	<u>4,511</u>
Business-type activities				
Solid Waste	1,027,527	1,010,890	-	-
Ambulance	1,589,812	918,931	-	-
Total business-type activities	<u>2,617,339</u>	<u>1,929,821</u>	<u>-</u>	<u>-</u>
Total primary government	<u>10,695,771</u>	<u>4,825,369</u>	<u>4,897,857</u>	<u>4,511</u>
<b>Component unit activities</b>				
Taos County Housing Authority	<u>3,871,613</u>	<u>302,022</u>	<u>3,499,437</u>	<u>121,640</u>

**General Revenues:**

Taxes

Property taxes

Gross receipts taxes

Other taxes

Interest income

Transfers

Miscellaneous income

Total General Revenues and Transfers

Change in net assets

Total net assets - beginning of year

Prior period adjustment

Total net assets - restated

Total net assets - end of year

The accompanying notes are an integral part of these financial statements

Net (Expenses) Revenues and Changes in Net Assets				Taos County
Governmental Activities	Business-type Activities	Total	Housing Authority	
\$ 2,986,516	\$ -	\$ 2,986,516	\$ -	
1,031,735	-	1,031,735	-	
(1,772)	-	(1,772)	-	
(556,429)	-	(556,429)	-	
(1,681,540)	-	(1,681,540)	-	
(2,059,026)	-	(2,059,026)	-	
(280,516)	-	(280,516)	-	
-	(16,637)	(16,637)	-	
-	(670,881)	(670,881)	-	
-	(687,518)	(687,518)	-	
-	-	-	-	
-	-	-	51,486	
9,127,440	-	9,127,440	-	
9,257,947	207,460	9,465,407	-	
519,783	-	519,783	-	
103,609	-	103,609	595	
(598,911)	598,911	-	-	
1,424,347	3,001	1,427,348	2,776	
19,834,215	809,372	20,643,587	3,371	
19,553,699	121,854	19,675,553	54,857	
49,430,166	5,337,000	54,767,166	4,748,365	
253,650	-	253,650	-	
49,683,816	5,337,000	55,020,816	4,748,365	
\$ 69,237,515	\$ 5,458,854	\$ 74,696,369	\$ 4,803,222	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<b>General Fund</b>	<b>Educational Refunding Bond Reserve Fund</b>
<b>Assets</b>		
<i>Current:</i>		
Cash and cash equivalents	\$ 4,374,219	\$ 2,891,892
Short term investments	2,035,061	-
Accounts receivable		
Property taxes	1,565,912	-
Intergovernmental	48,959	-
Other	127,712	-
Prepaid expenses	140,524	-
<i>Total assets</i>	\$ 8,292,387	\$ 2,891,892
 <b>Liabilities and fund balances</b>		
Accounts payable	\$ 109,742	\$ -
Accrued payroll liabilities	109,695	-
Deferred revenue - property taxes	1,305,155	-
<i>Total liabilities</i>	1,524,592	-
 <b>Fund balances</b>		
Nonspendable	140,524	-
Restricted	-	2,891,892
Committed	-	-
Assigned	-	-
Unassigned	6,627,271	-
<i>Total fund balances</i>	6,767,795	2,891,892
<i>Total liabilities and fund balances</i>	\$ 8,292,387	\$ 2,891,892

The accompanying notes are an integral part of these financial statements

2007 Refunding Series Debt Service Fund	USDA/RUS Complex Debt Service Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 6,140,682	\$ 13,406,793
2,504,956	188,250	2,906,298	7,634,565
-	-	-	1,565,912
-	187,071	1,257,774	1,493,804
-	-	151,022	278,734
-	-	136,293	276,817
<u>\$ 2,504,956</u>	<u>\$ 375,321</u>	<u>\$ 10,592,069</u>	<u>\$ 24,656,625</u>
\$ -	\$ -	\$ 162,529	\$ 272,271
-	-	61,124	170,819
-	-	-	1,305,155
<u>-</u>	<u>-</u>	<u>223,653</u>	<u>1,748,245</u>
-	-	136,293	276,817
2,504,956	375,321	10,200,338	15,972,507
-	-	31,785	31,785
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,627,271</u>
<u>2,504,956</u>	<u>375,321</u>	<u>10,368,416</u>	<u>22,908,380</u>
<u>\$ 2,504,956</u>	<u>\$ 375,321</u>	<u>\$ 10,592,069</u>	<u>\$ 24,656,625</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

Exhibit B-1  
Page 2 of 2

Amounts reported for governmental activities in the statements of net assets are different because:

Fund balances - total governmental funds	\$ 22,908,380
Issuance costs, net of accumulated amortization	10,981
Original issue discounts, net of accumulated amortization	20,842
Bond underwriter premiums, net of accumulated amortization	(7,551)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	93,924,779
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,305,155
Accrued interest	(253,272)
Current portion of accrued compensate absences	(80,079)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued compensated absences	(364,804)
Bonds payable	(15,365,000)
Notes & capital leases payable	<u>(32,861,916)</u>
Net assets-Governmental Activities	<u><u>\$ 69,237,515</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2012**

	General Fund	Educational Refunding Bond Reserve Fund
<i>Revenues:</i>		
Property taxes	\$ 9,289,008	\$ -
Gross receipts taxes	299,075	-
Other taxes	4,235	-
State grants	189,413	-
Federal grants	1,599,893	-
Licenses and fees	564,671	-
Charges for services	52,025	-
Investment income	43,318	57,405
Miscellaneous	406,755	114,789
<i>Total Revenues</i>	12,448,393	172,194
<i>Expenditures:</i>		
<i>Current:</i>		
General Government	8,483,072	-
Public safety	-	-
Culture and recreation	-	-
Health and welfare	-	-
Public works	-	-
Capital Outlay	51,167	-
<i>Debt Service:</i>		
Principal	-	-
Interest	-	-
<i>Total Expenditures</i>	8,534,239	-
<i>Excess (deficiency) of revenues over expenditures</i>	3,914,154	172,194
<i>Other financing sources (uses)</i>		
Proceeds from note payable	-	-
Operating transfers in	1,003,431	548,659
Operating transfers (out)	(3,844,177)	(548,726)
<i>Total other financing sources (uses)</i>	(2,840,746)	(67)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	1,073,408	172,127
<i>Fund balance - beginning of year</i>	5,694,387	346,115
<i>Prior Period Adjustment</i>	-	2,373,650
<i>Fund balance - restated</i>	5,694,387	2,719,765
<i>Fund balance - end of year</i>	\$ 6,767,795	\$ 2,891,892

The accompanying notes are an integral part of these financial statements

2007 Refunding Series Debt Service Fund	USDA/RUS Complex Debt Service Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 9,289,008
3,044,694	907,116	5,007,062	9,257,947
-	-	515,548	519,783
-	-	2,337,616	2,527,029
-	-	775,446	2,375,339
-	-	687,370	1,252,041
-	467,566	1,123,916	1,643,507
-	-	2,886	103,609
-	-	927,966	1,449,510
<u>3,044,694</u>	<u>1,374,682</u>	<u>11,377,810</u>	<u>28,417,773</u>
-	-	169,119	8,652,191
-	-	3,985,354	3,985,354
-	-	235,688	235,688
-	-	2,845,681	2,845,681
-	-	2,155,042	2,155,042
-	1,989,606	3,020,019	5,060,792
3,035,000	-	1,283,401	4,318,401
111,087	-	1,854,511	1,965,598
<u>3,146,087</u>	<u>1,989,606</u>	<u>15,548,815</u>	<u>29,218,747</u>
<u>(101,393)</u>	<u>(614,924)</u>	<u>(4,171,005)</u>	<u>(800,974)</u>
-	2,074,827	180,289	2,255,116
1,150,725	-	6,069,353	8,772,168
<u>(1,150,725)</u>	<u>(1,438,549)</u>	<u>(2,388,902)</u>	<u>(9,371,079)</u>
<u>-</u>	<u>636,278</u>	<u>3,860,740</u>	<u>1,656,205</u>
(101,393)	21,354	(310,265)	855,231
<u>2,606,349</u>	<u>353,967</u>	<u>10,678,681</u>	<u>19,679,499</u>
-	-	-	2,373,650
<u>2,606,349</u>	<u>353,967</u>	<u>10,678,681</u>	<u>22,053,149</u>
<u>\$ 2,504,956</u>	<u>\$ 375,321</u>	<u>\$ 10,368,416</u>	<u>\$ 22,908,380</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**

Exhibit B-2  
Page 2 of 2

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2012**

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

Net change in fund balances - total governmental funds	\$	855,231
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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		21,324,160
Depreciation expense		(3,391,503)
Loss on disposal		(25,163)

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

Increase in deferred property taxes		(161,568)
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The issuance of long-term debt (e.g. bonds, notes, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Amortization of bond issuance costs		(14,031)
Amortization of original issue discount on bonds		(40,886)
Amortization of bond underwriter premium on bonds		80,598
Increase in the reserve for compensated absences		(9,242)
Decrease in accrued interest payable		(93,428)
Proceeds of bonds issued		(2,074,827)
Proceeds of notes issued		(180,289)
Proceeds of capital leases		(1,033,754)
Principal payments on bonds		3,208,000
Principal payments on notes payable		1,013,783
Principal payments on capital leases		<u>96,618</u>

Change in net assets of governmental activities	\$	<u><u>19,553,699</u></u>
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The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Exhibit C-1

TAOS COUNTY  
GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 9,002,271	\$ 9,002,271	\$ 9,449,786	\$ 447,515
Intergovernmental	1,588,000	1,588,000	1,783,630	195,630
Licenses and fees	362,675	367,145	446,372	79,227
Charges for services	28,200	28,200	45,388	17,188
Investment income	55,000	55,000	42,414	(12,586)
Miscellaneous	252,250	280,290	406,688	126,398
<i>Total revenues</i>	<u>11,288,396</u>	<u>11,320,906</u>	<u>12,174,278</u>	<u>853,372</u>
<i>Expenditures:</i>				
Current				
General Government	9,636,927	9,730,519	8,591,453	1,139,066
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	52,900	92,953	46,100	46,853
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>9,689,827</u>	<u>9,823,472</u>	<u>8,637,553</u>	<u>1,185,919</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,598,569</u>	<u>1,497,434</u>	<u>3,536,725</u>	<u>2,039,291</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	1,136,557	1,248,939	1,003,431	(245,508)
Operating transfers (out)	(3,471,519)	(4,147,645)	(3,844,177)	303,468
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	736,393	1,401,272	-	(1,401,272)
<i>Total other financing sources (uses)</i>	<u>(1,598,569)</u>	<u>(1,497,434)</u>	<u>(2,840,746)</u>	<u>(1,343,312)</u>
<i>Net change in fund balances</i>	-	-	695,979	695,979
<i>Fund balances - beginning of year</i>	-	-	5,713,301	5,713,301
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,409,280</u>	<u>\$ 6,409,280</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			274,115	
Expenditure accruals			103,314	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 1,073,408</u>	

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

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

Exhibit D-1

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Solid Waste Enterprise Fund</u>	<u>Ambulance Enterprise Fund</u>	
<b>Assets</b>			
Current Assets:			
Cash and investments	\$ 125,869	\$ 65,312	\$ 191,181
Receivables			
Intergovernmental	37,615	-	37,615
Customers (net of allowance for uncollectibles)	-	629,659	629,659
Other accounts receivable	241,147	-	241,147
Prepaid insurance	3,597	6,814	10,411
Total current assets	<u>408,228</u>	<u>701,785</u>	<u>1,110,013</u>
Noncurrent Assets:			
Capital assets	718,144	9,931,386	10,649,530
Less: accumulated depreciation	<u>(435,649)</u>	<u>(5,724,125)</u>	<u>(6,159,774)</u>
Total noncurrent assets	<u>282,495</u>	<u>4,207,261</u>	<u>4,489,756</u>
Total assets	<u>\$ 690,723</u>	<u>\$ 4,909,046</u>	<u>\$ 5,599,769</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	\$ 20,396	\$ 3,770	\$ 24,166
Accrued payroll liabilities	10,002	26,117	36,119
Current portion of accrued compensated absences	6,751	12,841	19,592
Total current liabilities	<u>37,149</u>	<u>42,728</u>	<u>79,877</u>
Noncurrent Liabilities:			
Noncurrent portion of accrued compensated absences	21,031	40,007	61,038
Total liabilities	<u>58,180</u>	<u>82,735</u>	<u>140,915</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	282,495	4,207,261	4,489,756
Unrestricted	350,048	619,050	969,098
Total net assets	<u>632,543</u>	<u>4,826,311</u>	<u>5,458,854</u>
Total liabilities and net assets	<u>\$ 690,723</u>	<u>\$ 4,909,046</u>	<u>\$ 5,599,769</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit D-2

	<u>Solid Waste</u> <u>Enterprise Fund</u>	<u>Ambulance</u> <u>Enterprise Fund</u>	<u>Total</u>
<i>Operating revenues:</i>			
Charges for services	\$ 1,010,890	\$ 918,931	\$ 1,929,821
 Total operating revenues	 <u>1,010,890</u>	 <u>918,931</u>	 <u>1,929,821</u>
<i>Operating expenses:</i>			
Personnel services	631,493	1,141,251	1,772,744
Contractual services	185,254	35,377	220,631
Administration	140,982	67,496	208,478
Maintenance and materials	32,817	43,466	76,283
Depreciation	<u>36,981</u>	<u>302,222</u>	<u>339,203</u>
 Total operating expenses	 1,027,527	 1,589,812	 2,617,339
 Operating income (loss)	 (16,637)	 (670,881)	 (687,518)
<i>Non-operating revenues:</i>			
Taxes	207,460	-	207,460
Miscellaneous	<u>1,833</u>	<u>1,168</u>	<u>3,001</u>
 Total non-operating revenues	 <u>209,293</u>	 <u>1,168</u>	 <u>210,461</u>
 Transfers in	 78,639	 520,272	 598,911
Transfers (out)	-	-	-
 Total transfers	 <u>78,639</u>	 <u>520,272</u>	 <u>598,911</u>
 <i>Net Income</i>	 271,295	 (149,441)	 121,854
 <i>Total net assets - beginning</i>	 <u>361,248</u>	 <u>4,975,752</u>	 <u>5,337,000</u>
 <i>Total net assets - ending</i>	 <u>\$ 632,543</u>	 <u>\$ 4,826,311</u>	 <u>\$ 5,458,854</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit D-3

	Enterprise Funds		Total
	Solid Waste Enterprise Fund	Ambulance Enterprise Fund	
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 752,164	\$ 776,917	\$ 1,529,081
Cash paid to suppliers and employees	(1,027,790)	(1,308,533)	(2,336,323)
<b>Net Cash (Used) by Operating Activities</b>	<u>(275,626)</u>	<u>(531,616)</u>	<u>(807,242)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>			
Operating transfers	78,639	520,272	598,911
Miscellaneous income	1,833	1,168	3,001
<b>Net Cash (Used) by Non-Capital Financing Activities</b>	<u>80,472</u>	<u>521,440</u>	<u>601,912</u>
<b>Cash Flows From Investing Activities:</b>			
Gross receipt taxes	207,460	-	207,460
<b>Net Cash (Used) by Investing Activities</b>	<u>207,460</u>	<u>-</u>	<u>207,460</u>
Net (Decrease) in Cash and Cash Equivalents	12,306	(10,176)	2,130
Cash and Cash Equivalents, Beginning of Year	113,563	75,488	189,051
Cash and Cash Equivalents, End of Year	<u>\$ 125,869</u>	<u>\$ 65,312</u>	<u>\$ 191,181</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (16,637)	\$ (670,881)	(687,518)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	36,981	302,222	339,203
Change in assets and liabilities:			
Accounts receivable	(258,726)	(142,014)	(400,740)
Prepaid insurance	1,258	1,171	2,429
Accounts payable	(2,396)	3,770	1,374
Accrued liabilities	(20,349)	(25,286)	(45,635)
Accrued compensated absences	(15,757)	(598)	(16,355)
<b>Net Cash (Used) by Operating Activities</b>	<u>\$ (275,626)</u>	<u>\$ (531,616)</u>	<u>\$ (807,242)</u>

**Summary of Significant Noncash Activities:**

There was no significant noncash activity during the year ended June 30, 2012.

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

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**FIDUCIARY FUNDS**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2012**

Exhibit E-1

<i>Assets</i>	
Cash	547,269
Taxes receivable	<u>3,381,948</u>
Total assets	<u><u>\$ 3,929,217</u></u>
<i>Liabilities</i>	
Due to schools	1,826,204
Due to municipalities	353,861
Due to other	<u>1,749,152</u>
Total liabilities	<u><u>\$ 3,929,217</u></u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies**

Taos County (the "County") is a political sub-division of the State of New Mexico established under the provisions of Section 4-29-1 of NMSA, 1978 compilation and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, low rent housing assistance, planning and zoning, property assessment, tax collection and general administrative services.

The County is a body politic and corporate under the name and form of government selected by its qualified electors. The County 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 County and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The summary of significant accounting policies of the County is presented to assist in the understanding of the County's Financial Statements. The financial statements and notes to the financial statements are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the County's accounting policies are described below.

*A. Financial Reporting Entity*

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB no. 14 and No. 39. 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 the public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

A. *Financial Reporting Entity (continued)*

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 County has one component unit, as defined by GASB Statement No. 14 and / or GASB Statement No. 39. There are no other primary governments with which the County Commissioners are financially accountable. The following is a brief review of the County's component unit addressed in defining the County's reporting entity.

*Discretely Presented Component Unit*

*Taos County Housing Authority: ("The Authority"):* The Authority has been discretely presented as a component unit of Taos County. This component unit has a separately elected and/or appointed board and provides services to residents, generally within the geographic boundaries of the County. The New Mexico State Auditor, through NMAC 2.2.2.10 A., requires the inclusion of this unit in the reporting entity.

The Housing Authority was audited by another auditor and has separately issued financial statements and all exhibits, schedules, and footnotes are included in their financial statements. The Authority's activities are detailed in Exhibits A-1 and A-2 in the County's financial reports. The financial statement for the Taos County Housing Authority can be obtained by writing to Taos County Housing Authority, 525 Ranchitos Road, Unit 962, Taos, NM 87571.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets 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 Assets 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 Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*.



**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*B. Government-wide and fund financial statements (continued)*

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

The County follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statement, subject to the same limitation. The County has elected not to apply subsequent private-sector guidance.

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. 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. 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.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

The *agency funds* are custodial in nature (assets equal liabilities) and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity. The County has one agency fund that accounts for the property tax collections and disbursements.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

Governmental funds are used to account for the County's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. The County's governmental funds include:

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. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include costs associated with the daily operation of the County except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund).

The *Educational Refunding Bond Reserve* is a debt service fund used account for the accumulation of resources for, and the extinguishment of, the 2003 and 2004 Educational Gross Receipts Bonds. Revenues for this fund are generated by sources designated in bond documents.

The *2007 Refunding Series Debt Service Fund* is a debt service fund used to account for revenues received for the purchase of equipment. Authority for this fund is established by an Ordinance of the County Commission.

The *USDA/RUS Complex Debt Service Fund* is a debt service fund used to account for the accumulation of resources and payments on the County's USDA/RUS Loan used in complex construction.

The County also reports the following major proprietary funds:

The *Solid Waste Fund* accounts for the provision of garbage and refuse removal services to the residents of Taos County. All activities necessary to provide such services are accounted for in this fund.

The *Ambulance Fund* accounts for the collection of ambulance fees and the expenses of rendering ambulance services.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned as reported in the Statement of Activities.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues.

Program revenues are categorized as (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which includes revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues 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 and other items not properly included among programs revenues.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County 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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Principal operating revenues of the Solid Waste and Ambulance funds are charges to the customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

*D. Assets, Liabilities and Net Assets or Equity*

**Cash & Cash Equivalents:** The County'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.

**Investments:** State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Assets or Equity (continued)*

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds 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.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, property taxes are recorded as revenue when levied net of estimated refunds and uncollectible amounts.

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 May 10<sup>th</sup> are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property as of January 1<sup>st</sup>.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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. Taos County was a Phase II government for the purposes of implementing GASB Statement No. 34. Therefore, the County's historical cost of major general infrastructure assets, (retroactive to June 30, 1980) are to be included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including computer software is included as a capital asset and recorded with furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Assets 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>
Infrastructure	30
Buildings & building improvements	40-45
Machinery, equipment and vehicles	5-10

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2012, along with applicable PERA, FICA, Medicare, and Retiree Health Care contributions.

**Deferred Revenues:** The County recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

**Compensated Absences:** Qualified employees are entitled to earn annual leave according to a graduated leave schedule depending on length of service. No more than two hundred forty (240) hours of annual leave may be carried over from one calendar year to the next. All excess annual leave shall be forfeited, if not used, unless extenuating circumstances warrant approval of an extension by the Board of County Commissioners of Taos County.

Qualified employees are entitled to earn sick leave. Sick leave can be carried over from year to year up to 1200 hours. Upon termination, employees receive no pay for sick time accumulated. Employees eligible for retirement who have more than six hundred (600) hours of sick leave upon retirement from the County shall be paid for each hour in excess of six hundred (600) hours at the rate of half (1/2) their hourly rate of pay at the time of retirement.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental 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 assets.

**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 statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight line method if the difference from using the effective method is inconsequential. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums, discounts, as well as issuance costs, are recognized in the period bonds are issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Assets, Liabilities and Net Assets or Equity (continued)*

**Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the County's fund balances is presented in Note 19.

**Equity Classifications:** In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Net assets invested in 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 Assets: Consist of net assets 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. The government-wide statement of net assets reports \$16,140,585 of restricted net assets.
- c. Unrestricted Net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

**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 affecting the County's financial statements include management's estimate of the useful lives of capital assets.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, 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 County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund except for the NMFA Debt Service 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.

These budgets are prepared on the Non-GAAP cash 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 budgetary information presented in these financial statements has been properly amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2012 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual fund budgetary statement.

**NOTE 3. Deposits & Investments**

**Cash & Cash Equivalents**

State statutes authorize the investment of County 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. All invested funds of the County properly followed State investment requirements as of June 30, 2009.

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 County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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 of 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.

The collateral pledged is listed on Schedule I of 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.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, from December 31, 2010 through December 31, 2012, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) are fully guaranteed, regardless of dollar amount.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3. Cash & Investments (continued)**

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the County's deposits.

	<u>US Bank</u>	<u>Centinel Bank</u>	<u>People's Bank</u>	<u>Total</u>
Total amounts of deposits*	\$ 6,437,585	\$ 7,285,582	\$ 2,544,597	\$16,267,764
FDIC Coverage	<u>(1,894,032)</u>	<u>(257,768)</u>	<u>(500,000)</u>	<u>(2,651,800)</u>
Total uninsured public funds	<u>\$ 4,543,553</u>	<u>\$ 7,027,814</u>	<u>\$ 2,044,597</u>	<u>\$ 13,615,964</u>
 Pledged collateral held by depository in the County's name	 (6,498,897)	 (3,543,826)	 (1,749,548)	 (11,792,271)
Uninsured and uncollateralized	<u>\$ —</u>	<u>\$ 3,483,907</u>	<u>\$ 295,049</u>	<u>\$ 3,778,956</u>
 Collateral requirement (50% of uninsured public funds)	 2,271,777	 3,513,907	 1,022,299	 7,032,225
Pledged collateral	<u>(6,498,897)</u>	<u>(3,543,826)</u>	<u>(1,749,548)</u>	<u>(11,792,271)</u>
Under (Over) collateralized	<u>\$ (4,227,120)</u>	<u>\$ (29,919)</u>	<u>\$ (727,249)</u>	<u>\$ (5,813,662)</u>

\* - Total amount of deposits per bank includes deposit accounts and certificates of deposit.

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2012, \$3,778,956 of \$16,267,674 was exposed to custodial credit risk because it was uninsured and the uncollateralized.

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff's Office confiscation related funds.

**Investments**

All investments are government securities whose fair market value approximates face value plus any accrued interest. The County had no investments that were highly sensitive to changes in interest rates. The County's policy related to investments 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)

As of June 30, 2012 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. Treasury Money					
Market Mutual Funds	<u>7,634,565</u>	<u>7,634,565</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>7,634,565</u>	<u>7,634,565</u>	<u>—</u>	<u>—</u>	<u>—</u>

**Interest rate risk - Investments.** The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. Currently the County's investments are held as reserve accounts for long term debt obligations.

**Credit risk - Investments.** The County's Investment Policy limits investments to those securities authorized by the laws of the State of New Mexico. As of June 30, 2012, the County's investments in U.S. Treasury Money Securities were rated AAA.



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**NOTE 3. Cash & Investments (continued)**

**Investments (continued)**

Concentration of Credit risk - *Investments*. For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County has no policy which limit on the amount the County may invest in any one issuer, except to follow the applicable statute at Section 6-10-10 NMSA 1978 regarding allowable government investment. At June 30, 2012, the investments in the U.S. Treasury Money Market mutual Funds are 100% of the County's investment Portfolio.

**NOTE 4. Receivables**

Receivables as of June 30, 2012, are as follows:

	General Fund	USDA/RUS Complex Debt Service Fund	Total Non-Major Funds	Total Governmental Funds
Property Taxes	\$ 1,565,912	\$ —	\$ —	\$ 1,565,912
Intergovernmental	48,959	187,071	1,257,774	1,493,804
Other Receivables	<u>127,712</u>	<u>—</u>	<u>151,022</u>	<u>278,734</u>
Net Receivables	<u>\$ 1,742,583</u>	<u>\$ 187,071</u>	<u>\$ 1,408,796</u>	<u>\$ 3,338,450</u>

	Enterprise Funds	Fiduciary Funds
Property Taxes	\$ —	\$ 3,381,948
Intergovernmental	37,615	—
Other Receivables	241,147	—
Customers, Gross	954,755	—
Allowance for Doubtful Accounts	<u>(325,096)</u>	<u>—</u>
Net Receivables	<u>\$ 908,421</u>	<u>\$ 3,381,948</u>

In accordance with GASB No. 33, property tax receivables are presented net of deferred revenues in the amount of \$1,305,155 of deferred revenue in the governmental funds.

**NOTE 5. Interfund Receivables, Payables, and Transfers**

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

<b>Governmental Activities:</b>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,003,431	\$ 3,844,177
Educational Refunding Bond Debt Service Fund	548,659	548,726
2007 Refunding Series Debt Service Fund	1,150,725	1,150,725
USDA/RUS Complex Debt Service Fund	—	1,438,549
Nonmajor Governmental Funds	6,069,353	2,388,902
Proprietary funds	<u>598,911</u>	<u>—</u>
Total Governmental Activities	<u>\$ 9,371,079</u>	<u>\$ 9,371,079</u>

There were no interfund receivables or payables as of June 30, 2012.

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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2012 follows.

<b>Capital Assets used in Governmental Activities:</b>	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Capital assets not depreciated					
Land	\$ 4,745,514	\$ 2,079,883	\$ —	—	\$ 6,825,397
Right of Way	18,750,380	—	—	—	18,750,380
Construction in Progress	<u>28,073,973</u>	<u>5,726</u>	<u>—</u>	<u>(27,541,462)</u>	<u>538,237</u>
Total not being depreciated	<u>\$ 51,569,867</u>	<u>\$ 2,085,609</u>	<u>\$ —</u>	<u>\$ (27,541,462)</u>	<u>\$ 26,114,014</u>
Capital assets being depreciated					
Infrastructure	\$ 38,523,717	\$ 277,726	\$ —	—	\$ 38,801,443
Buildings & improvements	10,003,506	18,777,722	(853,978)	27,541,462	55,468,712
Machinery & equipment	5,109,585	52,045	(145,125)	—	5,016,505
Vehicles	<u>9,097,672</u>	<u>131,058</u>	<u>(237,109)</u>	<u>—</u>	<u>8,991,621</u>
Total being depreciated	<u>\$ 59,843,791</u>	<u>\$ 19,238,551</u>	<u>\$ (1,236,212)</u>	<u>\$ 27,541,462</u>	<u>\$ 108,278,281</u>
Total capital assets	<u>\$ 114,304,347</u>	<u>\$ 21,324,160</u>	<u>\$ (1,236,212)</u>	<u>—</u>	<u>\$ 134,392,295</u>
Less accumulated depreciation					
Infrastructure	\$ (24,464,001)	\$ (905,690)	\$ —	—	\$ (25,369,691)
Buildings & improvements	(3,650,382)	(1,313,494)	828,814	—	(4,135,062)
Machinery & equipment	(2,909,857)	(595,682)	145,125	—	(3,360,414)
Vehicles	<u>(7,262,822)</u>	<u>(576,637)</u>	<u>237,109</u>	<u>—</u>	<u>(7,602,349)</u>
Total accumulated depreciation	<u>\$ (38,287,062)</u>	<u>\$ (3,391,503)</u>	<u>\$ 1,211,048</u>	<u>\$ —</u>	<u>\$ (40,467,516)</u>
Net capital assets	<u>\$ 76,017,285</u>	<u>\$ 17,932,657</u>	<u>\$ (25,164)</u>	<u>—</u>	<u>\$ 93,924,779</u>

Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

General Government	\$ 1,446,577
Public Safety	426,222
Public Works	1,413,654
Culture and Recreation	<u>105,050</u>
Total	<u>\$ 3,391,503</u>

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**NOTE 6. Capital Assets (continued)**

<b>Capital Assets used in Business-Type Activities:</b>	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets being depreciated				
Buildings & improvements	\$ 9,798,589	\$ —	\$ —	\$ 9,798,589
Machinery & equipment	143,073	—	—	143,073
Vehicles	707,868	—	—	707,868
Total being depreciated	<u>\$ 10,649,530</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,649,530</u>
Total capital assets	<u>\$ 10,649,530</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,649,530</u>
Less accumulated depreciation				
Buildings & improvements	\$ (5,180,890)	\$ (252,618)	\$ —	\$ (5,433,508)
Machinery & equipment	(90,899)	(39,751)	—	(130,650)
Vehicles	(548,782)	(46,834)	—	(595,616)
Total accumulated depreciation	<u>\$ (5,820,571)</u>	<u>\$ (339,203)</u>	<u>\$ —</u>	<u>\$ (6,159,774)</u>
Net capital assets	<u>\$ 4,828,959</u>	<u>\$ (339,203)</u>	<u>\$ —</u>	<u>\$ 4,489,756</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2012 was \$339,203.

**NOTE 7. Long-term Debt**

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

<b>Governmental Activities</b>	Balance June 30, 2011	Additions	Deletions	Adjustments	Balance June 30, 2012	Due Within One Year
Bonds Payable	\$ 14,378,173	\$ 2,074,827	\$ (3,208,000)	\$ 2,120,000	\$ 15,365,000	\$ 218,000
Notes Payable	32,521,735	180,289	(1,013,783)	—	31,688,241	989,781
Capital Leases	234,539	1,033,754	(96,618)	—	1,171,675	170,518
Compensated Absences	<u>435,641</u>	<u>356,432</u>	<u>(347,190)</u>	<u>—</u>	<u>444,883</u>	<u>80,079</u>
Total Long-Term Debt	<u>\$ 47,570,088</u>	<u>\$ 3,645,302</u>	<u>\$ 4,665,591</u>	<u>\$ 2,120,000</u>	<u>\$ 48,669,799</u>	<u>\$ 1,458,378</u>

Interest expense paid on long-term debt totaled \$1,965,598 for the year ended June 30, 2012.

**Bonds**

At June 30, 2012, the County had the following bonds outstanding:

	Series 1997 Lodger's Tax Bonds	Series 2007 Educational GRT Bonds	Series 2010 USDA GRT Revenue Bonds
Original Issue	\$ 77,000	\$ 13,895,000	15,000,000
Maturity Date	1/1/2037	10/1/2012	5/4/2050
Principal	January 1	October 1	May 4
Interest Rate	5.00%	4.00-4.50%	4.125%
Interest	January 1	October 1 April 1	May 4

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**NOTE 7. Long-term Debt (continued)**

**Bonds (continued)**

The annual requirements to amortize the Bonds as of June 30, 2012, including interest payments are as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 218,000	\$ 688,580	\$ 906,580
2014	194,000	629,980	823,980
2015	195,000	622,175	817,175
2016	195,000	614,000	809,000
2017	216,000	605,825	821,825
2018-2022	1,195,000	2,887,425	4,082,425
2023-2027	1,460,000	2,616,975	4,076,975
2028-2032	1,794,000	2,282,300	4,076,300
2033-2037	2,218,000	1,870,775	4,088,775
2038-2042	2,500,000	1,386,000	3,886,000
2043-2047	3,040,000	828,300	3,868,300
2048-2052	2,140,000	179,025	2,319,025
	<u>\$ 15,365,000</u>	<u>\$ 15,211,360</u>	<u>\$ 30,576,360</u>

**Notes Payable**

The County entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements. The annual requirements to amortize the NMFA Loans as of June 30, 2012, including interest payments, are as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 989,781	\$ 1,248,355	\$ 2,238,136
2014	952,846	1,232,541	2,185,387
2015	958,845	1,209,223	2,168,068
2016	960,203	1,193,134	2,153,337
2017	968,718	1,173,091	2,141,809
2018-2022	5,087,848	5,373,297	10,461,145
2023-2027	6,010,000	4,343,095	10,353,095
2028-2032	7,375,000	2,968,799	10,343,799
2033-2037	6,915,000	1,300,687	8,215,687
2048-2052	1,470,000	70,266	1,540,266
	<u>\$ 31,688,241</u>	<u>\$ 20,112,488</u>	<u>\$ 51,800,729</u>

New notes payable entered into during the year ended June 30, 2012 are as follows:

NMFA Loan No. Taos 43  
Description: NMFA Hondo-Seco Fire Pumper Loan No. 2682-PP  
Closing Date: April 22, 2012  
Maturity Date: May 1, 2019

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**NOTE 7. Long-term Debt (continued)**

**Notes Payable (continued)**

Taos County entered into a Loan Agreement and Intercept Agreement with the New Mexico Finance Authority (NMFA), evidencing a special limited obligation of the County to pay a principal amount of \$180,289, together with interest and administrative fees, to purchase a fire pumper for use by the Hondo-Seco Fire Department within the County; providing for the payment of the principal of, and interest and administrative fees due under the Loan Agreement payment solely from the distribution of State Fire Protection Funds to the Governmental Unit made annually by the State Treasurer pursuant to Section 59A-53-7, NMSA 1978.

**Capital Leases**

The County leases land, vehicles, and other equipment under various capital leases. The economic substance of the leases is that the County is financing the acquisition of the assets through the leases and, accordingly, they are recorded as County assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates as stated in the individual contracts. The annual requirement to amortize the capital leases as of June 30, 2012, including interest payments, is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2013	\$ 170,518	\$ 49,630	\$ 220,148
2014	112,908	41,766	156,732
2015	117,910	37,773	156,732
2016	95,915	33,598	129,513
2017	100,279	29,234	129,513
2018-2022	<u>574,145</u>	<u>73,420</u>	<u>647,565</u>
Total	<u>\$ 1,171,675</u>	<u>\$ 268,528</u>	<u>\$ 1,440,203</u>

New capital leases entered into during the year ended June 30, 2012 are as follows:

**Land Purchase Lease**

Description: Purchase 5.723 acres of land.

Closing Date: February 7, 2012

Maturity Date: January 30, 2022

In prior years, the general fund has typically been used to liquidate long-term liabilities other than debt associated with capital leases.

Taos County entered into a Capital Lease/Promissory Note Agreement to purchase a tract of 5.723 acres of land. Payments of principal and interest are pledged from: (i) the revenues of the Equalization Distribution to the Governmental Unit pursuant to Section 7-1-6.16, NMSA 1978; (ii) the distribution of the revenues of the first and second increment of 1116th of one percent (1/8%) of County Infrastructure Gross Receipts Tax to the Governmental Unit pursuant to Section 7-20E-19, NMSA 1978; and (iii) the distribution of the revenues of the first, second, third and fourth increment of 1116th of one percent (1/4%) of County Capital Outlay Gross Receipts Tax to the Governmental Unit pursuant to Section 7-20E-21, NMSA 1978.

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**NOTE 7. Long-term Debt (continued)**

**Proprietary Funds**

The proprietary funds have incurred various forms of debt which were used for the purposes of the 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, 2012:

<b>Business-Type Activities</b>	Balance			Balance June 30, 2012	Due Within One Year
	June 30, 2011	Additions	Deletions		
Compensated Absences	\$ 96,985	\$ 58,855	\$ 75,210	\$ 80,630	\$ 19,592
Total Long-Term Debt	<u>\$ 96,985</u>	<u>\$ 58,855</u>	<u>\$ 75,210</u>	<u>\$ 80,630</u>	<u>\$ 19,592</u>

**NOTE 8. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The County participates in the New Mexico Self-Insurer's Fund risk pool.

The County 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 County which exceeds the insurance coverage, the County would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurer's 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 is expected to be continued.

At June 30, 2012, 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. No major lawsuits have been filed against Taos County.

New Mexico Self-Insurer's 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 prior fiscal year.

**NOTE 9. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds:

There were no funds with a deficit fund balance for the year ended June 30, 2012.

B. Excess of expenditures over appropriations:

There were no funds with expenditures in excess of appropriations for the year ended June 30, 2012.

**NOTE 10. PERA Pension Plan**

*Plan Description.* Substantially all of Taos County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan.

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That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**NOTE 10. PERA Pension Plan (continued)**

*Funding Policy.* Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees, 16.65% for detention center employees, and 15.65% for municipal employees. The County is required to contribute 18.5% for law enforcement and fire protection employees, 16.65% for detention center employees, and 11.65% for municipal employees of the gross covered salary. The contribution requirements of plan members and Taos County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for years ending June 30, 2012, 2011 and 2010 were \$989,071, \$839,557, and \$824,344, respectively, which equal the amount of the required contributions for each fiscal year.

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

*Plan Description.* Taos County 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](http://www.nmrhca.state.nm.us).

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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

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**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee’s annual salary, and each participating employee was required to contribute 1.146% of their annual salary. In the fiscal year ending June 30, 2013 the contribution rates for both employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

Taos County's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$143,819, \$112,087 and \$118,900, respectively, which equal the required contributions for each year.

**NOTE 12. Commitments**

The County had various construction and purchase commitments as of June 30, 2012. The funding to cover the various commitments was bond and/or note proceeds, including bonds and grants.

**NOTE 13. Contingent Liabilities**

The County is exposed to various claims and lawsuits in the normal course of business. Management and the County’s manager are unaware of any material pending or threatened litigation, claims, or assessments against the County which are not covered by the County’s insurance.

**NOTE 14. Federal and State Grants**

In the normal course of operations, the County 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 17 Subsequent Accounting Standard Pronouncements**

In December 2009, the GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).



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**NOTE 17      Subsequent Accounting Standard Pronouncements (continued)**

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

In December of 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

The requirements in this Statement will improve financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 18. Restatement of Net Assets**

In the prior year, \$2,120,000 of principal and \$253,650 of interest paid by a trust account for prior year's refunded debt were charged to the Educational Refunding Bond Reserve Fund. We were required to prior year fund balance in that fund for the combined amount of \$2,373,650 on the Governmental Funds Financial Statements. As noted in Note 7, \$2,120,000 of Bonds Payable was added to the Statement of Net Assets. In the Government Wide Statement of Net Activities the amount of restatement required was \$253,650 which related to the interest expense.

**NOTE 19. Governmental Fund Balance**

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 19. Fund Balance (continued)**

<b>Fund balances:</b>	<u>General Fund</u>	<u>Educational Refunding Bond Reserve Fund</u>	<u>2007 Refunding Series Debt Service Fund</u>	<u>USDA/RUS Complex Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>Nonspendable:</b>					
Prepaid Expenses	118,853	-	-	-	136,293
<b>Restricted</b>					
Housing of Prisoners	-	-	-	-	170,368
Roads & Highways	-	-	-	-	477,310
Care of Indigent Citizens	-	-	-	-	318,996
Emergency Services	-	-	-	-	55,522
Fire Departments	-	-	-	-	4,107,386
Law Enforcement	-	-	-	-	1,241,168
Solid Waste Services	-	-	-	-	34,203
Valuation Services	-	-	-	-	445,165
Conservation	-	-	-	-	14,182
Recreation	-	-	-	-	174,265
Healthcare	-	-	-	-	239,139
County Clerk	-	-	-	-	273,178
Intergovernmental Projects	-	-	-	-	434,740
Capital Projects	-	-	-	-	1,616,136
Debt Service	-	2,891,892	2,504,956	375,321	598,580
<b>Committed:</b>					
County Projects	-	-	-	-	31,785
<b>Assigned:</b>	-	-	-	-	-
<b>Unassigned:</b>	6,648,942	-	-	-	-
<i>Total fund balances</i>	<u>6,767,795</u>	<u>2,891,892</u>	<u>2,504,956</u>	<u>375,321</u>	<u>10,368,416</u>

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Current:				
Cash and cash equivalents	\$ 6,831,210	\$ 1,617,521	\$ (223,082)	\$ 8,225,649
Short term investments	-	-	821,331	821,331
Accounts receivable				
Property taxes	-	-	-	-
Intergovernmental	1,257,520	-	254	1,257,774
Other accounts receivable	151,012	-	10	151,022
Interfund balances	-	-	-	-
Prepaid expenses	136,293	-	-	136,293
<i>Total current assets</i>	\$ 8,376,035	\$ 1,617,521	\$ 598,513	\$ 10,592,069
 <b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 162,529	\$ -	\$ -	\$ 162,529
Accrued expenses	59,806	1,318	-	61,124
<i>Total current liabilities</i>	222,335	1,318	-	223,653
Fund balance:				
Reserved				
Nonspendable	136,293	-	-	136,293
Restricted	7,985,622	1,616,203	598,513	10,200,338
Committed	31,785	-	-	31,785
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	8,153,700	1,616,203	598,513	10,368,416
<i>Total liabilities and fund balance</i>	\$ 8,376,035	\$ 1,617,521	\$ 598,513	\$ 10,592,069

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

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## STATE OF NEW MEXICO

Statement A-2

## TAOS COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipt taxes	3,201,636	-	1,805,426	5,007,062
Other taxes	515,548	-	-	515,548
State sources	2,292,765	25,571	19,280	2,337,616
Federal sources	775,446	-	-	775,446
Licenses and fees	687,370	-	-	687,370
Charges for services	1,123,916	-	-	1,123,916
Investment income	2,492	8	386	2,886
Miscellaneous	60,170	10,993	856,803	927,966
<i>Total revenues</i>	<u>8,659,343</u>	<u>36,572</u>	<u>2,681,895</u>	<u>11,377,810</u>
<i>Expenditures:</i>				
Current				
General Government	169,119	-	-	169,119
Public safety	3,985,354	-	-	3,985,354
Culture and recreation	235,688	-	-	235,688
Health and welfare	2,845,681	-	-	2,845,681
Public works	1,846,967	308,075	-	2,155,042
Capital outlay	1,470,307	1,549,712	-	3,020,019
Debt service				
Principal	226,133	-	1,057,268	1,283,401
Interest	8,283	-	1,846,228	1,854,511
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>10,787,532</u>	<u>1,857,787</u>	<u>2,903,496</u>	<u>15,548,815</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,128,189)</u>	<u>(1,821,215)</u>	<u>(221,601)</u>	<u>(4,171,005)</u>
<i>Other financing sources (uses):</i>				
Proceeds of bond/note issuance	-	-	180,289	180,289
Operating transfers in	3,986,674	1,171,716	910,963	6,069,353
Operating transfers (out)	(1,395,068)	(50,102)	(943,732)	(2,388,902)
<i>Total other financing sources (uses)</i>	<u>2,591,606</u>	<u>1,121,614</u>	<u>147,520</u>	<u>3,860,740</u>
<i>Net change in fund balances</i>	463,417	(699,601)	(74,081)	(310,265)
<i>Fund balances - beginning of year</i>	<u>7,690,283</u>	<u>2,315,804</u>	<u>672,594</u>	<u>10,678,681</u>
<i>Fund balances - end of year</i>	<u>\$ 8,153,700</u>	<u>\$ 1,616,203</u>	<u>\$ 598,513</u>	<u>\$ 10,368,416</u>

The accompanying notes are an integral part of these financial statements

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**NONMAJOR SPECIAL REVENUE FUNDS**

## NONMAJOR SPECIAL REVENUE FUNDS

**Health Care** – To account for revenues received from a portion of County Local Option Gross Receipts for the support of resident patients (Section 7-20E-9(D)).

**GRT Judicial Complex** – To account for the revenues and expenditures of fees collected through the Domestic Violence Program Fund.

**Corrections** – To account for revenues received from the State to be used for municipal jailer training, construction planning, construction, operation and maintenance of a municipal jail, for paying the cost of housing of inmates or for complying with Federal match contributions (Section 35-14-11 NMSA, 1978).

**Property Valuation** – To account for revenue receipts resulting from a one percent (1%) property tax to be used pursuant to a property valuation program by the County assessor and approved by a majority of the County Commission (Section 7-38-38.1 NMSA, 1978).

**Road Fund** - To account for revenues and expenditures of the County road improvement fund for the construction of street, road, walkway, bridge, overpass, pathway, alley, curb, gutter or sidewalk projects (Section 7-1-6.26 NMSA, 1978).

**Emergency Medical Services Ambulance** – To account for funds from intergovernmental sources and fees to provide ambulance services to Taos County residences (Section 24-10A-1 NMSA, 1978).

**Farm and Range** – To account for revenues received to be expanded by counties for: 1) soil and water conservation; 2) the control of rodents and predatory animals and the extermination of poisonous and noxious weeds; 3) the construction of dipping vats, spraying machines and other structures to control parasites on livestock; 4) the repair and maintenance of said vats; 5) and for machines and structures and the construction and maintenance of secondary roads (Section 6-11-6 NMSA, 1978).

**Fire Protection -Fire Districts (Fire Marshal) Fund and Fire Districts Discretion Fund** – To account for revenues derived from fees on property and motor vehicle insurance businesses which are deposited into the insurance department suspense fund and then transferred into the Fire Protection Fund by the State Treasurer. These funds are subsequently distributed by the State Fire Marshal to County Fire Districts, including the purchase, construction, maintenance, repair and operation of fire stations and substations, fire apparatus and equipment, the payment of insurance premiums on fire stations and substations, insurance premiums for injuries or death of fire fighters and certain training (Section 59A-53-1 to 59A-53-17 NMSA, 1978).

**Law Enforcement Protection** – To account for revenues received by the State of New Mexico to provide for: 1) the repair and purchase of law enforcement apparatus and equipment; 2) expenses associated with advances in law enforcement planning and training; 3) complying with match or contribution requirements of federal funds for criminal justice programs; 4) no more than (50%) of the replacement salaries of County law enforcement personnel while attending training as specified in item #2 (Section 29-13-3 NMSA, 1978).

**Lodger's Tax Fund** – To account for revenues derived from the imposition of a gross receipts tax on lodging within that part of the County outside of the incorporated limits of a municipality. Proceeds may be used to defray costs of: 1) collecting and administering the tax; 2) establishing and operating, constructing, purchasing, otherwise acquiring, reconstructing, extending, bettering or otherwise improving fairgrounds, exposition buildings, field houses, auditoriums, performing arts facilities, convention halls, or other convention facilities of the County; 3) acquiring equipment furnishings for facilities specified in item #2; 4) acquiring suitable site grounds or other real property for facilities specified in item #2; 5) payment of principal and interest of outstanding revenue bonds issued prior to July 1, 1977; 6) advertising, publicizing and promoting facilities of the municipality of the County and tourist facilities within the area (Section 3-38-15 NMSA, 1978).

**Lodger's Tax Non-Promotional** – To account for revenues derived from one-third of the Lodger's Tax Fund that is held in a savings account and utilized in accordance with state statutes and local ordinances.

**Recreation Fund** – To account for revenues and expenditures from state distribution of a one-cent cigarette tax. Expenditure is limited to operating recreational facilities, including salaries of instructors and other employees (Section 7-12.15 NMSA, 1978).

## NONMAJOR SPECIAL REVENUE FUNDS

**Indigent Health Fund** – To account for revenues derived from a county imposed local receipts tax for the purpose of providing ambulance transportation and hospital care for indigent persons residing with Taos County (Section 7.20E-9 NMSA, 1978).

**Fire Excise Tax** – To account for revenues derived from a county imposed local gross receipts tax of ¼ cent for operational expenses, ambulance services or capital outlay costs of fire districts and ambulance services provided by the County (Section 7-20E.15 NMSA, 1978).

**Clerk's Recording Fees** – To account for an additional \$4.00 recording fee to be utilized for purchase of equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's Office (Section 14-8.12.2 NMSA, 1978).

**Jail/Detention** – Under government accounting principles, to account for funds transferred from general fund and charges for services to other governmental units for housing inmates.

**County Youthbuild** – Established to account for revenues and expenditures in order to provide construction and job training, education, counseling and leadership development for low income youth.

**Solid Waste Equipment** – To account for revenues received for the purchase of equipment. Authority for this fund is established by an Ordinance of the County Commission.

**Taos County Donations** – To account for donated funds received by the County. Authority for this fund is established by an Ordinance of the County Commission.

**Taos County Grant Match Fund** – To account for funds received for the Taos County Project. Authority for this fund is established by an Ordinance of the County Commission.

**DWI Program**– To account for revenues received from a state grant for new, innovative or model programs, services or activities to prevent or reduce incidence of DWI, alcoholism and alcohol abuse (Section 11.6A-3 NMSA, 1978).

**DWI Grant Fund** – To account for revenues received from a state grant for new, innovative or model programs, services or activities to prevent or reduce incidence of DWI, alcoholism and alcohol abuse (Section 11.6A-3 NMSA, 1978).

**DWI Intake Supervision** – To account for intake fees received by the County from DWI incidences. Authority for this fund is established by an Ordinance of the County Commission.

**DWI Domestic Violence** – To account for the revenues and expenditures of fees collected through the Domestic Violence Program Fund.

**DWI Juvenile Adjudication** – To account for revenues received from a state grant for juveniles.

**DWI School** – To account for DWI fees received by the County. Authority for this fund is established by an Ordinance of the County Commission.

**Forest Reserve** – To account for federal funds passed through the U.S. Forest Service for maintenance of forest roads in Taos County.

**Fire District Discretionary** – To account for non-restricted revenues and expenditures of the Fire Districts

**Intergovernmental**– To account for the revenues and expenditures for various grant activity, legislative appropriations, and construction projects.

**Disaster Relief Fund** – To account for money for disaster relief within the County. Authority established an Ordinance of the County Commission.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

	Health Care Fund	GRT Judicial Complex Fund	Corrections Fund	Property Valuation Fund	Road Fund
<b>ASSETS</b>					
<i>Current:</i>					
Cash and temporary investments	\$ 178,981	\$ 968,511	\$ 88,040	\$ 448,240	\$ 218,824
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	60,158	18,125	13,309	-	41,675
Other receivables	-	-	-	-	73,615
Interfund balances	-	-	-	-	-
Prepaid expenses	-	-	-	-	4,797
<i>Total current assets</i>	<u>\$ 239,139</u>	<u>\$ 986,636</u>	<u>\$ 101,349</u>	<u>\$ 448,240</u>	<u>\$ 338,911</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 14,621
Accrued payroll liabilities	-	-	-	3,075	16,536
Interfund balances	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,075</u>	<u>31,157</u>
<i>Fund balance:</i>					
Nonspendable	-	-	-	-	4,797
Restricted	239,139	986,636	101,349	445,165	302,957
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance</i>	<u>239,139</u>	<u>986,636</u>	<u>101,349</u>	<u>445,165</u>	<u>307,754</u>
<i>Total liabilities and fund balance</i>	<u>\$ 239,139</u>	<u>\$ 986,636</u>	<u>\$ 101,349</u>	<u>\$ 448,240</u>	<u>\$ 338,911</u>

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



Emergency Medical Services Ambulance Fund	Farm and Range Fund	Fire Protection Fund	Law Enforcement Protection Fund	Lodger's Tax Promotional Fund	Lodger's Tax Non-Promotional Fund	Recreation Fund	Indigent Fund
\$ 17,843	\$ 14,182	\$ 1,615,773	\$ 4,724	\$ 66,899	\$ 44,910	\$ 2,176	\$ 208,820
-	-	-	-	-	-	-	-
37,679	-	657,223	40,800	-	-	-	181,697
-	-	-	-	24,570	38,301	1,325	-
-	-	-	-	-	-	-	-
-	-	14,664	-	-	-	-	311
<u>\$ 55,522</u>	<u>\$ 14,182</u>	<u>\$ 2,287,660</u>	<u>\$ 45,524</u>	<u>\$ 91,469</u>	<u>\$ 83,211</u>	<u>\$ 3,501</u>	<u>\$ 390,828</u>
\$ -	\$ -	\$ 5,514	\$ -	\$ -	\$ 1,928	\$ 844	\$ 70,498
-	-	-	-	-	633	511	1,023
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,514	-	-	2,561	1,355	71,521
-	-	14,664	-	-	-	-	311
55,522	14,182	2,267,482	45,524	91,469	80,650	2,146	318,996
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>55,522</u>	<u>14,182</u>	<u>2,282,146</u>	<u>45,524</u>	<u>91,469</u>	<u>80,650</u>	<u>2,146</u>	<u>319,307</u>
<u>\$ 55,522</u>	<u>\$ 14,182</u>	<u>\$ 2,287,660</u>	<u>\$ 45,524</u>	<u>\$ 91,469</u>	<u>\$ 83,211</u>	<u>\$ 3,501</u>	<u>\$ 390,828</u>

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

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

	<u>Fire Rescue Excise Tax Fund</u>	<u>Clerk's Recording Fees Fund</u>	<u>Detention Fund</u>	<u>Youth Build Fund</u>	<u>Solid Waste Equipment Fund</u>
<b>ASSETS</b>					
<i>Current:</i>					
Cash and temporary investments	\$ 1,757,127	\$ 264,302	\$ 104,778	\$ -	\$ 34,203
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	70,088	8,876	54,279	-	-
Other receivables	-	-	6,075	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	114,873	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total current assets</i>	<u>\$ 1,827,215</u>	<u>\$ 273,178</u>	<u>\$ 280,005</u>	<u>\$ -</u>	<u>\$ 34,203</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ 64,091	\$ -	\$ -
Accrued payroll liabilities	-	-	32,022	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>96,113</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>					
Nonspendable	-	-	114,873	-	-
Restricted	1,827,215	273,178	69,019	-	34,203
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total fund balance</i>	<u>1,827,215</u>	<u>273,178</u>	<u>183,892</u>	<u>-</u>	<u>34,203</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total liabilities and fund balance</i>	<u>\$ 1,827,215</u>	<u>\$ 273,178</u>	<u>\$ 280,005</u>	<u>\$ -</u>	<u>\$ 34,203</u>

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

<u>Taos County Donations Fund</u>	<u>Taos County Grant Match Fund</u>	<u>DWI Program Fund</u>	<u>DWI Grant Fund</u>	<u>DWI Intake Supervision Fund</u>	<u>DWI Domestic Violence Fund</u>	<u>Juvenile Adjudication GRT Fund</u>	<u>DWI School Fund</u>
\$ 2,100	\$ 29,685	\$ 90,462	\$ 19,966	\$ 49,156	\$ 8,902	\$ 9,623	\$ -
-	-	-	-	-	-	-	-
-	-	-	24,102	-	-	4,929	-
-	-	-	-	6,316	810	-	-
-	-	-	-	-	-	-	-
-	-	907	136	-	-	-	-
<u>\$ 2,100</u>	<u>\$ 29,685</u>	<u>\$ 91,369</u>	<u>\$ 44,204</u>	<u>\$ 55,472</u>	<u>\$ 9,712</u>	<u>\$ 14,552</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 183	\$ -	\$ -	\$ -
-	-	3,195	1,287	-	-	593	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,195	1,287	183	-	593	-
-	-	907	136	-	-	-	-
-	-	87,267	42,781	55,289	9,712	13,959	-
2,100	29,685	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,100</u>	<u>29,685</u>	<u>88,174</u>	<u>42,917</u>	<u>55,289</u>	<u>9,712</u>	<u>13,959</u>	<u>-</u>
<u>\$ 2,100</u>	<u>\$ 29,685</u>	<u>\$ 91,369</u>	<u>\$ 44,204</u>	<u>\$ 55,472</u>	<u>\$ 9,712</u>	<u>\$ 14,552</u>	<u>\$ -</u>

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

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

Statement B-1  
(Page 3 of 3)

	Forest Reserve Title III Fund	Fire Districts Discretionary Fund	Inter- Governmental Fund	Disaster Relief Fund	Total
<b>ASSETS</b>					
<i>Current:</i>					
Cash and temporary investments	\$ 179,536	\$ 12,689	\$ 390,758	\$ -	\$ 6,831,210
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	44,580	-	1,257,520
Other receivables	-	-	-	-	151,012
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	605	-	136,293
<i>Total current assets</i>	<u>\$ 179,536</u>	<u>\$ 12,689</u>	<u>\$ 435,943</u>	<u>\$ -</u>	<u>\$ 8,376,035</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<i>Current Liabilities:</i>					
Accounts payable	\$ 4,850	\$ -	\$ -	\$ -	\$ 162,529
Accrued payroll liabilities	333	-	598	-	59,806
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>5,183</u>	<u>-</u>	<u>598</u>	<u>-</u>	<u>222,335</u>
<i>Fund balance:</i>					
Nonspendable	-	-	605	-	136,293
Restricted	174,353	12,689	434,740	-	7,985,622
Committed	-	-	-	-	31,785
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance</i>	<u>174,353</u>	<u>12,689</u>	<u>435,345</u>	<u>-</u>	<u>8,153,700</u>
<i>Total liabilities and fund balance</i>	<u>\$ 179,536</u>	<u>\$ 12,689</u>	<u>\$ 435,943</u>	<u>\$ -</u>	<u>\$ 8,376,035</u>

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

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Health Care Fund	GRT Judicial Complex Fund	Corrections Fund	Property Valuation Fund	Road Fund
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	404,692	499,191	-	-	101,097
Other taxes	-	-	-	-	199,015
State grants	-	-	-	-	-
Federal grants	-	-	-	-	244,828
Licenses and fees	-	-	-	231,549	412,493
Charges for services	-	-	77,378	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	44,186
<i>Total revenues</i>	<u>404,692</u>	<u>499,191</u>	<u>77,378</u>	<u>231,549</u>	<u>1,001,619</u>
<i>Expenditures:</i>					
Current					
General Government	-	-	-	131,803	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	87,242	-	-	1,690,996
Capital outlay	-	633,086	-	-	66,854
Debt service					
Principal	-	-	-	-	96,618
Interest	-	-	-	-	3,961
<i>Total expenditures</i>	<u>-</u>	<u>720,328</u>	<u>-</u>	<u>131,803</u>	<u>1,858,429</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>404,692</u>	<u>(221,137)</u>	<u>77,378</u>	<u>99,746</u>	<u>(856,810)</u>
<i>Other financing sources (uses):</i>					
Proceeds from note payable	-	-	-	-	-
Operating transfers in	-	-	-	-	817,750
Operating transfers (out)	(211,093)	(101,870)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(211,093)</u>	<u>(101,870)</u>	<u>-</u>	<u>-</u>	<u>817,750</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	193,599	(323,007)	77,378	99,746	(39,060)
<i>Fund balances - beginning of year</i>	<u>45,540</u>	<u>1,309,643</u>	<u>23,971</u>	<u>345,419</u>	<u>346,814</u>
<i>Fund balances - end of year</i>	<u>\$ 239,139</u>	<u>\$ 986,636</u>	<u>\$ 101,349</u>	<u>\$ 445,165</u>	<u>\$ 307,754</u>

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

Emergency Medical Services Ambulance Fund	Farm and Range Fund	Fire Protection Fund	Law Enforcement Protection Fund	Lodger's Tax Promotional Fund	Lodger's Tax Non-Promotional Fund	Parks and Recreation Fund	Indigent Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37,679	-	-	-	-	-	-	1,575,163
-	-	-	-	126,613	189,918	2	-
59,328	-	1,366,153	81,600	-	-	-	22,202
-	1,268	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	9,478	1,425	773,000
-	-	775	-	23	19	-	-
-	-	-	-	-	-	-	-
<u>97,007</u>	<u>1,268</u>	<u>1,366,928</u>	<u>81,600</u>	<u>126,636</u>	<u>199,415</u>	<u>1,427</u>	<u>2,370,365</u>
-	-	-	-	-	-	-	-
51,203	-	317,408	47,950	-	-	-	-
-	-	-	-	100,386	71,084	62,862	-
-	-	-	-	-	-	-	2,845,681
-	-	-	-	-	-	-	-
11,593	-	34,921	-	-	-	-	-
-	-	92,950	-	-	-	-	-
-	-	2,123	-	-	-	-	-
<u>62,796</u>	<u>-</u>	<u>447,402</u>	<u>47,950</u>	<u>100,386</u>	<u>71,084</u>	<u>62,862</u>	<u>2,845,681</u>
34,211	1,268	919,526	33,650	26,250	128,331	(61,435)	(475,316)
-	-	-	-	-	-	-	-
-	-	231,547	-	-	-	55,964	-
-	-	-	-	-	(101,614)	-	-
-	-	231,547	-	-	(101,614)	55,964	-
34,211	1,268	1,151,073	33,650	26,250	26,717	(5,471)	(475,316)
21,311	12,914	1,131,073	11,874	65,219	53,933	7,617	794,623
<u>\$ 55,522</u>	<u>\$ 14,182</u>	<u>\$ 2,282,146</u>	<u>\$ 45,524</u>	<u>\$ 91,469</u>	<u>\$ 80,650</u>	<u>\$ 2,146</u>	<u>\$ 319,307</u>

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

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Fire Rescue Excise Tax Fund	Clerk's Recording Fees Fund	Detention Fund	Youth Build Fund	Solid Waste Equipment Fund
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	454,866	-	90,176	-	38,772
Other taxes	-	-	-	-	-
State grants	-	57,631	-	-	-
Federal grants	-	-	85,713	-	-
Licenses and fees	-	-	-	-	-
Charges for services	-	-	262,635	-	-
Investment income	1,666	-	-	-	9
Miscellaneous	-	-	4,378	-	-
<i>Total revenues</i>	<u>456,532</u>	<u>57,631</u>	<u>442,902</u>	<u>-</u>	<u>38,781</u>
<i>Expenditures:</i>					
Current					
General Government	-	37,316	-	-	-
Public safety	91,515	-	3,015,535	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	12,735	11,290	-	-	-
Debt service					
Principal	-	-	-	-	36,565
Interest	-	-	-	-	2,199
<i>Total expenditures</i>	<u>104,250</u>	<u>48,606</u>	<u>3,015,535</u>	<u>-</u>	<u>38,764</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>352,282</u>	<u>9,025</u>	<u>(2,572,633)</u>	<u>-</u>	<u>17</u>
<i>Other financing sources (uses):</i>					
Proceeds from note payable	-	-	-	-	-
Operating transfers in	-	-	2,418,041	-	-
Operating transfers (out)	(234,100)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(234,100)</u>	<u>-</u>	<u>2,418,041</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	118,182	9,025	(154,592)	-	17
<i>Fund balances - beginning of year</i>	<u>1,709,033</u>	<u>264,153</u>	<u>338,484</u>	<u>-</u>	<u>34,186</u>
<i>Fund balances - end of year</i>	<u>\$ 1,827,215</u>	<u>\$ 273,178</u>	<u>\$ 183,892</u>	<u>\$ -</u>	<u>\$ 34,203</u>

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



Taos County Donations Fund	Taos County Grant Match Fund	DWI Program Fund	DWI Grant Fund	DWI Intake Supervision Fund	DWI Domestic Violence Fund	Juvenile Adjudication GRT Fund	DWI School Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	225,362	96,387	-	-	9,545	-
-	-	-	-	-	-	-	-
-	-	-	-	37,269	6,059	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	30	71	11,488	-	-	-
-	-	225,392	96,458	48,757	6,059	9,545	-
-	-	-	-	-	-	-	-
-	-	216,483	71,979	-	-	9,586	618
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	216,483	71,979	-	-	9,586	618
-	-	8,909	24,479	48,757	6,059	(41)	(618)
-	-	-	-	-	-	-	-
-	50,000	-	-	-	-	14,000	-
-	(183,062)	-	-	-	-	-	-
-	(133,062)	-	-	-	-	14,000	-
-	(133,062)	8,909	24,479	48,757	6,059	13,959	(618)
2,100	162,747	79,265	18,438	6,532	3,653	-	618
\$ 2,100	\$ 29,685	\$ 88,174	\$ 42,917	\$ 55,289	\$ 9,712	\$ 13,959	\$ -

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

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Statement B-2  
(Page 3 of 3)

	Forest Reserve Title III Fund	Fire Districts Discretionary Fund	Inter- Governmental Fund	Disaster Relief Fund	Total
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	3,201,636
Other taxes	-	-	-	-	515,548
State grants	-	4,802	369,755	-	2,292,765
Federal grants	40,325	-	339,465	63,847	775,446
Licenses and fees	-	-	-	-	687,370
Charges for services	-	-	-	-	1,123,916
Investment income	-	-	-	-	2,492
Miscellaneous	-	-	17	-	60,170
<i>Total revenues</i>	<u>40,325</u>	<u>4,802</u>	<u>709,237</u>	<u>63,847</u>	<u>8,659,343</u>
<i>Expenditures:</i>					
<i>Current</i>					
General Government	-	-	-	-	169,119
Public safety	-	4,500	158,577	-	3,985,354
Culture and recreation	-	-	1,356	-	235,688
Health and welfare	-	-	-	-	2,845,681
Public works	47,613	-	21,116	-	1,846,967
Capital outlay	9,068	-	690,760	-	1,470,307
<i>Debt service</i>					
Principal	-	-	-	-	226,133
Interest	-	-	-	-	8,283
<i>Total expenditures</i>	<u>56,681</u>	<u>4,500</u>	<u>871,809</u>	<u>-</u>	<u>10,787,532</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,356)</u>	<u>302</u>	<u>(162,572)</u>	<u>63,847</u>	<u>(2,128,189)</u>
<i>Other financing sources (uses):</i>					
Proceeds from note payable	-	-	-	-	-
Operating transfers in	-	-	399,372	-	3,986,674
Operating transfers (out)	-	-	(430,957)	(132,372)	(1,395,068)
<i>Total other financing sources (use)</i>	<u>-</u>	<u>-</u>	<u>(31,585)</u>	<u>(132,372)</u>	<u>2,591,606</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>(16,356)</u>	<u>302</u>	<u>(194,157)</u>	<u>(68,525)</u>	<u>463,417</u>
<i>Fund balances - beginning of year</i>	<u>190,709</u>	<u>12,387</u>	<u>629,502</u>	<u>68,525</u>	<u>7,690,283</u>
<i>Fund balances - end of year</i>	<u>\$ 174,353</u>	<u>\$ 12,689</u>	<u>\$ 435,345</u>	<u>\$ -</u>	<u>\$ 8,153,700</u>

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

## STATE OF NEW MEXICO

Statement B-3

## TAOS COUNTY

## HEALTH CARE SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 384,000	\$ 384,000	\$ 373,884	\$ (10,116)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>384,000</u>	<u>384,000</u>	<u>373,884</u>	<u>(10,116)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>384,000</u>	<u>384,000</u>	<u>373,884</u>	<u>(10,116)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(211,093)	(211,093)	(211,093)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(172,907)	(172,907)	-	172,907
<i>Total other financing sources (uses)</i>	<u>(384,000)</u>	<u>(384,000)</u>	<u>(211,093)</u>	<u>172,907</u>
<i>Net change in fund balances</i>	-	-	162,791	162,791
<i>Fund balances - beginning of year</i>	-	-	16,190	16,190
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,981</u>	<u>\$ 178,981</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			30,808	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 193,599</u>	

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

## STATE OF NEW MEXICO

Statement B-4

## TAOS COUNTY

## GRT JUDICIAL COMPLEX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 327,250	\$ 327,250	\$ 485,012	\$ 157,762
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>327,250</u>	<u>327,250</u>	<u>485,012</u>	<u>157,762</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	101,550	101,550	87,242	14,308
Education	-	-	-	-
Capital outlay	676,500	686,500	676,889	9,611
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>778,050</u>	<u>788,050</u>	<u>764,131</u>	<u>23,919</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(450,800)</u>	<u>(460,800)</u>	<u>(279,119)</u>	<u>181,681</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(201,868)	(201,868)	(101,870)	99,998
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	652,668	662,668	-	(662,668)
<i>Total other financing sources (uses)</i>	<u>450,800</u>	<u>460,800</u>	<u>(101,870)</u>	<u>(562,670)</u>
<i>Net change in fund balances</i>	-	-	(380,989)	(380,989)
<i>Fund balances - beginning of year</i>	-	-	1,349,500	1,349,500
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968,511</u>	<u>\$ 968,511</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			14,179	
Expenditure accruals			43,803	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (323,007)</u>	

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

## STATE OF NEW MEXICO

Statement B-5

## TAOS COUNTY

## CORRECTIONS SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	65,000	65,000	64,069	(931)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>65,000</u>	<u>65,000</u>	<u>64,069</u>	<u>(931)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>65,000</u>	<u>65,000</u>	<u>64,069</u>	<u>(931)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(80,000)	(80,000)	-	80,000
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	15,000	15,000	-	(15,000)
<i>Total other financing sources (uses)</i>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>65,000</u>
<i>Net change in fund balances</i>	-	-	64,069	64,069
<i>Fund balances - beginning of year</i>	-	-	23,971	23,971
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,040</u>	<u>\$ 88,040</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			13,309	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 77,378</u>	

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

## STATE OF NEW MEXICO

Statement B-6

## TAOS COUNTY

## PROPERTY VALUATION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	175,000	175,000	231,549	56,549
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>175,000</u>	<u>175,000</u>	<u>231,549</u>	<u>56,549</u>
<i>Expenditures:</i>				
Current				
General Government	467,655	467,655	138,141	329,514
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	62,177	62,177	-	62,177
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>529,832</u>	<u>529,832</u>	<u>138,141</u>	<u>391,691</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(354,832)</u>	<u>(354,832)</u>	<u>93,408</u>	<u>448,240</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	354,832	354,832	-	(354,832)
<i>Total other financing sources (uses)</i>	<u>354,832</u>	<u>354,832</u>	<u>-</u>	<u>(354,832)</u>
<i>Net change in fund balances</i>	-	-	93,408	93,408
<i>Fund balances - beginning of year</i>	-	-	354,832	354,832
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448,240</u>	<u>\$ 448,240</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			6,338	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 99,746</u>	

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

## STATE OF NEW MEXICO

Statement B-7

## TAOS COUNTY

## ROAD SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 281,000	\$ 281,000	\$ 282,307	\$ 1,307
Intergovernmental	244,836	244,836	244,828	(8)
Licenses and fees	395,025	395,025	375,415	(19,610)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	6,500	10,745	44,186	33,441
<i>Total revenues</i>	<u>927,361</u>	<u>931,606</u>	<u>946,736</u>	<u>15,130</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	1,756,115	1,784,148	1,710,929	73,219
Education	-	-	-	-
Capital outlay	100,000	67,973	66,854	1,119
Debt service				
Principal	139,259	147,499	106,229	41,270
Interest	3,961	3,961	3,961	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,999,335</u>	<u>2,003,581</u>	<u>1,887,973</u>	<u>115,608</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,071,974)</u>	<u>(1,071,975)</u>	<u>(941,237)</u>	<u>130,738</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	896,276	896,276	817,750	(78,526)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	175,698	175,699	-	(175,699)
<i>Total other financing sources (uses)</i>	<u>1,071,974</u>	<u>1,071,975</u>	<u>817,750</u>	<u>(254,225)</u>
<i>Net change in fund balances</i>	-	-	(123,487)	(123,487)
<i>Fund balances - beginning of year</i>	-	-	342,311	342,311
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,824</u>	<u>\$ 218,824</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			54,883	
Expenditure accruals			29,544	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (39,060)</u>	

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



## STATE OF NEW MEXICO

Statement B-8

## TAOS COUNTY

EMERGENCY MEDICAL SERVICES AMBULANCE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,698	59,298	59,328	30
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>40,698</u>	<u>59,298</u>	<u>59,328</u>	<u>30</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	48,735	68,835	51,203	17,632
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	13,273	11,773	11,593	180
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>62,008</u>	<u>80,608</u>	<u>62,796</u>	<u>17,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,310)</u>	<u>(21,310)</u>	<u>(3,468)</u>	<u>17,842</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	21,310	21,310	-	(21,310)
<i>Total other financing sources (uses)</i>	<u>21,310</u>	<u>21,310</u>	<u>-</u>	<u>(21,310)</u>
<i>Net change in fund balances</i>	-	-	(3,468)	(3,468)
<i>Fund balances - beginning of year</i>	-	-	21,311	21,311
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,843</u>	<u>\$ 17,843</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			37,679	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 34,211</u>	

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

## STATE OF NEW MEXICO

Statement B-9

## TAOS COUNTY

## FARM AND RANGE SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,500	1,500	1,268	(232)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,500</u>	<u>1,500</u>	<u>1,268</u>	<u>(232)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	14,414	14,414	-	14,414
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>14,414</u>	<u>14,414</u>	<u>-</u>	<u>14,414</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,914)</u>	<u>(12,914)</u>	<u>1,268</u>	<u>14,182</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	12,914	12,914	-	(12,914)
<i>Total other financing sources (uses)</i>	<u>12,914</u>	<u>12,914</u>	<u>-</u>	<u>(12,914)</u>
<i>Net change in fund balances</i>	-	-	1,268	1,268
<i>Fund balances - beginning of year</i>	-	-	12,914	12,914
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,182</u>	<u>\$ 14,182</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 1,268</u>	

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

## STATE OF NEW MEXICO

Statement B-10

## TAOS COUNTY

## FIRE PROTECTION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	708,880	709,719	708,930	(789)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	140	90	775	685
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>709,020</u>	<u>709,809</u>	<u>709,705</u>	<u>(104)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	766,926	769,926	309,794	460,132
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	1,013,248	1,187,873	34,921	1,152,952
Debt service				-
Principal	41,146	92,982	92,950	32
Interest	1,991	4,884	2,123	2,761
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,823,311</u>	<u>2,055,665</u>	<u>439,788</u>	<u>1,615,877</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,114,291)</u>	<u>(1,345,856)</u>	<u>269,917</u>	<u>1,615,773</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	231,547	231,547	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	1,114,291	1,114,309	-	(1,114,309)
<i>Total other financing sources (uses)</i>	<u>1,114,291</u>	<u>1,345,856</u>	<u>231,547</u>	<u>(1,114,309)</u>
<i>Net change in fund balances</i>	-	-	501,464	501,464
<i>Fund balances - beginning of year</i>	-	-	1,114,309	1,114,309
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,615,773</u>	<u>\$ 1,615,773</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			657,223	
Expenditure accruals			(7,614)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 1,151,073</u>	

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

## STATE OF NEW MEXICO

Statement B-11

## TAOS COUNTY

LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,800	40,800	40,800	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	40,800	40,800	40,800	-
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	52,674	52,674	47,950	4,724
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	52,674	52,674	47,950	4,724
<i>Excess (deficiency) of revenues over expenditures</i>	(11,874)	(11,874)	(7,150)	4,724
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	11,874	11,874	-	(11,874)
<i>Total other financing sources (uses)</i>	11,874	11,874	-	(11,874)
<i>Net change in fund balances</i>	-	-	(7,150)	(7,150)
<i>Fund balances - beginning of year</i>	-	-	11,874	11,874
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 4,724	\$ 4,724
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			40,800	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 33,650	

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

## STATE OF NEW MEXICO

Statement B-12

## TAOS COUNTY

LODGER'S TAX PROMOTIONAL SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 85,000	\$ 85,000	\$ 107,947	\$ 22,947
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	750	750	23	(727)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>85,750</u>	<u>85,750</u>	<u>107,970</u>	<u>22,220</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	145,065	145,065	100,386	44,679
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>145,065</u>	<u>145,065</u>	<u>100,386</u>	<u>44,679</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(59,315)</u>	<u>(59,315)</u>	<u>7,584</u>	<u>66,899</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	59,315	59,315	-	(59,315)
<i>Total other financing sources (uses)</i>	<u>59,315</u>	<u>59,315</u>	<u>-</u>	<u>(59,315)</u>
<i>Net change in fund balances</i>	-	-	7,584	7,584
<i>Fund balances - beginning of year</i>	-	-	59,315	59,315
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,899</u>	<u>\$ 66,899</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			18,666	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 26,250</u>	

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

## STATE OF NEW MEXICO

Statement B-13

## TAOS COUNTY

LODGER'S TAX NON-PROMOTIONAL SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 135,000	\$ 135,000	\$ 161,920	\$ 26,920
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	10,000	10,000	8,032	(1,968)
Investment income	100	100	19	(81)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>145,100</u>	<u>145,100</u>	<u>169,971</u>	<u>24,871</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	83,563	83,563	70,291	13,272
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>83,563</u>	<u>83,563</u>	<u>70,291</u>	<u>13,272</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>61,537</u>	<u>61,537</u>	<u>99,680</u>	<u>38,143</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(101,214)	(101,614)	(101,614)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	39,677	40,077	-	(40,077)
<i>Total other financing sources (uses)</i>	<u>(61,537)</u>	<u>(61,537)</u>	<u>(101,614)</u>	<u>(40,077)</u>
<i>Net change in fund balances</i>	-	-	(1,934)	(1,934)
<i>Fund balances - beginning of year</i>	-	-	46,844	46,844
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,910</u>	<u>\$ 44,910</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			29,444	
Expenditure accruals			(793)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 26,717</u>	

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

## STATE OF NEW MEXICO

Statement B-14

## TAOS COUNTY

## RECREATION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 2	\$ 2
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	1,300	1,300	100	(1,200)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,300</u>	<u>1,300</u>	<u>102</u>	<u>(1,198)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	66,309	66,309	62,935	3,374
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>66,309</u>	<u>66,309</u>	<u>62,935</u>	<u>3,374</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(65,009)</u>	<u>(65,009)</u>	<u>(62,833)</u>	<u>2,176</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	55,964	55,964	55,964	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	9,045	9,045	-	(9,045)
<i>Total other financing sources (uses)</i>	<u>65,009</u>	<u>65,009</u>	<u>55,964</u>	<u>(9,045)</u>
<i>Net change in fund balances</i>	-	-	(6,869)	(6,869)
<i>Fund balances - beginning of year</i>	-	-	9,045	9,045
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,176</u>	<u>\$ 2,176</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			1,325	
Expenditure accruals			73	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (5,471)</u>	

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

## STATE OF NEW MEXICO

Statement B-15

## TAOS COUNTY

## INDIGENT SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 1,532,000	\$ 1,532,000	\$ 1,513,577	\$ (18,423)
Intergovernmental	5,000	5,000	20,940	15,940
Licenses and fees	-	-	-	-
Charges for services	773,727	773,727	773,000	(727)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,310,727</u>	<u>2,310,727</u>	<u>2,307,517</u>	<u>(3,210)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	3,004,844	3,004,844	2,792,814	212,030
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>3,004,844</u>	<u>3,004,844</u>	<u>2,792,814</u>	<u>212,030</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(694,117)</u>	<u>(694,117)</u>	<u>(485,297)</u>	<u>208,820</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	694,117	694,117	-	(694,117)
<i>Total other financing sources (uses)</i>	<u>694,117</u>	<u>694,117</u>	<u>-</u>	<u>(694,117)</u>
<i>Net change in fund balances</i>	-	-	(485,297)	(485,297)
<i>Fund balances - beginning of year</i>	-	-	694,117	694,117
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,820</u>	<u>\$ 208,820</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			62,848	
Expenditure accruals			(52,867)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (475,316)</u>	

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



## STATE OF NEW MEXICO

Statement B-16

## TAOS COUNTY

## FIRE RESCUE EXCISE TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 396,000	\$ 396,000	\$ 418,080	\$ 22,080
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	1,666	1,666
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>396,000</u>	<u>396,000</u>	<u>419,746</u>	<u>23,746</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	664,828	691,689	91,515	600,174
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	1,074,403	1,015,492	12,735	1,002,757
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,739,231</u>	<u>1,707,181</u>	<u>104,250</u>	<u>1,602,931</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,343,231)</u>	<u>(1,311,181)</u>	<u>315,496</u>	<u>1,626,677</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(332,500)	(364,550)	(234,100)	130,450
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	1,675,731	1,675,731	-	(1,675,731)
<i>Total other financing sources (uses)</i>	<u>1,343,231</u>	<u>1,311,181</u>	<u>(234,100)</u>	<u>(1,545,281)</u>
<i>Net change in fund balances</i>	-	-	81,396	81,396
<i>Fund balances - beginning of year</i>	-	-	1,675,731	1,675,731
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,757,127</u>	<u>\$ 1,757,127</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			36,786	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 118,182</u>	

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

## STATE OF NEW MEXICO

Statement B-17

## TAOS COUNTY

## CLERK'S RECORDING FEES SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	35,000	35,000	48,755	13,755
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>48,755</u>	<u>13,755</u>
<i>Expenditures:</i>				
Current				
General Government	279,153	279,153	37,316	241,837
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	20,000	20,000	11,290	8,710
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>299,153</u>	<u>299,153</u>	<u>48,606</u>	<u>250,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(264,153)</u>	<u>(264,153)</u>	<u>149</u>	<u>264,302</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	264,153	264,153	-	(264,153)
<i>Total other financing sources (uses)</i>	<u>264,153</u>	<u>264,153</u>	<u>-</u>	<u>(264,153)</u>
<i>Net change in fund balances</i>	-	-	149	149
<i>Fund balances - beginning of year</i>	-	-	264,153	264,153
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,302</u>	<u>\$ 264,302</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			8,876	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 9,025</u>	

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

## STATE OF NEW MEXICO

Statement B-18

## TAOS COUNTY

## DETENTION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 70,000	\$ 70,000	\$ 84,133	\$ 14,133
Intergovernmental	103,500	103,500	85,713	(17,787)
Licenses and fees	-	-	-	-
Charges for services	312,510	171,505	213,626	42,121
Investment income	-	-	-	-
Miscellaneous	12,000	12,000	1,772	(10,228)
<i>Total revenues</i>	<u>498,010</u>	<u>357,005</u>	<u>385,244</u>	<u>28,239</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	3,223,681	3,199,811	3,039,479	160,332
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>3,223,681</u>	<u>3,199,811</u>	<u>3,039,479</u>	<u>160,332</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,725,671)</u>	<u>(2,842,806)</u>	<u>(2,654,235)</u>	<u>188,571</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	2,384,699	2,501,834	2,418,041	(83,793)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	340,972	340,972	-	(340,972)
<i>Total other financing sources (uses)</i>	<u>2,725,671</u>	<u>2,842,806</u>	<u>2,418,041</u>	<u>(424,765)</u>
<i>Net change in fund balances</i>	-	-	(236,194)	(236,194)
<i>Fund balances - beginning of year</i>	-	-	340,972	340,972
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,778</u>	<u>\$ 104,778</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			57,658	
Expenditure accruals			23,944	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (154,592)</u>	

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

## STATE OF NEW MEXICO

Statement B-19

## TAOS COUNTY

## YOUTH BUILD SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	160,000	160,000	-	(160,000)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>	<u>160,000</u>
<i>Total other financing sources (uses)</i>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>	<u>160,000</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

## STATE OF NEW MEXICO

Statement B-20

## TAOS COUNTY

## SOLID WASTE EQUIPMENT SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 35,569	\$ 38,869	\$ 38,772	\$ (97)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	75	75	9	(66)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>35,644</u>	<u>38,944</u>	<u>38,781</u>	<u>(163)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	36,565	36,565	36,565	-
Interest	1,099	2,204	2,199	5
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>37,664</u>	<u>38,769</u>	<u>38,764</u>	<u>5</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,020)</u>	<u>175</u>	<u>17</u>	<u>(158)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	2,020	(175)	-	175
<i>Total other financing sources (uses)</i>	<u>2,020</u>	<u>(175)</u>	<u>-</u>	<u>175</u>
<i>Net change in fund balances</i>	-	-	17	17
<i>Fund balances - beginning of year</i>	-	-	34,186	34,186
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,203</u>	<u>\$ 34,203</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 17</u>	

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

## STATE OF NEW MEXICO

Statement B-21

## TAOS COUNTY

## TAOS COUNTY DONATION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	2,100	2,100	-	2,100
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>2,100</u>	<u>2,100</u>	<u>-</u>	<u>2,100</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,100)</u>	<u>(2,100)</u>	<u>-</u>	<u>2,100</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	2,100	2,100	-	-
<i>Total other financing sources (uses)</i>	<u>2,100</u>	<u>2,100</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	2,100	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

## STATE OF NEW MEXICO

Statement B-22

## TAOS COUNTY

TAOS COUNTY GRANT MATCH SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<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>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	100,000	100,000	50,000	(50,000)
Operating transfers (out)	(27,833)	(188,833)	(183,062)	5,771
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(72,167)	88,833	-	(88,833)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(133,062)</u>	<u>(133,062)</u>
<i>Net change in fund balances</i>	-	-	(133,062)	(133,062)
<i>Fund balances - beginning of year</i>	-	-	162,747	162,747
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,685</u>	<u>\$ 29,685</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (133,062)</u>	

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

## STATE OF NEW MEXICO

Statement B-23

## TAOS COUNTY

## DWI PROGRAM SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	228,670	228,670	225,362	(3,308)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	30	30
<i>Total revenues</i>	<u>228,670</u>	<u>228,670</u>	<u>225,392</u>	<u>(3,278)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	228,670	228,670	225,295	3,375
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>228,670</u>	<u>228,670</u>	<u>225,295</u>	<u>3,375</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>97</u>	<u>97</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	5,762	5,762	-	(5,762)
Operating transfers (out)	(75,000)	(75,000)	-	75,000
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	69,238	69,238	-	(69,238)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	97	97
<i>Fund balances - beginning of year</i>	-	-	90,365	90,365
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,462</u>	<u>\$ 90,462</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			8,812	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 8,909</u>	

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



## STATE OF NEW MEXICO

Statement B-24

## TAOS COUNTY

## DWI GRANT MATCH SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	90,497	99,095	72,285	(26,810)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	71	71
<i>Total revenues</i>	<u>90,497</u>	<u>99,095</u>	<u>72,356</u>	<u>(26,739)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	65,000	73,599	72,559	1,040
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>65,000</u>	<u>73,599</u>	<u>72,559</u>	<u>1,040</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>25,497</u>	<u>25,496</u>	<u>(203)</u>	<u>(25,699)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(45,665)	(45,665)	-	45,665
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	20,168	20,169	-	(20,169)
<i>Total other financing sources (uses)</i>	<u>(25,497)</u>	<u>(25,496)</u>	<u>-</u>	<u>25,496</u>
<i>Net change in fund balances</i>	-	-	(203)	(203)
<i>Fund balances - beginning of year</i>	-	-	20,169	20,169
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,966</u>	<u>\$ 19,966</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			24,102	
Expenditure accruals			580	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 24,479</u>	

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

## STATE OF NEW MEXICO

Statement B-25

## TAOS COUNTY

## DWI INTAKE SUPERVISION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	30,000	30,000	31,539	1,539
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	10,000	10,000	3,841	(6,159)
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>35,380</u>	<u>(4,620)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	74,115	74,115	28,339	45,776
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	8,000	8,000	-	8,000
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>82,115</u>	<u>82,115</u>	<u>28,339</u>	<u>53,776</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(42,115)</u>	<u>(42,115)</u>	<u>7,041</u>	<u>49,156</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	42,115	42,115	-	(42,115)
<i>Total other financing sources (uses)</i>	<u>42,115</u>	<u>42,115</u>	<u>-</u>	<u>(42,115)</u>
<i>Net change in fund balances</i>	-	-	7,041	7,041
<i>Fund balances - beginning of year</i>	-	-	42,115	42,115
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,156</u>	<u>\$ 49,156</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			13,377	
Expenditure accruals			<u>28,339</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 48,757</u>	

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

## STATE OF NEW MEXICO

Statement B-26

## TAOS COUNTY

## DWI DOMESTIC VIOLENCE SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	1,000	1,000	5,249	4,249
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>5,249</u>	<u>4,249</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	4,653	4,653	-	4,653
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>4,653</u>	<u>4,653</u>	<u>-</u>	<u>4,653</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,653)</u>	<u>(3,653)</u>	<u>5,249</u>	<u>8,902</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	3,653	3,653	-	(3,653)
<i>Total other financing sources (uses)</i>	<u>3,653</u>	<u>3,653</u>	<u>-</u>	<u>(3,653)</u>
<i>Net change in fund balances</i>	-	-	5,249	5,249
<i>Fund balances - beginning of year</i>	-	-	3,653	3,653
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,902</u>	<u>\$ 8,902</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			810	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 6,059</u>	

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

## STATE OF NEW MEXICO

Statement B-27

## TAOS COUNTY

JUVENILE ADJUDICATION GRT SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	14,000	4,616	(9,384)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	14,000	4,616	(9,384)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	14,001	8,993	5,008
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	-	14,001	8,993	5,008
<i>Excess (deficiency) of revenues over expenditures</i>	-	(1)	(4,377)	(4,376)
<i>Other financing sources (uses):</i>				
Operating transfers in	-	14,000	14,000	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	(13,999)	-	13,999
<i>Total other financing sources (uses)</i>	-	1	14,000	13,999
<i>Net change in fund balances</i>	-	-	9,623	9,623
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 9,623	\$ 9,623
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			4,929	
Expenditure accruals			(593)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 13,959	

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

## STATE OF NEW MEXICO

Statement B-28

## TAOS COUNTY

## DWI SCHOOL SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<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>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(618)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (618)</u>	

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

## STATE OF NEW MEXICO

Statement B-29

## TAOS COUNTY

## FOREST RESERVE TITLE III SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,326	40,326	40,325	(1)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>40,326</u>	<u>40,326</u>	<u>40,325</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	175,519	175,519	47,767	127,752
Education	-	-	-	-
Capital outlay	56,002	56,002	4,218	51,784
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>231,521</u>	<u>231,521</u>	<u>51,985</u>	<u>179,536</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(191,195)</u>	<u>(191,195)</u>	<u>(11,660)</u>	<u>179,535</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	191,195	191,195	-	(191,195)
<i>Total other financing sources (uses)</i>	<u>191,195</u>	<u>191,195</u>	<u>-</u>	<u>(191,195)</u>
<i>Net change in fund balances</i>	-	-	(11,660)	(11,660)
<i>Fund balances - beginning of year</i>	-	-	191,196	191,196
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,536</u>	<u>\$ 179,536</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(4,696)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (16,356)</u>	

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

## STATE OF NEW MEXICO

Statement B-30

## TAOS COUNTY

FIRE DISTRICTS DISCRETIONARY SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	100,000	100,000	4,802	(95,198)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100,000</u>	<u>100,000</u>	<u>4,802</u>	<u>(95,198)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	87,354	87,354	4,500	82,854
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	25,033	25,033	-	25,033
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>112,387</u>	<u>112,387</u>	<u>4,500</u>	<u>107,887</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,387)</u>	<u>(12,387)</u>	<u>302</u>	<u>12,689</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	12,387	12,387	-	(12,387)
<i>Total other financing sources (uses)</i>	<u>12,387</u>	<u>12,387</u>	<u>-</u>	<u>(12,387)</u>
<i>Net change in fund balances</i>	-	-	302	302
<i>Fund balances - beginning of year</i>	-	-	12,387	12,387
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,689</u>	<u>\$ 12,689</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 302</u>	

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

## STATE OF NEW MEXICO

Statement B-31

## TAOS COUNTY

## INTERGOVERNMENTAL SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	584,796	1,277,911	664,640	(613,271)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	17	17
<i>Total revenues</i>	<u>584,796</u>	<u>1,277,911</u>	<u>664,657</u>	<u>(613,254)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	228,948	337,265	161,580	175,685
Culture and recreation	1,556	1,556	1,356	200
Health and welfare	-	-	-	-
Public works	109	22,517	21,116	1,401
Education	-	-	-	-
Capital outlay	552,857	1,233,895	690,760	543,135
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>783,470</u>	<u>1,595,233</u>	<u>874,812</u>	<u>720,421</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(198,674)</u>	<u>(317,322)</u>	<u>(210,155)</u>	<u>107,167</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	22,071	399,381	399,372	(9)
Operating transfers (out)	(455,892)	(470,299)	(430,957)	39,342
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	632,495	388,240	-	(388,240)
<i>Total other financing sources (uses)</i>	<u>198,674</u>	<u>317,322</u>	<u>(31,585)</u>	<u>(348,907)</u>
<i>Net change in fund balances</i>	-	-	(241,740)	(241,740)
<i>Fund balances - beginning of year</i>	-	-	632,498	632,498
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,758</u>	<u>\$ 390,758</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			44,580	
Expenditure accruals			3,003	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (194,157)</u>	

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



## STATE OF NEW MEXICO

Statement B-32

## TAOS COUNTY

## DISASTER RELIEF SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	51,475	63,847	63,847	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>51,475</u>	<u>63,847</u>	<u>63,847</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>51,475</u>	<u>63,847</u>	<u>63,847</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(120,000)	(132,372)	(132,372)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	68,525	68,525	-	(68,525)
<i>Total other financing sources (uses)</i>	<u>(51,475)</u>	<u>(63,847)</u>	<u>(132,372)</u>	<u>(68,525)</u>
<i>Net change in fund balances</i>	-	-	(68,525)	(68,525)
<i>Fund balances - beginning of year</i>	-	-	68,525	68,525
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (68,525)</u>	

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

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**NONMAJOR CAPITAL PROJECT FUNDS**

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## NONMAJOR CAPITAL PROJECTS FUNDS

**Admin/Judicial/Correctional Complex Fund** is a capital project fund used to account for the debt service of a loan from the New Mexico Finance Authority (NMFA) to finance the construction project of the Taos County Admin/Judicial/Detention Complex.

**Educational Bond Proceeds** – To account for the Bond/Capital outlay; bond proceeds.

**Capital Enhancement** – To account for revenue and expenditures related to the Capital Enhancement Project.

**Penasco Sub-Station** – To account for revenue and expenditures related to the Pensaco Sub-Station Project.

**Department of Transportation** – To account for GRIP2 funding received for construction on West Rim Road.

**Amalia Community Center** – New Mexico Legislative Appropriation (NMLA) Grant - To improve and equip including the construction of a water well – fund established to account for grant funding.

**Old Courthouse Renovation AKA El Prado Community Center** – New Mexico Legislative Appropriation (NMLA) Grant– Fund established to account for grant funding to renovate El Prado Community Center.

**Llano/Quemado Emergency Response Center** – New Mexico Legislative Appropriation (NMLA) Grant – Fund established to account for grant funding to plan, design and construct the Llano Quemado Response Center.

**Admin/Judicial Complex Projects Fund** – To account for revenue and expenditures related to Admin/Judicial Complex Project.

**Taos County Complex Construction Fund** – This capital projects fund is used to account for the debt service of a loan from the NMFA to finance the construction project of the Taos County Admin/Judicial/Detention Complex.

**CDBG Dist. 5 Penasco Area** – To account for funds received through a CDBG Grant for projects in the Penasco Area.

**USDA Rural Business Enterprise GRT Fund** – To account for funds received through a from the USDA.

**Arroyo Hondo Transfer Station Fund** – To account for funds used/received in order to build a retaining wall at the Arroyo Hondo Transfer Station.

**NMED SW Loan Proceeds Fund** – To account for the proceeds received from the NMED Loan and the construction associated with the project..

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**JUNE 30, 2012**

	Admin/Judicial/ Correctional Complex Fund	Educational Bond Fund	Capital Enhancement Fund
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 67	\$ 202,426	\$ 2,016
Accounts receivable			
Property taxes	-	-	-
Intergovernmental	-	-	-
Other receivables	-	-	-
Interfund balances	-	-	-
<i>Total current assets</i>	\$ 67	\$ 202,426	\$ 2,016
 <b>LIABILITIES AND FUND BALANCE</b>			
<i>Current Liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-
Interfund balances	-	-	-
Deferred revenue	-	-	-
Deferred revenue - property taxes	-	-	-
<i>Total current liabilities</i>	-	-	-
 <i>Fund balance:</i>			
Nonspendable	-	-	-
Restricted	67	202,426	2,016
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balance</i>	67	202,426	2,016
<i>Total liabilities and fund balance</i>	\$ 67	\$ 202,426	\$ 2,016

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

<u>Penasco Sub-Station Fund</u>	<u>Department of Transportation Fund</u>	<u>Amalia Community Center Fund</u>	<u>Old Courthouse Renovation Fund</u>	<u>Llano/Quemado Emergency Response Center Fund</u>	<u>Admin/Judicial/Complex Fund</u>	<u>Taos County Complex Construction Fund</u>
\$ -	\$ -	\$ 8,425	\$ -	\$ -	\$ 10,152	\$ 1,271,837
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,152</u>	<u>\$ 1,271,837</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,318	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,318</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	8,425	-	-	8,834	1,271,837
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>8,425</u>	<u>-</u>	<u>-</u>	<u>8,834</u>	<u>1,271,837</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,152</u>	<u>\$ 1,271,837</u>

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

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**JUNE 30, 2012**

Statement C-1  
(Page 2 of 2)

	CDBG Dist. 5 Penasco Area Fund	USDA Rural Business Enterprise GRT Fund	Arroyo Hondo Transfer Station Fund	NMED SW Loan Proceeds Fund	Total
<b>ASSETS</b>					
<i>Current:</i>					
Cash and cash equivalents	\$ 39,498	\$ 83,100	\$ -	\$ -	\$ 1,617,521
Accounts receivable					
Property taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Other receivables	-	-	-	-	-
Interfund balances	-	-	-	-	-
<i>Total current assets</i>	<u>\$ 39,498</u>	<u>\$ 83,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,617,521</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<i>Current Liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	1,318
Interfund balances	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,318</u>
<i>Fund balance:</i>					
Nonspendable	-	-	-	-	-
Restricted	39,498	83,100	-	-	1,616,203
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance</i>	<u>39,498</u>	<u>83,100</u>	<u>-</u>	<u>-</u>	<u>1,616,203</u>
<i>Total liabilities and fund balance</i>	<u>\$ 39,498</u>	<u>\$ 83,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,617,521</u>

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

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Admin/Judicial/ Correctional Complex Fund	Educational Bond Fund	Capital Enhancement Fund
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-
Other taxes	-	-	-
State grants	-	-	-
Federal grants	-	-	-
Licenses and fees	-	-	-
Charges for services	-	-	-
Investment income	-	8	-
Miscellaneous	-	-	268
<i>Total revenues</i>	<u>-</u>	<u>8</u>	<u>268</u>
<i>Expenditures:</i>			
Current			
General Government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Public works	-	-	223,616
Education	-	-	-
Capital outlay	-	-	42,422
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>266,038</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>8</u>	<u>(265,770)</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond/note	-	-	-
Operating transfers in	67	-	-
Operating transfers(out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>67</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	67	8	(265,770)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>202,418</u>	<u>267,786</u>
<i>Fund balances - end of year</i>	<u>\$ 67</u>	<u>\$ 202,426</u>	<u>\$ 2,016</u>

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

Penasco Sub-Station Fund	Department of Transportation Fund	Amalia Community Center Fund	Old Courthouse Renovation Fund	Llano/Quemado Emergency Response Center Fund	Admin/Judicial/Complex Fund	Taos County Complex Construction Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,000
-	-	-	-	-	-	5,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	127	-	80,828	3,504
-	-	-	-	-	-	-
-	-	850	-	-	-	1,500,213
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	850	127	-	80,828	1,503,717
-	-	(850)	(127)	-	(80,828)	(1,498,717)
-	-	-	-	-	-	-
-	-	-	-	-	-	1,048,549
-	-	-	(99)	(3)	-	-
-	-	-	(99)	(3)	-	1,048,549
-	-	(850)	(226)	(3)	(80,828)	(450,168)
-	-	9,275	226	3	89,662	1,722,005
\$ -	\$ -	\$ 8,425	\$ -	\$ -	\$ 8,834	\$ 1,271,837

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

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Statement C-2  
(Page 2 of 2)

	USDA				Total
	CDBG Dist. 5 Penasco Area Fund	Rural Business Enterprise GRT Fund	Arroyo Hondo Transfer Station Fund	NMED SW Loan Proceeds Fund	
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
State grants	-	-	25,571	-	25,571
Federal grants	-	-	-	-	-
Licenses and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	8
Miscellaneous	-	-	-	5,725	10,993
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>25,571</u>	<u>5,725</u>	<u>36,572</u>
<i>Expenditures:</i>					
Current					
General Government	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	-	308,075
Education	-	-	-	-	-
Capital outlay	502	-	-	5,725	1,549,712
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>502</u>	<u>-</u>	<u>-</u>	<u>5,725</u>	<u>1,857,787</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(502)</u>	<u>-</u>	<u>25,571</u>	<u>-</u>	<u>(1,821,215)</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond/note (out)	-	-	-	-	-
Operating transfers in (out)	40,000	83,100	-	-	1,171,716
Operating transfers in (out)	-	-	(50,000)	-	(50,102)
<i>Total other financing sources (uses)</i>	<u>40,000</u>	<u>83,100</u>	<u>(50,000)</u>	<u>-</u>	<u>1,121,614</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	39,498	83,100	(24,429)	-	(699,601)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,429</u>	<u>-</u>	<u>2,315,804</u>
<i>Fund balances - end of year</i>	<u>\$ 39,498</u>	<u>\$ 83,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,616,203</u>

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

## STATE OF NEW MEXICO

Statement C-3

## TAOS COUNTY

ADMIN/JUDICIAL/CORRECTIONS COMPLEX CAPITAL PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<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>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	67	67
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>67</u>	<u>67</u>
<i>Net change in fund balances</i>	-	-	67	67
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 67</u>	

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

## STATE OF NEW MEXICO

Statement C-4

## TAOS COUNTY

## EDUCATIONAL BOND CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	8	8	8	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8</u>	<u>8</u>	<u>8</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	187,381	187,381	-	187,381
Capital outlay	15,045	15,045	-	15,045
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>202,426</u>	<u>202,426</u>	<u>-</u>	<u>202,426</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(202,418)</u>	<u>(202,418)</u>	<u>8</u>	<u>202,426</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	202,418	202,418	-	(202,418)
<i>Total other financing sources (uses)</i>	<u>202,418</u>	<u>202,418</u>	<u>-</u>	<u>(202,418)</u>
<i>Net change in fund balances</i>	-	-	8	8
<i>Fund balances - beginning of year</i>	-	-	202,418	202,418
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,426</u>	<u>\$ 202,426</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 8</u>	

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

## STATE OF NEW MEXICO

Statement C-5

## TAOS COUNTY

## CAPITAL ENHANCEMENT CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	270	268	(2)
<i>Total revenues</i>	<u>-</u>	<u>270</u>	<u>268</u>	<u>(2)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	288,497	288,497	241,612	46,885
Education	-	-	-	-
Capital outlay	55,700	55,700	42,422	13,278
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>344,197</u>	<u>344,197</u>	<u>284,034</u>	<u>60,163</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(344,197)</u>	<u>(343,927)</u>	<u>(283,766)</u>	<u>60,161</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	65,000	65,000	-	(65,000)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	279,197	278,927	-	(278,927)
<i>Total other financing sources (uses)</i>	<u>344,197</u>	<u>343,927</u>	<u>-</u>	<u>(343,927)</u>
<i>Net change in fund balances</i>	-	-	(283,766)	(283,766)
<i>Fund balances - beginning of year</i>	-	-	285,782	285,782
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,016</u>	<u>\$ 2,016</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			17,996	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (265,770)</u>	

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



## STATE OF NEW MEXICO

Statement C-6

## TAOS COUNTY

## PENASCO SUB-STATION CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,746	10,746	-	(10,746)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,746</u>	<u>10,746</u>	<u>-</u>	<u>(10,746)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,746</u>	<u>10,746</u>	<u>-</u>	<u>(10,746)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(10,746)	(10,746)	-	10,746
<i>Total other financing sources (uses)</i>	<u>(10,746)</u>	<u>(10,746)</u>	<u>-</u>	<u>10,746</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

## STATE OF NEW MEXICO

Statement C-7

## TAOS COUNTY

DEPARTMENT OF TRANSPORTATION CAPITAL PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	159,042	159,042	-	(159,042)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	159,042	159,042	-	(159,042)
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	159,042	159,042	-	159,042
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	159,042	159,042	-	159,042
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

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

## STATE OF NEW MEXICO

Statement C-8

## TAOS COUNTY

AMALIA COMMUNITY CENTER CAPITAL PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	9,275	9,275	850	8,425
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>9,275</u>	<u>9,275</u>	<u>850</u>	<u>8,425</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,275)</u>	<u>(9,275)</u>	<u>(850)</u>	<u>8,425</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	9,275	9,275	-	(9,275)
<i>Total other financing sources (uses)</i>	<u>9,275</u>	<u>9,275</u>	<u>-</u>	<u>(9,275)</u>
<i>Net change in fund balances</i>	-	-	(850)	(850)
<i>Fund balances - beginning of year</i>	-	-	9,275	9,275
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,425</u>	<u>\$ 8,425</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (850)</u>	

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

## STATE OF NEW MEXICO

Statement C-9

## TAOS COUNTY

OLD COURTHOUSE RENOVATION CAPITAL PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	226	127	127	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	226	127	127	-
<i>Excess (deficiency) of revenues over expenditures</i>	(226)	(127)	(127)	-
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(99)	(99)
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	226	127	-	(127)
<i>Total other financing sources (uses)</i>	226	127	(99)	(226)
<i>Net change in fund balances</i>	-	-	(226)	(226)
<i>Fund balances - beginning of year</i>	-	-	226	226
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (226)	

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

## STATE OF NEW MEXICO

Statement C-10

## TAOS COUNTY

LLANO QUEMADO RESPONSE CENTER CAPITAL PROJECT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	3	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	(3)	(3)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	3	3	-	(3)
<i>Total other financing sources (uses)</i>	<u>3</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
<i>Net change in fund balances</i>	-	-	(3)	(3)
<i>Fund balances - beginning of year</i>	-	-	3	3
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (3)</u>	

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

## STATE OF NEW MEXICO

Statement C-11

## TAOS COUNTY

## ADMIN/JUDICIAL COMPLEX CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	17,402	17,402	-	(17,402)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>17,402</u>	<u>17,402</u>	<u>-</u>	<u>(17,402)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	90,896	90,896	83,194	7,702
Education	-	-	-	-
Capital outlay	40,931	40,931	-	40,931
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>131,827</u>	<u>131,827</u>	<u>83,194</u>	<u>48,633</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(114,425)</u>	<u>(114,425)</u>	<u>(83,194)</u>	<u>31,231</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	21,080	21,080	-	(21,080)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	93,345	93,345	-	(93,345)
<i>Total other financing sources (uses)</i>	<u>114,425</u>	<u>114,425</u>	<u>-</u>	<u>(114,425)</u>
<i>Net change in fund balances</i>	-	-	(83,194)	(83,194)
<i>Fund balances - beginning of year</i>	-	-	93,346	93,346
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,152</u>	<u>\$ 10,152</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			2,366	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (80,828)</u>	

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

## STATE OF NEW MEXICO

Statement C-12

## TAOS COUNTY

TAOS COUNTY COMPLEX CONSTRUCTION CAPITAL PROJECT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	50	50	-	(50)
Miscellaneous	-	5,000	5,000	-
<i>Total revenues</i>	<u>50</u>	<u>5,050</u>	<u>5,000</u>	<u>(50)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	200	4,138	3,504	634
Education	-	-	-	-
Capital outlay	1,721,855	2,771,466	1,500,213	1,271,253
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,722,055</u>	<u>2,775,604</u>	<u>1,503,717</u>	<u>1,271,887</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,722,005)</u>	<u>(2,770,554)</u>	<u>(1,498,717)</u>	<u>1,271,837</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	1,048,549	1,048,549	1,048,549	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	673,456	1,722,005	-	(1,722,005)
<i>Total other financing sources (uses)</i>	<u>1,722,005</u>	<u>2,770,554</u>	<u>1,048,549</u>	<u>(1,722,005)</u>
<i>Net change in fund balances</i>	-	-	(450,168)	(450,168)
<i>Fund balances - beginning of year</i>	-	-	1,722,005	1,722,005
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,271,837</u>	<u>\$ 1,271,837</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (450,168)</u>	

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

## STATE OF NEW MEXICO

Statement C-13

## TAOS COUNTY

## CDBG DIST. 5 PENASCO AREA CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	400,000	-	(400,000)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	440,000	502	439,498
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>440,000</u>	<u>502</u>	<u>439,498</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(40,000)</u>	<u>(502)</u>	<u>39,498</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	40,000	40,000	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	39,498	39,498
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,498</u>	<u>\$ 39,498</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 39,498</u>	

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



## STATE OF NEW MEXICO

Statement C-14

## TAOS COUNTY

USDA RURAL BUSINESS ENTERPRISE GRT CAPITAL PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	83,100	-	(83,100)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>83,100</u>	<u>-</u>	<u>(83,100)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	83,100	-	83,100
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>83,100</u>	<u>-</u>	<u>83,100</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	83,100	83,100	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	(83,100)	-	83,100
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>83,100</u>	<u>83,100</u>
<i>Net change in fund balances</i>	-	-	83,100	83,100
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,100</u>	<u>\$ 83,100</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 83,100</u>	

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

## STATE OF NEW MEXICO

Statement C-15

## TAOS COUNTY

ARROYO HONDO TRANSFER STATION CAPITAL PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	25,596	25,571	25,571	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25,596</u>	<u>25,571</u>	<u>25,571</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	25	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>25,571</u>	<u>25,571</u>	<u>25,571</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(50,000)	(50,000)	(50,000)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	24,429	24,429	-	(24,429)
<i>Total other financing sources (uses)</i>	<u>(25,571)</u>	<u>(25,571)</u>	<u>(50,000)</u>	<u>(24,429)</u>
<i>Net change in fund balances</i>	-	-	(24,429)	(24,429)
<i>Fund balances - beginning of year</i>	-	-	24,429	24,429
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (24,429)</u>	

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

## STATE OF NEW MEXICO

Statement C-16

## TAOS COUNTY

## NMED SW LOAN PROCEEDS CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	447,750	447,750	5,725	(442,025)
<i>Total revenues</i>	<u>447,750</u>	<u>447,750</u>	<u>5,725</u>	<u>(442,025)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	447,750	447,750	5,725	442,025
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>447,750</u>	<u>447,750</u>	<u>5,725</u>	<u>442,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

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**NONMAJOR DEBT SERVICE FUNDS**

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## **Nonmajor Debt Service Funds**

**NMFA Debt Service Fund** – to account for the accumulation of resources and payments on the County’s New Mexico Finance Authority (NMFA) Debt Service.

**2003 Bond Debt Service** – To account for the accumulation of resources and payment of the Bond Debt Service. Authority for this fund is established by an Ordinance of the County Commission.

**Educational Bond** – To account for the Taos County Educational GRT Bond series 2002-2003 debt service.

**2004 Educational Bond Series** – To account for the accumulation of resources and payment of Taos County Series 2004 Education Gross Receipts Tax Improvement Bond. Authority for this fund is established by an Ordinance of the County Commission.

**Land Purchase Judicial Complex** – To account for the Judicial/Admin/Detention complex land purchase debt service.

**NMFA Taos Backhoe** – To account for the loan agreement for the purchase of equipment for the Solid Waste Department

**NMFA Latir Taos** – To account for the Loan agreement for the purchase of fire apparatus for the Latir Fire District.

**La Lama Loan** – To account for the Loan agreement for the purchase of fire apparatus for the La Lama Fire District.

**USDA Loan Reserve** – To account for the bond reserves required by the USDA loan agreement.

**NMED SW Loan Debt Service Fund** – To account for the debt service on the NMED Loan.

**USDA Loan Proceeds Fund**- To account for the loan proceeds of the USDA loan agreement.

**USDA BoA Debt Service Fund** – To account for funds used to pay principal and interest on the USDA loan agreement.

**Taos County Complex Restructuring Fund** – To account for loan proceeds of NMFA Loan No. 40, which was a restructuring of NMFA Loan No. 26 and No. 29.

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2012**

	NMFA Debt Service Fund	2003 Bond Debt Service Fund	Education Bond Fund	2004 Education Bond Series Fund	Land Purchase Judicial Complex Fund	NMFA Taos Backhoe Fund
<b>ASSETS</b>						
<i>Current:</i>						
Short term investments	\$ 33,317	\$ 38,991	\$ 24,236	\$ 222	\$ 3	\$ 2,090
Accounts receivable						
Property taxes	-	-	-	-	-	-
Intergovernmental	-	254	-	-	-	-
Other receivables	-	10	-	-	-	-
Interfund balances	-	-	-	-	-	-
<i>Total current assets</i>	<u>\$ 33,317</u>	<u>\$ 39,255</u>	<u>\$ 24,236</u>	<u>\$ 222</u>	<u>\$ 3</u>	<u>\$ 2,090</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<i>Current Liabilities:</i>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	-
Interfund balances	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>						
Nonspendable	-	-	-	-	-	-
Restricted	33,317	39,255	24,236	222	3	2,090
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<i>Total fund balance</i>	<u>33,317</u>	<u>39,255</u>	<u>24,236</u>	<u>222</u>	<u>3</u>	<u>2,090</u>
<i>Total liabilities and fund balance</i>	<u>\$ 33,317</u>	<u>\$ 39,255</u>	<u>\$ 24,236</u>	<u>\$ 222</u>	<u>\$ 3</u>	<u>\$ 2,090</u>

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



<u>NMFA Latir Taos Fund</u>	<u>La Lama Loan Fund</u>	<u>USDA Loan Reserve Fund</u>	<u>NMED SW Loan Debt Service Fund</u>	<u>USDA Loan Proceeds Fund</u>	<u>USDA BoA Debt Service Fund</u>	<u>Taos County Complex Restructuring Fund</u>	<u>Total</u>
\$ 46,007	\$ 82	\$ 147,999	\$ -	\$ 53,690	\$ 110,779	\$ 140,833	\$ 598,249
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	254
-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	-
<u>\$ 46,007</u>	<u>\$ 82</u>	<u>\$ 147,999</u>	<u>\$ -</u>	<u>\$ 53,690</u>	<u>\$ 110,779</u>	<u>\$ 140,833</u>	<u>\$ 598,513</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
46,007	82	147,999	-	53,690	110,779	140,833	598,513
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>46,007</u>	<u>82</u>	<u>147,999</u>	<u>-</u>	<u>53,690</u>	<u>110,779</u>	<u>140,833</u>	<u>598,513</u>
<u>\$ 46,007</u>	<u>\$ 82</u>	<u>\$ 147,999</u>	<u>\$ -</u>	<u>\$ 53,690</u>	<u>\$ 110,779</u>	<u>\$ 140,833</u>	<u>\$ 598,513</u>

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

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	NMFA Debt Service Fund	2003 Bond Debt Service Fund	Education Bond Fund	2004 Education Bond Series Fund	Land Purchase Judicial Complex Fund	NMFA Taos Backhoe Fund
<i>Revenues:</i>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	2,007	-	-	-	12,422
Other taxes	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	147	72	-	-	-	1
Miscellaneous	-	-	-	-	-	-
<i>Total revenues</i>	<u>147</u>	<u>2,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,423</u>
<i>Expenditures:</i>						
Current						
General Government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	13,000	-	-	-	11,203
Interest	-	32,650	1,000	-	-	1,219
<i>Total expenditures</i>	<u>-</u>	<u>45,650</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>12,422</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>147</u>	<u>(43,571)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>1</u>
<i>Other financing sources (uses):</i>						
Bond/note proceeds	180,289	-	-	-	-	-
Operating transfers in	-	45,650	-	-	3	-
Operating transfers (out)	(180,297)	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(8)</u>	<u>45,650</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	139	2,079	(1,000)	-	3	1
<i>Fund balances - beginning of year</i>	<u>33,178</u>	<u>37,176</u>	<u>25,236</u>	<u>222</u>	<u>-</u>	<u>2,089</u>
<i>Fund balances - end of year</i>	<u>\$ 33,317</u>	<u>\$ 39,255</u>	<u>\$ 24,236</u>	<u>\$ 222</u>	<u>\$ 3</u>	<u>\$ 2,090</u>

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

NMFA Latir Taos Fund	La Lama Loan Fund	USDA Loan Reserve Fund	NMED SW Loan Debt Service Fund	USDA Loan Proceeds Fund	USDA BoA Debt Service Fund	Taos County Complex Restructuring Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,790,997	1,805,426
-	-	-	-	-	-	-	-
4,636	14,644	-	-	-	-	-	19,280
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	2	6	-	5	15	137	386
-	-	-	-	747,505	109,298	-	856,803
<u>4,637</u>	<u>14,646</u>	<u>6</u>	<u>-</u>	<u>747,510</u>	<u>109,313</u>	<u>1,791,134</u>	<u>2,681,895</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,661	13,404	-	-	-	160,000	855,000	1,057,268
-	1,240	-	-	42,545	554,033	1,213,541	1,846,228
<u>4,661</u>	<u>14,644</u>	<u>-</u>	<u>-</u>	<u>42,545</u>	<u>714,033</u>	<u>2,068,541</u>	<u>2,903,496</u>
(24)	2	6	-	704,965	(604,720)	(277,407)	(221,601)
-	-	-	-	-	-	-	180,289
-	5	83,646	-	-	679,789	101,870	910,963
-	-	-	-	(763,435)	-	-	(943,732)
<u>-</u>	<u>5</u>	<u>83,646</u>	<u>-</u>	<u>(763,435)</u>	<u>679,789</u>	<u>101,870</u>	<u>147,520</u>
(24)	7	83,652	-	(58,470)	75,069	(175,537)	(74,081)
<u>46,031</u>	<u>75</u>	<u>64,347</u>	<u>-</u>	<u>112,160</u>	<u>35,710</u>	<u>316,370</u>	<u>672,594</u>
<u>\$ 46,007</u>	<u>\$ 82</u>	<u>\$ 147,999</u>	<u>\$ -</u>	<u>\$ 53,690</u>	<u>\$ 110,779</u>	<u>\$ 140,833</u>	<u>\$ 598,513</u>

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

## STATE OF NEW MEXICO

Statement D-3

## TAOS COUNTY

EDUCATION REFUNDING BOND RESERVE DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	17,000	23,006	57,405	34,399
Miscellaneous	164,000	216,180	114,789	(101,391)
<i>Total revenues</i>	<u>181,000</u>	<u>239,186</u>	<u>172,194</u>	<u>(66,992)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	2,214,000	2,830,000	-	2,830,000
Interest	186,067	186,067	-	186,067
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>2,400,067</u>	<u>3,016,067</u>	<u>-</u>	<u>3,016,067</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,219,067)</u>	<u>(2,776,881)</u>	<u>172,194</u>	<u>2,949,075</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	548,659	548,659	548,659	-
Operating transfers (out)	-	-	(548,726)	(548,726)
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	1,670,408	2,228,222	-	(2,228,222)
<i>Total other financing sources (uses)</i>	<u>2,219,067</u>	<u>2,776,881</u>	<u>(67)</u>	<u>(2,776,948)</u>
<i>Net change in fund balances</i>	-	-	172,127	172,127
<i>Fund balances - beginning of year</i>	-	-	346,115	346,115
<i>Prior Period Adjustment</i>			2,373,650	2,373,650
<i>Fund Balance - beginning of year - restated</i>	-	-	2,719,765	2,719,765
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,891,892</u>	<u>\$ 2,891,892</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 172,127</u>	

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

## STATE OF NEW MEXICO

Statement D-4

## TAOS COUNTY

## 2007 REFUNDING SERIES DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 2,800,000	\$ 3,045,000	\$ 3,044,694	\$ (306)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,800,000</u>	<u>3,045,000</u>	<u>3,044,694</u>	<u>(306)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	2,925,000	3,035,000	3,035,000	-
Interest	201,200	201,200	111,087	90,113
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>3,126,200</u>	<u>3,236,200</u>	<u>3,146,087</u>	<u>90,113</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(326,200)</u>	<u>(191,200)</u>	<u>(101,393)</u>	<u>89,807</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	3,826,611	1,150,725	(2,675,886)
Operating transfers (out)	-	(3,826,611)	(1,150,725)	2,675,886
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	326,200	191,200	-	(191,200)
<i>Total other financing sources (uses)</i>	<u>326,200</u>	<u>191,200</u>	<u>-</u>	<u>(191,200)</u>
<i>Net change in fund balances</i>	-	-	(101,393)	(101,393)
<i>Fund balances - beginning of year</i>	-	-	2,606,349	2,606,349
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,504,956</u>	<u>\$ 2,504,956</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (101,393)</u>	

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

## STATE OF NEW MEXICO

Statement D-5

## TAOS COUNTY

## USDA/RUS COMPLEX DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 650,000	\$ 1,103,565	\$ 786,840	\$ (316,725)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	400,771	400,771	400,771	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,050,771</u>	<u>1,504,336</u>	<u>1,187,611</u>	<u>(316,725)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	3,272,128	3,272,128	2,179,084	1,093,044
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>3,272,128</u>	<u>3,272,128</u>	<u>2,179,084</u>	<u>1,093,044</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,221,357)</u>	<u>(1,767,792)</u>	<u>(991,473)</u>	<u>776,319</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(390,000)	(739,525)	(1,438,549)	(699,024)
Bond proceeds	2,622,128	2,622,128	2,480,128	(142,000)
Designated cash (budgeted increase in cash)	(10,771)	(114,811)	-	114,811
<i>Total other financing sources (uses)</i>	<u>2,221,357</u>	<u>1,767,792</u>	<u>1,041,579</u>	<u>(726,213)</u>
<i>Net change in fund balances</i>	-	-	50,106	50,106
<i>Fund balances - beginning of year</i>	-	-	138,144	138,144
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,250</u>	<u>\$ 188,250</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(218,230)	
Expenditure accruals			189,478	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 21,354</u>	

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

## STATE OF NEW MEXICO

Statement D-6

## TAOS COUNTY

## NMFA DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	80	190	147	(43)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>80</u>	<u>190</u>	<u>147</u>	<u>(43)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	81	81	-	81
Debt service				
Principal	-	-	-	-
Interest	48	48	-	48
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>129</u>	<u>129</u>	<u>-</u>	<u>129</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(49)</u>	<u>61</u>	<u>147</u>	<u>86</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	(180,289)	(180,297)	(8)
Bond proceeds	-	180,289	180,289	-
Designated cash (budgeted increase in cash)	49	(61)	-	61
<i>Total other financing sources (uses)</i>	<u>49</u>	<u>(61)</u>	<u>(8)</u>	<u>53</u>
<i>Net change in fund balances</i>	-	-	139	139
<i>Fund balances - beginning of year</i>	-	-	33,178	33,178
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,317</u>	<u>\$ 33,317</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 139</u>	

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

## STATE OF NEW MEXICO

Statement D-7

## TAOS COUNTY

## 2003 BOND DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 3,500	\$ 3,500	\$ 1,753	\$ (1,747)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	200	200	62	(138)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,700</u>	<u>3,700</u>	<u>1,815</u>	<u>(1,885)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	25,000	25,000	-	25,000
Debt service				
Principal	12,000	12,000	13,000	(1,000)
Interest	33,700	33,700	32,650	1,050
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>70,700</u>	<u>70,700</u>	<u>45,650</u>	<u>25,050</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(67,000)</u>	<u>(67,000)</u>	<u>(43,835)</u>	<u>23,165</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	45,250	45,650	45,650	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	21,750	21,350	-	(21,350)
<i>Total other financing sources (uses)</i>	<u>67,000</u>	<u>67,000</u>	<u>45,650</u>	<u>(21,350)</u>
<i>Net change in fund balances</i>	-	-	1,815	1,815
<i>Fund balances - beginning of year</i>	-	-	37,176	37,176
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,991</u>	<u>\$ 38,991</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			264	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 2,079</u>	

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



## STATE OF NEW MEXICO

Statement D-8

## TAOS COUNTY

## EDUCATION BOND DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	16,179	16,179	-	16,179
Interest	9,057	9,057	1,000	8,057
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>25,236</u>	<u>25,236</u>	<u>1,000</u>	<u>24,236</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(25,236)</u>	<u>(25,236)</u>	<u>(1,000)</u>	<u>24,236</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	25,236	25,236	-	(25,236)
<i>Total other financing sources (uses)</i>	<u>25,236</u>	<u>25,236</u>	<u>-</u>	<u>(25,236)</u>
<i>Net change in fund balances</i>	-	-	(1,000)	(1,000)
<i>Fund balances - beginning of year</i>	-	-	25,236	25,236
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,236</u>	<u>\$ 24,236</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,000)</u>	

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

## STATE OF NEW MEXICO

Statement D-9

## TAOS COUNTY

## 2004 EDUCATION BOND SERIES DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	221	221	-	221
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>221</u>	<u>221</u>	<u>-</u>	<u>221</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(221)</u>	<u>(221)</u>	<u>-</u>	<u>221</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	221	221	-	(221)
<i>Total other financing sources (uses)</i>	<u>221</u>	<u>221</u>	<u>-</u>	<u>(221)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	222	222
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 222</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

## STATE OF NEW MEXICO

Statement D-10

## TAOS COUNTY

LAND PURCHASE JUDICIAL COMPLEX DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	40	-	(40)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>40</u>	<u>-</u>	<u>(40)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>40</u>	<u>-</u>	<u>(40)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	3	3
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	(40)	-	40
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(40)</u>	<u>3</u>	<u>43</u>
<i>Net change in fund balances</i>	-	-	3	3
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 3</u>	

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

## STATE OF NEW MEXICO

Statement D-11

## TAOS COUNTY

## NMFA TAOS BACKHOE DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 13,000	\$ 13,000	\$ 12,422	\$ (578)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	10	10	1	(9)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,010</u>	<u>13,010</u>	<u>12,423</u>	<u>(587)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	11,203	11,203	11,203	-
Interest	1,969	1,969	1,219	750
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>13,172</u>	<u>13,172</u>	<u>12,422</u>	<u>750</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(162)</u>	<u>(162)</u>	<u>1</u>	<u>163</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	162	162	-	(162)
<i>Total other financing sources (uses)</i>	<u>162</u>	<u>162</u>	<u>-</u>	<u>(162)</u>
<i>Net change in fund balances</i>	-	-	1	1
<i>Fund balances - beginning of year</i>	-	-	2,089	2,089
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090</u>	<u>\$ 2,090</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 1</u>	

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

## STATE OF NEW MEXICO

Statement D-12

## TAOS COUNTY

## NMFA LATIR TAOS DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,661	4,661	4,636	(25)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	10	10	1	(9)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,671</u>	<u>4,671</u>	<u>4,637</u>	<u>(34)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	4,661	4,661	4,661	-
Interest	35	35	-	35
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>4,696</u>	<u>4,696</u>	<u>4,661</u>	<u>35</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(25)</u>	<u>(25)</u>	<u>(24)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	25	25	-	(25)
<i>Total other financing sources (uses)</i>	<u>25</u>	<u>25</u>	<u>-</u>	<u>(25)</u>
<i>Net change in fund balances</i>	-	-	(24)	(24)
<i>Fund balances - beginning of year</i>	-	-	46,031	46,031
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,007</u>	<u>\$ 46,007</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (24)</u>	

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

## STATE OF NEW MEXICO

Statement D-13

## TAOS COUNTY

## LA LAMA LOAN DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 18,707	\$ 18,707	\$ -	\$ (18,707)
Intergovernmental	-	15,000	14,644	(356)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	10	10	2	(8)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>18,717</u>	<u>33,717</u>	<u>14,646</u>	<u>(19,071)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	13,404	13,404	13,404	-
Interest	2,750	2,750	1,240	1,510
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>16,154</u>	<u>16,154</u>	<u>14,644</u>	<u>1,510</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,563</u>	<u>17,563</u>	<u>2</u>	<u>(17,561)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	5	5
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(2,563)	(17,563)	-	17,563
<i>Total other financing sources (uses)</i>	<u>(2,563)</u>	<u>(17,563)</u>	<u>5</u>	<u>17,568</u>
<i>Net change in fund balances</i>	-	-	7	7
<i>Fund balances - beginning of year</i>	-	-	75	75
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 82</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 7</u>	

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

## STATE OF NEW MEXICO

Statement D-14

## TAOS COUNTY

## USDA LOAN RESERVE DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	10	10	6	(4)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10</u>	<u>10</u>	<u>6</u>	<u>(4)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10</u>	<u>10</u>	<u>6</u>	<u>(4)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	77,000	77,000	83,646	6,646
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(77,010)	(77,010)	-	77,010
<i>Total other financing sources (uses)</i>	<u>(10)</u>	<u>(10)</u>	<u>83,646</u>	<u>83,656</u>
<i>Net change in fund balances</i>	-	-	83,652	83,652
<i>Fund balances - beginning of year</i>	-	-	64,347	64,347
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,999</u>	<u>\$ 147,999</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 83,652</u>	

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

## STATE OF NEW MEXICO

Statement D-15

## TAOS COUNTY

## NMED SW LOAN DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				-
Principal	19,166	19,166	-	19,166
Interest	14,442	14,442	-	14,442
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>33,608</u>	<u>33,608</u>	<u>-</u>	<u>33,608</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(33,608)</u>	<u>(33,608)</u>	<u>-</u>	<u>33,608</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	33,608	33,608	-	(33,608)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>33,608</u>	<u>33,608</u>	<u>-</u>	<u>(33,608)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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



## STATE OF NEW MEXICO

Statement D-16

## TAOS COUNTY

## USDA LOAN PROCEEDS DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	15	15	5	(10)
Miscellaneous	792,000	792,000	747,505	(44,495)
<i>Total revenues</i>	<u>792,015</u>	<u>792,015</u>	<u>747,510</u>	<u>(44,505)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	1,605	1,605	42,545	(40,940)
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,605</u>	<u>1,605</u>	<u>42,545</u>	<u>(40,940)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>790,410</u>	<u>790,410</u>	<u>704,965</u>	<u>(85,445)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(853,500)	(853,500)	(763,435)	90,065
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	63,090	63,090	-	(63,090)
<i>Total other financing sources (uses)</i>	<u>(790,410)</u>	<u>(790,410)</u>	<u>(763,435)</u>	<u>26,975</u>
<i>Net change in fund balances</i>	-	-	(58,470)	(58,470)
<i>Fund balances - beginning of year</i>	-	-	112,160	112,160
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,690</u>	<u>\$ 53,690</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (58,470)</u>	

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

## STATE OF NEW MEXICO

Statement D-17

## TAOS COUNTY

## USDA BOA DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ 99,709	\$ -	\$ (99,709)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	16	15	(1)
Miscellaneous	-	109,298	109,298	-
<i>Total revenues</i>	<u>-</u>	<u>209,023</u>	<u>109,313</u>	<u>(99,710)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	160,000	160,000	160,000	-
Interest	580,790	554,033	554,033	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>740,790</u>	<u>714,033</u>	<u>714,033</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(740,790)</u>	<u>(505,010)</u>	<u>(604,720)</u>	<u>(99,710)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	776,500	641,648	679,789	38,141
Operating transfers (out)	-	(51,535)	-	51,535
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(35,710)	(85,103)	-	85,103
<i>Total other financing sources (uses)</i>	<u>740,790</u>	<u>505,010</u>	<u>679,789</u>	<u>174,779</u>
<i>Net change in fund balances</i>	-	-	75,069	75,069
<i>Fund balances - beginning of year</i>	-	-	35,710	35,710
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,779</u>	<u>\$ 110,779</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 75,069</u>	

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

## STATE OF NEW MEXICO

Statement D-18

## TAOS COUNTY

TAOS COUNTY COMPLEX RESTRUCTURING DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 1,970,400	\$ 1,970,400	\$ 1,955,197	\$ (15,203)
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	140	137	(3)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,970,400</u>	<u>1,970,540</u>	<u>1,955,334</u>	<u>(15,206)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	855,000	855,000	855,000	-
Interest	1,209,650	1,213,650	1,213,541	109
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>2,064,650</u>	<u>2,068,650</u>	<u>2,068,541</u>	<u>109</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(94,250)</u>	<u>(98,110)</u>	<u>(113,207)</u>	<u>(15,097)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	201,868	201,868	101,870	(99,998)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(107,618)	(103,758)	-	103,758
<i>Total other financing sources (uses)</i>	<u>94,250</u>	<u>98,110</u>	<u>101,870</u>	<u>3,760</u>
<i>Net change in fund balances</i>	-	-	(11,337)	(11,337)
<i>Fund balances - beginning of year</i>	-	-	152,170	152,170
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,833</u>	<u>\$ 140,833</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(164,200)	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (175,537)</u>	

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

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**SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
<b>US Bank</b>				
GNMA REMIC 2011-80 DF, 1.00%	38376LRX9	6,059,598	3/20/2040	FHLB, Dallas, TX
GNMA REMIC 2010-163 WF, 1.00%	38377RKF1	439,299	12/20/2040	FHLB, Dallas, TX
<b>Total - US Bank</b>		<u>\$ 6,498,897</u>		
<b>People's Bank</b>				
MONTCALM MICH CMNTY C, 3.50%	612187DK7	\$ 153,030	4/1/2013	Overland Park, KS
FHLMC 2717-HP, 4.50%	31394MZW3	5,585	12/15/2013	Overland Park, KS
FHLMC 2717-HP, 4.50%	31394MZW3	2,578	12/15/2013	Overland Park, KS
FHLMC 2717-HP, 4.50%	31394MZW3	41,240	12/15/2013	Overland Park, KS
FNR 2004-86 KC, 4.50%	31394BAT1	59,032	5/25/2019	Overland Park, KS
FNMA 2004 87-LG, 5.00%	38374JLV6	93,346	9/20/1931	Overland Park, KS
FNMA 2004 1-CK, 5.50%	31393UW41	18,097	11/25/1931	Overland Park, KS
FHR 2683 UE, 5.50%	31394JFL6	193,642	1/15/2032	Overland Park, KS
GHR 2693 QG, 5.50%	31394KG73	207,657	7/15/2032	Overland Park, KS
MASTR 2003-10 3A1, 5.50%	55265KT41	159,193	11/25/2033	Overland Park, KS
GNR 2008-61 NA, 5.50%	38375DHN1	816,148	10/20/2036	Overland Park, KS
<b>Total - People's Bank</b>		<u>\$ 1,749,548</u>		
<b>Centinel Bank</b>				
FFCB, 2.90%	31331JAV5	2,537,970	1/5/2015	TIB, Irving, TX
FFCB, 4.75%	31331GCR8	169,916	9/30/2015	TIB, Irving, TX
Farmington SD #5, 3.65%	311441HN2	52,715	9/1/2017	TIB, Irving, TX
FHLB, 2.63%	31331GTJ8	260,027	4/17/2014	TIB, Irving, TX
Lovington SCH-GOB, 2.00%	547473DE5	189,529	10/1/2016	TIB, Irving, TX
Lovington SCH-GOB, 2.00%	547473DE5	73,706	10/1/2016	TIB, Irving, TX
FFCB, 4.25%	31331Y2Q2	155,978	7/8/2013	TIB, Irving, TX
FFCB, 4.25%	31331Y2Q2	103,985	7/8/2013	TIB, Irving, TX
<b>Total - Centinel Bank</b>		<u>\$ 3,543,826</u>		
<b>Total</b>		<u><u>\$ 11,792,271</u></u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF DEPOSITORES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Schedule II

<u>Bank Name/Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Carrying Balance</u>
<b>US Bank</b>					
General	Checking	\$ 3,008,493	\$ 96,108	\$ 686,572	\$ 2,418,029
Payroll	Checking	-	67,428	-	67,428
Accounts Payable	Checking	-	26,208	230,422	(204,214)
Taos County Internet Account	Checking	48	-	-	48
Misc Account	Checking	90	-	-	90
Office of the Justice	Checking	1,256	-	-	1,256
Taos County Courthouse Construction	Checking	1,271,837	-	-	1,271,837
TAD/Bail Bond	Checking	52	-	-	52
TAD/Commissary	Checking	12,428	-	-	12,428
TAD Trust Account	Checking	11,034	-	-	11,034
Sheriff Clearing	Checking	1,876	-	-	1,876
U.S. Deptment of Energy Old Courthouse	Checking	1,245	-	-	1,245
Clearing Account	Checking	54,504	-	-	54,504
Premium Business Checking	Checking	39,662	-	-	39,662
Certificates of Deposits	CD	2,035,060	-	-	2,035,060
<b>Centinel Bank</b>					
General Account	Checking	5,340,972	6,805	-	5,347,777
A G Center	Checking	15,045	-	-	15,045
Property Tax Payment Account	Checking	-	-	-	-
Credit Card Payment	Checking	7,768	-	-	7,768
Judicial Complex USDA Construction Account	Checking	-	-	-	-
Money Market Account	MM	1,921,797	-	-	1,921,797
<b>People's Bank</b>					
General Account	Checking	923,156	-	-	923,156
Money Market Account	Checking	1,505,441	-	-	1,505,441
Certificate of Deposit	CD	58,000	-	-	58,000
Certificate of Deposit	CD	58,000	-	-	58,000
<b>Bank of New York Mellon</b>					
Debt Service Fund	Trust	157	-	-	157
Educ. Extra Ordinary	Trust	7,900	-	-	7,900
ACQ/Taos MSD	Trust	21	-	-	21
ACQ/UNM Taos	Trust	1	-	-	1
ACQ/Penasco	Trust	305	-	-	305
Education Reserve Fund	Trust	303,120	-	-	303,120
Education Debt Service	Trust	189	-	-	189
Education-Admin Expense	Trust	32	-	-	32
Taos County 07 ACQ UNM Taos	Trust	187,054	-	-	187,054
Income Fund	Trust	2,500,903	-	-	2,500,903
Income Bond	Trust	2,525,400	-	2,470,607	54,793

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF DEPOSITORES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Schedule II

<u>Bank Name/Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Carrying Balance</u>
<b>NMFA Bank</b>					
Solid Waste Equipment Loan Taos 12	Trust	34,205	-	-	34,205
Solid Waste Equipment Reserve Taos 12	Trust	33,317	-	-	33,317
Rio Fernando Fire Department Taos 4	Trust	20	-	-	20
Latir VFD Taos 8	Trust	2	-	-	2
Amalia Fire Department Taos 10	Trust	3	-	-	3
Admin/Judicial Correctional Complex Taos 29	Trust	68	-	-	68
Solid Waste Backhoe Taos 35	Trust	2,090	-	-	2,090
Latir Fire Pumper Taos 38	Trust	1	-	-	1
La Lama Fire Pumpter Taos 39	Trust	82	-	-	82
Taos 40	Trust	1,406,104	-	-	1,406,104
Taos 40 Reserve Fund	Trust	140,833	-	-	140,833
Hondo Seco Pumper Taos 43	Trust	180,289	-	-	180,289
<b>Bank of Albuquerque</b>					
Taos County NM GRT 2010 BAB Fund	Trust	147,999	-	-	147,999
Taos County NM GRT 2010 BAB Reserve Fund	Trust	110,780	-	-	110,780
Taos County NM GRT 2010 BAB Bond Fund	Trust	53,690	-	-	53,690
Total cash in bank		<u>\$ 23,902,329</u>	<u>\$ 196,549</u>	<u>\$ 3,387,601</u>	<u>\$ 20,711,277</u>
Less: Outstanding Accounts Payable Warrants					(28,357)
Less: Fiduciary Cash					547,269
Add: Petty Cash					<u>2,350</u>
Total Cash					<u>\$ 21,232,539</u>
Cash in Busines-Type Activities Per Ex A-1					\$ 191,181
Cash in Governmental Activities Per Ex A-1					\$ 21,041,358

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**TAX ROLL RECONCILIATION - CHANGES IN TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Schedule III

Property taxes receivable, beginning of year	\$	5,326,677
Changes to Tax Roll:		
Net taxes charged to Treasurer for fiscal year		23,373,349
Adjustments:		
Increases in taxes receivable		35,298
Charge off of taxes receivable		<u>(193,990)</u>
Total receivables prior to collections		28,541,334
Collections for fiscal year ended June 30, 2012		23,173,925
Less: property taxes considered uncollectable		<u>(419,549)</u>
Property taxes receivable, end of year	\$	<u><u>4,947,860</u></u>
Property taxes receivable by year:		
2002		103,604
2003		137,522
2004		152,369
2005		183,545
2006		214,691
2007		282,164
2008		397,116
2009		300,201
2010		918,282
2011		<u>2,258,366</u>
Total taxes receivable	\$	<u><u>4,947,860</u></u>

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

STATE OF NEW MEXICO  
 TAOS COUNTY  
 PROPERTY TAXES RECEIVABLE BY AGENCY  
 JUNE 30, 2012

Schedule IV

Agency/ Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	in Current Year	Distributed to Date	Uncollectibl e	Undistributed at Year End	County Receivable at Year End
<b>El Prado Water &amp; Sanitation District</b>								
2011	105,538	91,608	91,608	86,995	86,995	264	4,613	13,666
2010	116,320	7,826	102,363	7,826	102,363	291	-	13,666
2009	112,877	7,218	105,939	7,218	105,939	282	-	6,656
2008	105,570	67	102,522	67	102,522	264	-	2,784
2007	97,668	625	96,453	625	96,453	244	-	971
2006	93,019	-	91,985	-	91,985	233	-	801
2005	97,240	-	95,527	-	95,527	243	-	1,470
2004	94,876	-	93,475	-	93,475	237	-	1,164
2003	100,177	-	96,717	-	96,717	250	-	3,210
2002	96,884	-	95,916	-	95,916	242	-	726
<b>Total</b>	<b>1,020,169</b>	<b>107,344</b>	<b>972,505</b>	<b>102,731</b>	<b>967,892</b>	<b>2,550</b>	<b>4,613</b>	<b>45,114</b>
<b>El Valle de Los Ranchos Sanitation &amp; Water District\</b>								
2011	572,796	494,138	494,138	483,383	483,383	1,432	10,755	77,226
2010	553,019	30,723	516,578	30,723	516,578	1,383	-	35,058
2009	543,598	11,090	518,315	11,090	518,315	1,359	-	23,924
2008	451,199	2,309	437,390	2,309	437,390	1,128	-	12,681
2007	350,625	385	343,335	385	343,335	877	-	6,413
2006	305,395	71	298,423	71	298,423	763	-	6,209
2005	294,592	57	289,966	57	289,966	736	-	3,890
2004	257,835	32	255,036	32	255,036	645	-	2,154
2003	304,347	23	240,146	23	240,146	761	-	63,440
2002	267,164	23	263,476	23	263,476	668	-	3,020
<b>Total</b>	<b>3,900,570</b>	<b>538,851</b>	<b>3,656,803</b>	<b>528,096</b>	<b>3,646,048</b>	<b>9,752</b>	<b>10,755</b>	<b>234,015</b>
<b>Taos Soil &amp; Conservation Service</b>								
2011	968,000	860,230	860,230	838,921	838,921	2,420	21,309	105,350
2010	936,931	51,159	886,918	51,159	886,918	2,342	-	47,671
2009	919,377	17,472	889,315	17,472	889,315	2,298	-	27,764
2008	809,223	2,953	791,744	2,953	791,744	2,023	-	15,456
2007	756,425	674	738,231	674	738,231	1,891	-	16,303
2006	651,380	203	640,048	203	640,048	1,628	-	9,704
2005	479,486	26	468,622	26	468,622	1,199	-	9,665
2004	448,572	36	440,299	36	440,299	1,121	-	7,152
2003	421,753	21	413,490	21	413,490	1,054	-	7,209
2002	404,201	19	396,705	19	396,705	1,011	-	6,485
<b>Total</b>	<b>6,795,348</b>	<b>932,793</b>	<b>6,525,602</b>	<b>911,484</b>	<b>6,504,293</b>	<b>16,987</b>	<b>21,309</b>	<b>252,759</b>
<b>Taos Education Center</b>								
2011	1,720,023	1,554,221	1,554,221	1,521,310	1,521,310	4,300	32,911	161,502
2010	1,634,756	96,755	1,565,966	96,755	1,565,966	4,087	-	64,703
2009	1,605,719	37,741	1,572,520	37,741	1,572,520	4,014	-	29,185
2008	1,446,980	6,045	1,412,179	6,045	1,412,179	3,617	-	31,184
2007	1,296,367	1,767	1,273,469	1,767	1,273,469	3,241	-	19,657
2006	1,155,636	359	1,134,734	359	1,134,734	2,889	-	18,013
2005	1,049,484	118	1,034,715	118	1,034,715	2,624	-	12,145
2004	973,095	98	959,769	98	959,769	2,433	-	10,893
2003	911,778	63	899,124	63	899,124	2,279	-	10,375
2002	871,990	51	860,802	51	860,802	2,180	-	9,008
<b>Total</b>	<b>12,665,828</b>	<b>1,697,218</b>	<b>12,267,499</b>	<b>1,664,307</b>	<b>12,234,588</b>	<b>31,664</b>	<b>32,911</b>	<b>366,665</b>

STATE OF NEW MEXICO  
 TAOS COUNTY  
 PROPERTY TAXES RECEIVABLE BY AGENCY  
 JUNE 30, 2012

Schedule IV

Town of Taos								
2011	906,343	809,383	809,383	793,400	793,400	2,266	15,983	94,694
2010	858,116	71,890	810,638	71,890	810,638	2,145	-	45,333
2009	845,581	36,158	837,407	36,158	837,407	2,114	-	6,060
2008	760,321	4,883	735,424	4,883	735,424	1,901	-	22,996
2007	665,593	1,265	653,827	1,265	653,827	1,664	-	10,102
2006	579,405	297	569,351	297	569,351	1,449	-	8,605
2005	530,132	34	524,784	34	524,784	1,325	-	4,023
2004	496,957	34	491,576	34	491,576	1,242	-	4,139
2003	470,031	22	464,230	22	464,230	1,175	-	4,626
2002	453,089	25	445,255	25	445,255	1,133	-	6,701
Total	6,565,568	923,991	6,341,875	908,008	6,325,892	16,414	15,983	207,279
Village of Questa								
2011	95,933	79,778	79,778	76,896	76,896	240	2,882	15,915
2010	90,425	7,284	84,066	7,284	84,066	226	-	6,133
2009	90,526	3,473	88,122	3,473	88,122	226	-	2,178
2008	84,585	469	81,872	469	81,872	211	-	2,502
2007	78,504	27	76,610	27	76,610	196	-	1,698
2006	72,883	4	71,420	4	71,420	182	-	1,281
2005	49,423	5	48,929	5	48,929	124	-	370
2004	46,848	39	45,903	39	45,903	117	-	828
2003	27,732	-	27,063	-	27,063	69	-	600
2002	26,830	-	26,146	-	26,146	67	-	617
Total	663,689	91,079	629,909	88,197	627,027	1,658	2,882	32,122
Town of Red River								
2011	320,823	288,270	288,270	279,962	279,962	802	8,308	31,751
2010	295,212	16,000	287,850	16,000	287,850	738	-	6,624
2009	292,326	6,022	289,298	6,022	289,298	731	-	2,297
2008	271,960	926	267,895	926	267,895	680	-	3,385
2007	252,242	-	249,531	-	249,531	631	-	2,080
2006	238,247	-	234,997	-	234,997	596	-	2,654
2005	222,829	-	219,567	-	219,567	557	-	2,705
2004	214,123	-	211,168	-	211,168	535	-	2,420
2003	200,103	-	197,549	-	197,549	500	-	2,054
2002	194,188	-	191,686	-	191,686	485	-	2,017
Total	2,502,053	311,218	2,437,811	302,910	2,429,503	6,255	8,308	57,987
Village of Taos Ski Valley								
2011	192,058	173,206	173,206	169,214	169,214	480	3,992	18,372
2010	182,109	12,567	174,885	12,567	174,885	455	-	6,769
2009	176,591	1,090	177,038	1,090	177,038	441	-	(888)
2008	132,233	-	131,431	-	131,431	331	-	471
2007	116,129	-	118,324	-	118,324	290	-	(2,485)
2006	100,418	-	99,475	-	99,475	251	-	692
2005	77,354	-	76,439	-	76,439	193	-	722
2004	71,099	-	70,072	-	70,072	178	-	849
2003	68,464	-	68,038	-	68,038	171	-	255
2002	66,388	-	65,642	-	65,642	166	-	580
Total	1,182,843	186,863	1,154,550	182,871	1,150,558	2,956	3,992	25,337

STATE OF NEW MEXICO  
 TAOS COUNTY  
 PROPERTY TAXES RECEIVABLE BY AGENCY  
 JUNE 30, 2012

Schedule IV

State Levy								
2011	1,806,992	1,625,003	1,625,003	1,588,689	1,588,689	4,517	36,314	177,472
2010	1,999,151	116,691	1,910,595	116,691	1,910,595	4,998	-	83,558
2009	1,494,659	34,112	1,459,061	34,112	1,459,061	3,737	-	31,861
2008	1,460,685	6,139	1,422,157	6,139	1,422,157	3,652	-	34,876
2007	1,306,156	1,588	1,279,386	1,588	1,279,386	3,265	-	23,505
2006	1,159,207	480	1,134,508	480	1,134,508	2,898	-	21,801
2005	1,029,813	143	1,012,875	143	1,012,875	2,575	-	14,363
2004	756,888	110	744,234	110	744,234	1,892	-	10,762
2003	1,088,058	99	1,069,276	99	1,069,276	2,720	-	16,062
2002	760,033	62	787,876	62	787,876	1,900	-	(29,743)
Total	12,861,642	1,784,427	12,444,971	1,748,113	12,408,657	32,154	36,314	384,517
Cattle, Sheep, Goats, Equine								
2011	10,758	7,348	7,348	7,235	7,235	27	113	3,383
2010	10,134	503	7,612	503	7,612	25	-	2,497
2009	11,127	359	8,947	359	8,947	28	-	2,152
2008	10,095	25	8,292	25	8,292	25	-	1,778
2007	12,575	5	10,524	5	10,524	31	-	2,020
2006	10,408	3	8,968	3	8,968	26	-	1,414
2005	10,939	-	9,450	-	9,450	27	-	1,462
2004	10,449	-	8,450	-	8,450	26	-	1,973
2003	8,573	-	6,934	-	6,934	21	-	1,618
2002	9,551	-	8,288	-	8,288	24	-	1,239
Total	104,609	8,243	84,813	8,130	84,700	260	113	19,536
Taos Municipal Schools								
2011	5,926,493	5,337,427	5,337,427	5,224,888	5,224,888	14,816	112,539	574,250
2010	5,845,990	360,976	5,589,531	360,976	5,589,531	14,615	-	241,844
2009	4,517,677	112,696	4,424,239	112,696	4,424,239	11,294	-	82,144
2008	4,191,993	18,296	4,088,060	18,296	4,088,060	10,480	-	93,453
2007	3,827,087	5,192	3,758,720	5,192	3,758,720	9,568	-	58,799
2006	2,851,572	889	2,797,870	889	2,797,870	7,129	-	46,573
2005	2,872,934	317	2,833,731	317	2,833,731	7,182	-	32,021
2004	2,738,972	272	2,701,587	272	2,701,587	6,847	-	30,538
2003	2,511,759	170	2,476,716	170	2,476,716	6,279	-	28,764
2002	2,321,046	131	2,288,779	131	2,288,779	5,803	-	26,464
Total	37,605,523	5,836,366	36,296,660	5,723,827	36,184,121	94,013	112,539	1,214,850
Penasco Independent Schools								
2011	135,107	119,064	119,064	114,493	114,493	338	4,571	15,705
2010	294,866	15,074	278,832	15,074	278,832	737	-	15,297
2009	368,959	8,358	357,630	8,358	357,630	922	-	10,407
2008	218,680	1,892	213,770	1,892	213,770	547	-	4,363
2007	196,915	392	192,322	392	192,322	492	-	4,101
2006	190,657	664	187,454	664	187,454	477	-	2,726
2005	182,838	121	180,544	121	180,544	457	-	1,837
2004	138,630	40	137,033	40	137,033	347	-	1,250
2003	130,888	37	129,272	37	129,272	327	-	1,289
2002	132,530	35	131,177	35	131,177	331	-	1,022
Total	1,990,070	145,677	1,927,098	141,106	1,922,527	4,975	4,571	57,997

STATE OF NEW MEXICO  
 TAOS COUNTY  
 PROPERTY TAXES RECEIVABLE BY AGENCY  
 JUNE 30, 2012

Schedule IV

Mesa Vista Consolidated Schools								
2011	366,428	294,680	294,680	288,272	288,272	916	6,408	70,832
2010	340,426	19,214	298,924	19,214	298,924	851	-	40,651
2009	361,432	6,050	326,663	6,050	326,663	904	-	33,865
2008	368,909	1,301	331,893	1,301	331,893	922	-	36,094
2007	329,261	359	297,137	359	297,137	823	-	31,301
2006	203,209	277	180,828	277	180,828	508	-	21,873
2005	139,150	106	123,669	106	123,669	348	-	15,133
2004	141,528	101	126,689	101	126,689	354	-	14,485
2003	131,318	85	116,964	85	116,964	328	-	14,026
2002	189,290	116	168,694	116	168,694	473	-	20,123
Total	2,570,951	322,289	2,266,141	315,881	2,259,733	6,427	6,408	298,383
Questa Independent Schools								
2011	891,431	817,808	817,808	797,336	797,336	2,229	20,472	71,394
2010	883,489	36,014	858,917	36,014	858,917	2,209	-	22,363
2009	881,504	11,150	841,175	11,150	841,175	2,204	-	38,125
2008	597,930	1,519	585,298	1,519	585,298	1,495	-	11,137
2007	572,159	122	563,362	122	563,362	1,430	-	7,367
2006	626,719	43	617,370	43	617,370	1,567	-	7,782
2005	598,883	26	591,805	26	591,805	1,497	-	5,581
2004	602,597	81	593,583	81	593,583	1,506	-	7,508
2003	647,179	14	637,783	14	637,783	1,618	-	7,778
2002	554,389	13	546,651	13	546,651	1,386	-	6,352
Total	6,856,280	866,790	6,653,752	846,318	6,633,280	17,141	20,472	185,387
1% Administrative Fee								
2011	211,040	5,283	207,782	5,283	207,782	528	-	2,730
2010	230,066	14,265	220,992	14,265	220,992	575	-	8,499
2009	233,716	210,814	210,814	210,814	210,814	584	-	22,318
2008	112,844	9	112,200	9	112,200	282	-	362
2007	121,659	10	119,264	10	119,264	304	-	2,091
2006	124,008	16	122,598	16	122,598	310	-	1,100
2005	133,948	16	132,458	16	132,458	335	-	1,155
2004	145,619	60	143,417	60	143,417	364	-	1,838
2003	169,717	210	167,541	210	167,541	424	-	1,752
2002	188,724	852	184,989	852	184,989	472	-	3,263
Total	1,671,341	231,535	1,622,055	231,535	1,622,055	4,178	-	45,108
Taos County								
2011	9,143,586	8,326,487	8,326,487	8,326,487	8,326,487	22,859	-	794,240
2010	8,793,527	570,961	8,520,868	570,961	8,520,868	21,984	-	250,675
2009	8,673,385	230,547	8,691,077	230,547	8,691,077	21,683	-	(39,375)
2008	7,850,168	37,636	7,720,369	37,636	7,720,369	19,625	-	110,174
2007	7,064,421	8,460	6,954,611	8,460	6,954,611	17,661	-	92,149
2006	6,244,106	12,762	6,158,941	12,762	6,158,941	15,610	-	69,555
2005	5,736,505	738	5,631,741	738	5,631,741	14,341	-	90,423
2004	5,379,683	752	5,290,290	752	5,290,290	13,449	-	75,944
2003	5,097,507	486	5,083,358	486	5,083,358	12,744	-	1,405
2002	4,883,794	412	4,795,971	412	4,795,971	12,209	-	75,614
Total	68,866,682	9,189,241	67,173,713	9,189,241	67,173,713	172,165	-	1,520,804
Grand Total	\$ 167,823,166	#####	#####	\$22,892,755	\$162,174,587	\$ 419,549	\$ 281,170	\$ 4,947,860

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**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Schedule V**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
 <u>ASSETS</u>				
Cash	\$ 567,912	\$ 10,158,865	\$ 10,179,508	\$ 547,269
Taxes receivable	<u>3,718,638</u>	<u>14,018,723</u>	<u>14,355,413</u>	<u>3,381,948</u>
Total assets	<u><u>\$ 4,286,550</u></u>	<u><u>\$ 24,177,588</u></u>	<u><u>\$ 24,534,921</u></u>	<u><u>\$ 3,929,217</u></u>
 <u>LIABILITIES</u>				
Due to other entities	<u>\$ 4,286,550</u>	<u>\$ 24,177,588</u>	<u>\$ 24,534,921</u>	<u>\$ 3,929,217</u>
Total liabilities	<u><u>\$ 4,286,550</u></u>	<u><u>\$ 24,177,588</u></u>	<u><u>\$ 24,534,921</u></u>	<u><u>\$ 3,929,217</u></u>

The accompanying notes are an integral part of these financial statements

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**COMPLIANCE SECTION**

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# Griego Professional Services, LLC

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*

Hector Balderas  
New Mexico State Auditor  
Taos County Commissioners  
Taos County  
Taos, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund, and the combining and individual funds and related budgetary comparisons presented as supplementary information of Taos County, New Mexico (the County) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 7, 2012. Our report includes reference to other auditors. 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. Other auditors audited the financial statements of the Taos County Housing Authority, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However this report, insofar as it relates to the results of the other auditors is based solely on the reports of the other auditors.

### Internal Control over Financial Reporting

Management of Taos County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Taos County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses

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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and questioned costs* to be material weaknesses listed as FSHA 12-01, FSHA 12-02, FSHA 12-03, FSHA 12-04, FSHA 12-05, FSHA 12-06, FSHA 12-07, FSHA 12-09, FSHA 12-10, FSHA 12-12, FSHA 12-13, FSHA 12-14, FSHA 12-15, FSHA 12-16 and FSHA 12-17.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (FS 10-01).

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### Compliance and Other Matters

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

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying *schedule of findings and questioned costs* as items FSHA 12-08 and FSHA 12-11

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit agency's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the County, the New Mexico Department of Finance and Administration, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico  
November 7, 2012

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**FEDERAL FINANCIAL ASSISTANCE**

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# Griego Professional Services, LLC

Certified Public Accountants

## **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas  
New Mexico State Auditor  
The Board of Taos County Commissioners  
Taos County  
Taos, New Mexico

### Compliance

We have audited Taos County's (the "County") 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 County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Taos County Housing Authority, which received \$3,596,620 in federal awards which is not included in the schedule during the year ended June 30, 2012. Our audit, described below did not include the operations of the Taos County Housing Authority because the Housing Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133 in which a disclaimer of opinion was rendered.

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 County'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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2012. However, the results of other auditor's auditing procedures of the Taos County Housing Authority disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *schedule of findings and questioned costs* as items FAHA 12-01, FAHA 12-02, FAHA 12-03, FAHA 12-04, FAHA 12-05 and FAHA 12-06.

### Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 County's internal control over compliance.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, other auditors identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies of the Taos County Housing Authority.

*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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items FAHA 12-02, FAHA 12-03, FAHA 12-05 and FAHA 12-06 to be material weaknesses of Taos County Housing Authority.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FAHA 12-01 to be significant a deficiency of Taos County Housing Authority.

Taos County's and Taos County Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit County's and Authority's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration, the State Auditor, federal awarding agencies, and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, New Mexico

November 7, 2012

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2012**

Schedule VI

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Community Facility Loans & Grants (1)	Bond Series 2010	10.780	<u>2,074,827</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,074,827</u>
<b>U.S. Department of the Interior - Bureau of Land Management</b>			
Taylor Grazing Act	N/A	15.237	<u>1,268</u>
<b>Total U.S. Department of the Interior - Bureau of Land Management</b>			<u>1,268</u>
<b>U.S. Department of Energy</b>			
U.S. FED/DFA Community Center	03-T-052	Unknown	<u>34,100</u>
<b>Total U.S. Department of Energy</b>			<u>34,100</u>
<b>U.S. Department of Justice</b>			
2009 Byrne Justice Assistance Grant	2009-SB-BP-3385	16.738	<u>14,825</u>
<b>Total U.S. Department of Justice</b>			<u>14,825</u>
<b>U.S. Forest Service</b>			
Federal Title II	FY 2010-2011	10.665	40,325
Federal Title III	FY 2010-2011	10.665	244,828
US Forest Service Patrol Reimbursement	FY 2010-2011	10.665	<u>14,871</u>
<b>Total U.S. Forest Service</b>			<u>300,024</u>
<b>U.S. Department of Homeland Security</b>			
NM DPS HS & EM (Homeland Security)	2010-SS-TO-0011	97.055	<u>16,970</u>
<b>Total U.S. Department of Homeland Security</b>			<u>16,970</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 2,442,014</u></u>

(1) Denotes major program

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2012**

Schedule VI

**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 Taos County and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,442,014
Total expenditures funded by other sources	<u>26,769,672</u>
Total expenditures	<u><u>29,211,686</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**

**Schedule VII**

**Section I – Summary of Audit Results**

*Financial Statements:*

- |                                                                                          |           |
|------------------------------------------------------------------------------------------|-----------|
| 1. Type of auditors’ report issued                                                       | Qualified |
| 1. <i>Internal Control over Financial Reporting and on Compliance and Other Matters:</i> |           |
| a. Material weakness identified?                                                         | Yes       |
| b. Significant deficiency identified not considered to be a material weaknesses?         | Yes       |
| c. Noncompliance material to the financial statements noted?                             | No        |

*Federal Awards:*

- |                                                                                                                                                                                                      |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Internal control over major programs:                                                                                                                                                             |             |
| a. Material weaknesses identified?                                                                                                                                                                   | Yes         |
| b. Significant deficiency identified not considered to be material weaknesses?                                                                                                                       | Yes         |
| 2. Type of auditors’ opinion issued on the <i>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133</i> | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?                                                                                | Yes         |

4. Identification of major programs:

CFDA Number	Federal Program
10.780	Community Facility Loans & Grants

- |                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |



**STATE OF NEW MEXICO**  
**TAOS COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**

**Schedule VII**

**Section II – Financial Statement Findings**

**Primary Government Findings:**

**FS 10-01 – Capital Asset Accounting System – Revised & Repeated – Significant Deficiency**

*Condition:* The capital asset inventory system was not being reconciled completely with the County's inventory system. Ending capital assets balances were not being reconciled as deletions were occurring.

*Criteria:* Section 2.20.1 of NMAC requires agencies to properly account for capital assets. The required capital asset accounting system is described in Section 2.20.1.8 of NMAC. Proper controls over the capital assets are described in Section 2.20.1.15 of NMAC. The statutory annual inventory requirement is described in Section 2.20.1.16 of NMAC. The requirement to follow the applicable statutes when disposing of capital assets is described in Section 2.20.1.18 of NMAC.

*Effect:* The lack of proper implementation of controls over capital assets may result in the financial statements being misstated.

*Cause:* The County had not recorded the deletion of some capital assets related to the old county offices which had been demolished. This required an adjustment to the final capital asset balances for the unrecorded deletions.

*Auditors' Recommendations:* The County should continue its implementation of an internal controls system to manage and monitor the County's capital asset listing for deletions.

*Responsible Official's Views:* Taos County Finance Department continues to implement procedures to reconcile to the general ledger on a monthly basis, as well preparing a monthly roll forward to include additions, deletions and adjustments to be reconciled to the Inventory Listing at year end. The Finance Department has also implemented quarterly internal audits, to verify compliance. The Fixed Assets Manager continues to attend trainings on Capital Assets.

**Component Unit Findings:**

**FSHA 12-01 Deficiencies in Internal Control Structure Design, Operation, and Oversight – Material Weakness**

*Condition:* The Housing Authority does not have a comprehensive documented internal control structure. The internal control structure should include controls that allow the governing body to exercise effective oversight of internal controls and the financial reporting process. Also, controls in certain specific areas are not operating as designed. These include:

- There is not a fraud risk assessment done at the Housing Authority
- There is inadequate segregation of duties in receipts, disbursements, payroll
- There is inadequate internal controls over bank reconciliations
- There is inadequate internal controls to mitigate management override to perpetrate fraud
- There is inadequate internal controls to mitigate management override to manipulate bid awards
- There is inadequate internal controls to monitor projects in the following:
  - Ensure proper licensing by contractors
  - Ensure proper monitoring of project completeness per specifications before payment
  - Ensure proper filing of supporting documentation
- There is inadequate internal controls to ensure proper quotes for purchases
- There is inadequate internal controls over travel and per diem
- There is a lack of proper monitoring of mileage records for travel and per diem
- There is a lack of proper mileage records for service department
- There is a lack of proper monitoring and safe guarding of gas cards
- There is a lack of proper conflict of interest policy by the Housing Authority

STATE OF NEW MEXICO  
TAOS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2012

Schedule VII

**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

- There is a lack of proper monitoring over vendor master files
- There is a lack of monitoring over the HDS system
- There is a lack of internal controls to ensure no duplicate names in the HDS system
- There is a lack of internal controls over capital assets

*Criteria:* As required by NMSA 1978 Section 6-6-3, the Housing Authority should design and maintain an internal control structure that enables it to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Under SAS 115, the internal control and financial reporting process should have adequate oversight provided by the body charged with governance.

*Effect:* Because there is not an adequate internal control structure or oversight by the governing body, complete and accurate financial data cannot be verified, assets are not properly safeguarded, reconciliations are not performed, or at a minimum not performed on a timely basis, and adequate controls are not in place to prevent or detect intentional misstatements of accounting information due to errors or fraud.

*Cause:* For the fiscal year 2012 management, the body charged with governance, and staff did not have expertise and/or training to implement an adequate internal control structure.

*Auditors' Recommendation:* The Housing Authority should ensure that a comprehensive internal control structure is designed, documented and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process. Additionally, the Housing Authority management should give annual consideration to how fraud might occur in their organization; develop procedures to address fraud risk and document those risks and procedures.

*Responsible Officials' Views:* Internal controls: All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification. The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

*Governing Board oversight:* The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

*Fraud:* In addition to oversight by an independent Fee Accountant and an independent auditor, the management and Advisory Board of the Authority will conduct an annual risk, fraud, internal controls and liability assessment. The agency has been the subject of several investigations, some at the request of the county, in which extensive assessment by HUD, the Office of the Inspector general, the FBI, the Justice department and the HUD national recovery center will be providing findings and recommendations that will be reviewed and incorporated by the County.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

**FSHA 12-02 Internal Controls/Segregation of Duties – Material Weakness**

*Condition:* The Housing Authority is lacking adequate internal controls over its accounting processes. During review of internal control procedures, we noted that the prior Executive Director had the ability to perform all major functions of the Housing Authority relating to the accounting processes.

*Criteria:* Systems of internal control with the most favorable designs allow for an adequate segregation of duties to reduce the risk of error or fraud because they are structured using a combination of controls designed to either detect instances of error or fraud that occur, or optimally, to prevent instances of error or fraud before they occur. (AU 325) Section 6-5-2, NMSA 1978, requires that state agencies shall implement internal control accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

*Effect:* The Housing Authority's books or records are containing misstatements related to fraud, and was not detected within a timely manner.

*Cause:* The Housing Authority and Oversight Committee did not assess risks or implement internal controls to segregate duties.

*Auditors' Recommendation:* We recommend that the "Board" provide extensive oversight, and implement limited segregation to the extent possible to reduce the risk of errors or fraud.

*Responsible Officials' Views:* It should be stated that the current evidence indicates that in addition to the inappropriate concentration of too many powers within the Executive Director, the fraud was able to occur because of either the complicity or failure of the fee Accountant and Independent Auditors to perform their contracted duties, which would have made it nearly impossible for any oversight board to detect a problem. This was compounded by HUD failing to provide proper oversight, deeming the agency a "high performer".

Secondly, the County staff actually did detect potential problems at the agency, as well as with the Fee Accountant and Audit, once we began actively participating on the Board.

*Internal controls:* All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification. The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

*Governing Board oversight:* The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of Housing Commissioners, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

Fraud: In addition to oversight by an independent Fee Accountant and an independent auditor, the management and Advisory Board of the Authority will conduct an annual risk, fraud, internal controls and liability assessment. The agency has been the subject of several investigations, some at the request of the county, in which extensive assessment by HUD, the Office of the Inspector general, the FBI, the Justice department and the HUD national recovery center will be providing findings and recommendations that will be reviewed and incorporated by the County.

**FSHA 12-03 Internal Control Deviations – Disbursements – Material Weakness**

*Condition:* During our review of internal controls over disbursements, we noted the following:

- a. The Housing Authority created invoices for vendors for payment of goods and services
- b. Management override of purchase requisitions where the requestor signed authorizing purchase with no other authorization
- c. In several disbursements reviewed, there was lack of supporting documentation, were purchase requisitions was not signed
- d. In several disbursements reviewed, there were no quotes on file for purchases as required by the Housing Authorities policy.
- e. 1 out of 5 disbursements tested, the check was released before authorization of management.

*Criteria:*

- a. Good internal controls and sound business practice requires that the Authority develop policies and procedures for internal controls over disbursements.
- b. Good internal controls and sound business practice requires that the Authority exercise due diligence and ensure that all transactions are properly posted and to the correct account.
- c. Good internal controls and sound business practice requires that the Authority establish and implement internal control procedures over cash disbursements. The Authority should ensure that all checks are printed with all required information and should be reviewed for accuracy, completeness and reasonableness before signing.

*Effect:* Internal controls over disbursements are not sufficiently monitored and maintained to prevent or detect accidental or intentional misappropriation of the Authority's assets. This may result in many issues, including but not limited to, purchase of unauthorized or unnecessary items. Furthermore, in the case of improperly posted transactions, this could result in incorrect balances being reflected that could adversely affect decision making and in this specific case of tenant security deposit, an incorrect reflection of a tenant's security deposit balance.

*Cause:* The Authority has failed to established policies and procedures over the internal control structure over disbursements.

*Auditors' Recommendation:* The Authority should establish policies and procedures to ensure that the proper internal controls are in place over its disbursements. Additionally, the Authority should ensure that all supporting documentation is adequately maintained and available for inspection. Lastly, the Authority should review all postings to the general ledger on a regular basis to ensure all postings are reasonable and accurate.

*Responsible Officials' Views:* Internal Controls: As all operations of the Authority are being taken over by the County, existing County internal control policies and procedures have been imposed on the Authority and are being enforced. In theory, these procedures were already available to the Authority and should have been followed, but because the Authority was a standalone entity, there was no direct oversight by the County as the Authority had its own financial staff, director and governing board. Those have since been abolished.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

While the County policies and procedures are now in place in the Authority, full control of all Authority functions has been migrating to the County since July 1<sup>st</sup>, consistent with a HUD, County and Authority approved plan and timetable, with full control transferred to the County and the dissolution of the old Authority format no later than 12/31/12.

**FSHA 12-04 Insufficient Documentation on Credit Cards – Material Weakness**

*Condition:* During our testwork we noted the following:

- a. In 3 out of 3 credit card disbursements related to gas cards travel logs, we noted there was insufficient documentation for mileage and purposes of trips.
- b. In 3 out of 3 credit card disbursements relate to travel logs, we noted there was insufficient sign of by employees.
- c. In 3 out of 3 credit card disbursements related to travel logs, we noted insufficient review by management to ensure proper documentation and use.

*Criteria:* New Mexico Procurement Code 13-1-1 to 13-1-99, NMSA 1978, states that payments must be supported by valid receipts and that payment may only be made for valid charges.

*Effect:* The Authority may be paying for unallowable expenses. Inconsistent monitoring of compliance with requirements could result in abuse or fraud.

*Cause:* Employees and management are not tracking where gas cards are kept at all times, and management is not reviewing mileage logs to ensure employees are completing and signing travel log.

*Auditors' Recommendation:* We recommend that the Housing Authority require gas card holders to keep track of the gas cards, to turn in receipts as charges are incurred, and to fill out the travel logs completely and sign off on the travel log. In the case of an occasional lost receipt, have the gas card holder sign and date an explanation as to the amount of the charge as well as the purpose of the charge.

*Responsible Officials' Views:* Gas and vehicle policy: The County policy with regards to the issuance, use and documentation of use of gas cards and vehicles has already been put in place at the Authority, with all cards having been collected, identified, and redistributed, along with the new policies.

**FSHA 12-05 Lack of Internal Controls Over Voided Checks – Material Weakness**

*Condition:* During our testwork over cash, we noted the Housing Authority does not have internal controls over voided checks to ensure all voided checks are properly tracked and voided properly, both physically and in the accounting system.

*Criteria:* *The Codification of Statements on Auditing Standards (SAS AU)* paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

Good internal control policy dictates that the Housing Authority shall establish and maintain a cash management program to safeguard voided checks. Systems of internal control with the most favorable designs include procedures designed to prevent or detect errors due to misclassification of transactions in the accounting records. (AU 325.21 appendix) Section 12-6-5, NMSA 1978 requires the audit report to set out in detail any violation of good accounting practices found by the audit.

*Effect:* This results in an increased risk of theft of voided checks and potential for misappropriation of Housing Authority's funds.

*Cause:* Management is not implementing internal controls to ensure checks are properly voided.

*Auditors' Recommendation:* The Housing Authority should review cash management procedures with the responsible individuals monthly to ensure that all areas of cash have sufficient internal controls, including accounting for all voided checks residing at the entity as well as a documented policy that states who is responsible for voided checks in the system.

*Responsible Officials' Views:* The County internal controls and policies and procedures for financial management have been instituted at the Authority and full control of all financial functions will be transferred in their entirety to the County no later than 12/31/12.

**FSHA 12-06 Capital Assets Listing – Material Weakness**

*Condition:* During our audit procedures we found the following related to capital assets:

- a. The Housing Authority did not perform an annual inventory of capital assets
- b. The Housing Authority did not provide sufficient audit evidence for capital assets in their listing to prove accuracy and completeness of their capital asset listing.

*Criteria:* Per section 2.20.1.10 of NMAC, capital assets acquired through purchase shall be recorded at cost. Capital assets include assets constructed by agency personnel. Per Section 2.20.1.14 of NMAC, repairs and maintenance on capital assets which are routine and necessary for continued, safe, and productive operation, should be charged to maintenance expense in the period in which they occur. GASB 34 paragraph 20 requires capital assets to be reported, net of accumulated depreciation, in the statement of net assets. Section 12-6-10, NMSA 1978, requires all agencies to conduct a physical inventory of their capital assets inventory at the end of each fiscal year. Section 12-6-10, NMSA 1978 also changed the capitalization threshold to items that cost more than \$5,000, effective June 17, 2005.

*Effect:* There are more assets included on the capital assets listing than are allowed by the State's capitalization policy.

While not material to the financial statements, in continuing with this capitalization policy the Authority is overstating its capital assets and depreciation expense while understating actual expenses because the expenses are being capitalized rather than expensed.

*Cause:* The Housing Authority has not ensured compliance with the State Auditor requirements related to capital assets.

*Auditors' Recommendation:* We recommend that the Housing Authority maintain capital assets records and record depreciation only for those assets with a cost in excess of \$5,000. For accountability purposes, the Housing Authority should track assets in accordance with the existing policy, although these assets should not be included in the capital assets reported on the financial statements.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Responsible Officials' Views:* A full inventorying of all Authority assets is underway in order to provide an accurate accounting of all equipment, vehicles and buildings. Accordingly, upon its completion, the agency's records will be adjusted to accurately reflect items disposed of, items on inventory, correct value and correct depreciated values.

The County's Assets manager will then maintain the updated perpetual inventory, as required.

**FSHA 12-07 Preparation of Financial Statements – Material Weakness**

*Condition:* The financial statements and related disclosures are not being prepared by the Agency.

*Criteria:* According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 115, a system of internal control over financial reporting does not stop at the general ledger. Well-designed systems include controls over financial statement preparation, including footnote disclosures.

*Effect:* When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

*Cause:* The Agency's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting, including the preparation of financial statements and related footnote disclosures.

*Auditors' Recommendation:* We recommend the Agency's management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
- Governmental Accounting Standards Board (GASB)
- Generally Accepted Accounting Principles (specifically as applied to governmental units)
- Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
- Management's discussion and analysis

Supplementary information required by the Office of the State Auditor

In addition, we recommend that the Agency develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

*Responsible Officials' Views:* It is not unusual, given their limited resources and eligible personnel budgets allocated by HUD as part of the annual operational subsidy, for housing authorities to contract with fee accountants to perform some or all of their accounting. Such was the case with the TCHA.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

Upon the transfer of all accounting functions to the County, fully trained and experienced personnel of the County Finance Department and County Treasurer’s Office will be performing the accounting functions of the Housing Authority, including the preparation in-house of the agency financial statements.

**FSHA 12-08 Travel and Per Diem – Other Matter**

*Condition:* During test work we noted the following condition:

- In 2 out of 5 transactions tested, employees were over reimbursed one day for travel. This over payment totaled \$178
- In 1 out of 5 transactions tested, employees did not turn in proper supporting documentation for travel and the Housing Authority reimbursed for these expenditures.

*Criteria:* NMAC 6.20.2.19 requires the Housing Authority to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-4, for all per diem.

*Effect:* Unauthorized travel and per diem expenditures may be processed and paid without proper approval and rate calculation. Noncompliance with statutes may subject officials and employees to punishment as defined by state statutes. As well as the Authority has overpaid monies for reimbursements using public funds.

*Cause:* The Housing Authority did not maintain policies and procedures to ensure that documentation is properly reviewed to ensure compliance with the Authority’s policies which follow State Statutes.

*Auditors’ Recommendations:* We recommend the Authority review State Statute NMAC 2.42.2 periodically to ensure compliance as well as use preformatted forms to ensure proper reimbursement rates.

*Responsible Officials’ Views:* The County internal controls and policies and procedures for financial management have been instituted at the Authority and full control of all financial functions will be transferred in their entirety to the County no later than 12/31/12.

The County reviews, adopts and enforces NMAC 2.42. as well as the federally established mileage reimbursement formula, and uses federally and state compliant standardized policies, procedures and forms issued by the Finance Department to ensure proper reimbursement rates for mileage and per diem.

**FSHA 12-09 Lack of Oversight by Board – Material Weakness**

*Condition:* The Board of the Housing Authority did not exercise appropriate oversight over operations of the Housing Authority.

*Criteria:* *The Codification of Statements on Auditing Standards (SAS AU)* paragraph 110.03 states that the financial statements are management’s responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements.

*Effect:* The Housing Authority’s governing body did not provide effective oversight of internal control and financial reporting processes.

*Cause:* Board members did not ensure proper internal controls over the financial reporting process of the Housing Authority.



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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Auditor's Recommendation:* The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Responsible Officials' Views:* Governing Board oversight: The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

**FSHA 12-10 Security Deposits and FSS Escrow Not Matching the Restricted Cash Accounts – Material Weakness**

*Condition:* The restricted tenant deposits account does not match the liability account balances for the respective deposits. The tenant deposits account is specifically set up for tenants' deposits that are owed to the individual upon cancellation of service.

*Criteria:* Good accounting practices require that security deposit liabilities should be reconciled to the related security deposit bank account.

*Effect:* The deposit liability balance for the Public Housing tenant account is overstated by \$4,834.

*Cause:* The monies in the bank are not being reconciled to the deposit listings maintained by the Housing Authority.

*Auditors' Recommendation:* The tenant deposits liability account should be reconciled with the tenant deposits account throughout the year.

*Responsible Officials' Views:* Management believes that this is less a reflection of inadequate policies or oversight than the level of competency of the staff member performing these functions.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director.

**FSHA 12-11 RHC Reports and General Ledger – Other Matter**

*Condition:* The amount in the general ledger for employer's contribution to RHC does not tie to the reported amount.

*Criteria:* Per Section 10-7C-15 NMSA 1978, each state agency or affiliated public employer shall be responsible for deducting the applicable contribution from the salary or wages paid to each member for each payroll period.

*Effect:* The amount of RHC being withheld from employee paychecks could be incorrect and not be detected due to the lack of the reconciliation process

*Cause:* The Housing Authority did not properly reconcile the RHC reports to the General Ledger.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Auditors' Recommendation:* We recommend that the Housing Authority implement a process for reconciling amounts sent to RHC and amounts recorded in the general ledger.

*Responsible Officials' Views:* Management believes that this is less a reflection of inadequate policies or oversight than the level of competency of the staff member performing these functions.

The Authority Financial Analyst simply failed to follow the direction of the County Finance department Personnel Officer in reconciling biweekly payroll deduction estimations with actual figures reported by the Personnel officer back to the Authority.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director.

**FSHA 12-12 Deficiencies in Internal Control Structure Design, Operation and Oversight – Risk Appetite – Material Weakness**

*Condition:* “Risk appetite,” or the amount of risk the entity is willing to accept, associated with each new activity is not discussed and influenced by the Housing Authority’s culture and operating practices. Management’s philosophy and operating style are not consistent with a sound control environment and has a negative pervasive effect on the entity.

Management does not analyze the risks and benefits of new activities, does not assess turnover among employees, does not investigate and resolve improper business practices, does not view accounting as a means to monitor and control the various activities of the organization, and does not adopt accounting policies that ensure safeguard of assets.

*Criteria:* *The Codification of Statements on Auditing Standards (SAS AU)* paragraph 110.03 states that the financial statements are management’s responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, “inadequate documentation of the components of internal control.” SAS 115 paragraph 15 states that ineffective oversight of the agency’s financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information or fraud.

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS No. 115 to provide effective oversight of internal control and the financial reporting process.

*Auditors' Recommendation:* The Housing Authority should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Responsible Officials' Views:* The County and agency management agree with the Auditor's conclusions as to a "culture" that began with the Authority Executive Director and other program managers in place at the time, as well as a lack of oversight or training/awareness by the Board and the complicity or failure to provide appropriate oversight by the fee Accountant, possibly the prior Auditors, and to some degree the failure of both HUD and the County to provide oversight and direction.

It is the conclusion of management and likely HUD, as the agency's sole source of funding, based on our mutual findings as well as those of Eastern Regional Housing Authority and the FBI as independent investigators, that the culture was so pervasive as to make it would be more difficult to fix the systems and attitudes than to disengage the Authority and absorb all its programs and functions into the already established and functioning structure and staffing of the County. Therefore, the County, with the consent of HUD and the TCHA Board of Directors, is implementing the following:

Internal controls: All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification. The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

Governing Board oversight: The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

Fraud: In addition to oversight by an independent Fee Accountant and an independent auditor, the management and Advisory Board of the Authority will conduct an annual risk, fraud, internal controls and liability assessment. The agency has been the subject of several investigations, some at the request of the county, in which extensive assessment by HUD, the Office of the Inspector general, the FBI, the Justice department and the HUD national recovery center will be providing findings and recommendations that will be reviewed and incorporated by the County.

**FSHA 12-13 Deficiencies in Internal Control Structure Design, Operation and Oversight – Process Procedures– Material Weakness**

*Condition:* Process procedures are not sufficiently formal such that management can determine whether the control objective is met, documentation supporting the procedures is in place, and personnel routinely know the procedures that need to be performed. Information relevant to financial reporting is not identified, captured, processed, and distributed within the parameters established by the Housing Authority's control processes to support the achievement of financial reporting objectives.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Criteria:* The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS No. 115 to provide effective oversight of internal control and the financial reporting process.

*Auditors' Recommendation:* The Housing Authority should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality. The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.

They simply chose in some instances as a matter of convenience or in an attempt to commit fraud to either ignore or evade those requirements and, in some instances, knew them so well as to devise very elaborate mechanisms to appear to meet them will still committing fraudulent acts.

The actual causality is the lack of oversight to enforce those polices on the management (not staff) by the Board, Fee Accountant, Auditors and others.

Therefore, the County, with the consent of HUD and the TCHA Board of Directors, is implementing the following actions, consistent with the mutually agreed upon timetable for the absorption by the County of the existing functions of the Authority, its Board and staff:

*Internal controls:* All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification. The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

Governing Board oversight: The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

**FSHA 12-14 Deficiencies in Internal Control Structure Design, Operation and Oversight – Financial Data – Material Weakness**

*Condition:* Data underlying financial statements are not captured completely, accurately, and timely, in accordance with the Housing Authority's policies and procedures and in compliance with laws and regulations. Information relevant to financial reporting is not identified, captured, processed, and distributed within the parameters established by the Housing Authority's control processes to support the achievement of financial reporting objectives.

*Criteria:* *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS No. 115 to provide effective oversight of internal control and the financial reporting process.

*Auditors' Recommendation:* The Housing Authority should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality.

The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.

They simply chose in some instances as a matter of convenience or in an attempt to commit fraud to either ignore or evade those requirements and, in some instances, knew them so well as to devise very elaborate mechanisms to appear to meet them will still committing fraudulent acts.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

The actual causality is two-fold:

- (1.) The lack of oversight to enforce those policies on the management (not staff) by the Board, Fee Accountant, Auditors and others.
- (2.) Management believes that this is less a reflection of inadequate policies or oversight than the level of competency of the staff member performing these functions.

Therefore, the County, with the consent of HUD and the TCHA Board of Directors, is implementing the following actions, consistent with the mutually agreed upon timetable for the absorption by the County of the existing functions of the Authority, its Board and staff:

Internal controls: All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

Governing Board oversight: The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board. A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

**FSHA 12-15 Cash Activity Not Recorded – Material Weakness**

*Condition:* Cash recorded in the general ledger did not tie to cash per Housing Authority bank reconciliations at June 30, 2012 by \$21,979. The Housing Authority did not record all bank accounts in their general ledger system. The Home House by House checking accounts at US Bank were not recorded.

*Criteria:* *The Codification of Statements on Auditing Standards (SAS AU)* paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Good accounting policies require that the bank statements be reconciled on a timely basis to the Village's general ledger, at least monthly.

*Effect:* The Housing Authority's cash balances and resulting activity are at risk of being misstated at June 30, 2012.

*Cause:* There is a lack of internal controls being designed and implemented by management to ensure all cash transactions are recorded in the general ledger.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Auditors' Recommendation:* The Housing Authority should implement policies and procedures and provide adequate training to ensure that internal controls over cash are adequately designed and effectively implemented.

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality(s).

The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.

Management believes that this deficiency is less a reflection of inadequate policies or oversight than the level of competency of the staff member performing these functions.

Therefore, all financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

**FSHA 12-16 Journal Entries – Material Weakness**

*Condition:* The Housing Authority does not have proper internal controls over Journal Entries.

*Criteria:* *The Codification of Statements on Auditing Standards (SAS AU)* paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets.

Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* An adequate accounting system is not in place to ensure proper posting and review.

*Auditors' Recommendation:* We recommend that the Housing Authority ensure that a comprehensive internal control structure is designed, documented, and implemented.

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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality(s).

The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.

Management believes that this deficiency is less a reflection of inadequate policies or oversight than the level of competency of the staff member performing these functions.

Therefore, all financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

**FSHA 12-17 Incomplete Trial Balance – Material Weakness**

*Condition:* During our fieldwork, we noted that the Housing Authority's trial balance was neither complete nor accurate.

*Criteria:* The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

*Effect:* As a result, the Housing Authority's trial balance did not represent an accurate picture of the Housing Authority's operational transactions or equity position at year end. Also, due to the server condition of the financial data, several audit procedures could not be performed to obtain reasonable assurance over account balances which can lead to a high risk of not identifying fraudulent, erroneous, or unusual transactions.

*Cause:* Due to the lack of internal controls and monitoring, the trial balance was inaccurate and incomplete.

*Auditors' Recommendation:* We recommend the Housing Authority incorporate processes and internal controls to ensure account balances are properly posted in order to be able to produce a complete and accurate trial balance.

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality(s).

The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.



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**Section II – Financial Statement Findings (continued)**

**Component Unit Findings (continued):**

Management believes that this deficiency is less a reflection of inadequate policies or oversight than the level of competency of the staff member performing these functions.

Therefore, all financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer’s Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

**Section III – Federal Award Findings**

**Primary Government Findings:**

None

**Component Unit Findings:**

**FAHA 12-01 — Excluded Parties List – Significant Deficiency**

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development  
Title: All major programs  
CFDA number: All major programs

*Condition:* During our review of the procurement process, for all major programs tested, it was noted the Housing Authority does not reference the Excluded Parties List System contracts of goods or services in which more than \$25,000 is expended.

*Criteria:* OMB A-133 stipulates non-federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered Transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction that is expected to equal or exceed \$25,000 or meet other certain specified criteria.

*Questioned Costs:* Undeterminable

*Effect:* The Housing Authority could be contracting with vendors for services or goods that are included on the suspension and debarment listing which potentially decrease federal funding received since this is considered non-compliance.

*Cause:* The Housing Authority has not implemented checking the Excluded Parties List System website into their purchasing process.

*Auditors’ Recommendation:* We recommend that the Housing Authority implement procedures to ensure all vendors for services and goods over \$25,000 be verified that they do not exist on the suspension and debarment listing.

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**Section III – Federal Award Findings (continued)**

**Component Unit Findings (continued):**

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality.

The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.

They simply chose in some instances as a matter of convenience or in an attempt to commit fraud or bid rigging, preferring for a number of reasons to use preferred vendors that the County in some instances identified as ineligible multiple times, to either ignore or evade those requirements.

There was a clear lack of oversight to enforce those policies on the management.

Therefore, the County, with the consent of HUD and the TCHA Board of Directors, is implementing the following actions, consistent with the mutually agreed upon timetable for the absorption by the County of the existing functions of the Authority, its Board and staff:

Internal controls: All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations have been transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification.

The TCHA Finance Specialist job description has been revised to reflect an increased salary range, a higher level of experience and training, a degree in accounting or business management and prior experience in housing and/or government finance. The position has also been transferred to the oversight of the County Finance Department, supervised by the County Finance Director. The functions of the TCHA Finance Specialist have also been divided amongst a number of experienced staff in the County Finance Department and Treasurer's Office to provide a full segregation of duties. The job description and qualifications for the Executive Director have also been increased to include a degree, certification from HUD/NAHRO in both Public Housing and Section 8, as well as a minimum of 5 years of experience.

Governing Board oversight: The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

**FAHA 12-02 — Deficiencies in Internal Control Structure Design, Operation and Oversight – Mechanisms to Identify Risks of Inaccurate Financial Reporting – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development  
Title: All major programs  
CFDA number: All major programs

*Condition:* The Housing Authority does not have the mechanisms in place to identify risks of faulty reporting caused by items such as lack of current knowledge, inconsistent application, or carelessness or disregard for standards and reporting requirements of federal awards.

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**Section III – Federal Award Findings (continued)**

**Component Unit Findings (continued):**

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require mechanisms to identify risks of faulty reporting be established.

*Questioned Costs:* Undeterminable

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

*Auditors' Recommendation:* The Housing Authority should ensure that a comprehensive internal control structure, including mechanisms to identify risks of faulty reporting, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Responsible Officials' Views:* While management agrees with the relative conclusion of the Auditors, we are not in agreement as to the causality.

The Housing Authority, including the Executive Director, Fee Accountant and Independent Auditors, clearly were aware of the existence of the county, state and federal financial policies and procedures in place and that they equally governed the actions of the Authority and its staff.

The prior management simply chose to either ignore or evade those requirements.

The actual causality is two-fold:

- (1.) The lack of oversight to enforce those policies on the management by the Board, Fee Accountant, Auditors, County and HUD.
- (2.) A lack of knowledge, training or expertise by the Board to be able to know their responsibilities, how to read financial statements and programmatic reports provided to them, and a lack of persistence with management to get their questions answered.

Therefore, the County, with the consent of HUD and the TCHA Board of Directors, is implementing the following actions, consistent with the mutually agreed upon timetable for the absorption by the County of the existing functions of the Authority, its Board and staff:

Internal controls: County financial policies and procedures have already been put in place and are being enforced. All financial functions, including purchasing, procurement, payroll, accounts payable, accounts receivable, inventory control, general ledger and account reconciliations are being transferred to the County Finance Department, with the County Treasurer serving as an independent source of verification.

All financial, internal control and management responsibilities will be fully transferred and operate under Taos County policies no later than 12/31/12.

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**Section III – Federal Award Findings (continued)**

**Component Unit Findings (continued):**

Governing Board oversight: The TCHA Board of Directors in place during the period of the audit has ceded control to the Board of County Commissioners, who will serve as the new housing authority board.

A Housing Advisory Board will be established to provide independent community monitoring of the Authority. That Board will be made up of community and governmental experts in housing, accounting, law, finance and other fields of expertise that can provide informed and independent oversight to the Authority and management, as well as advise the County Commission. HUD and Southwest NAHRO have already provided training to some members of the Advisory Board on ethics, duties of a Housing Commissioner, reading financial statements and conflicts of interest. Training will also be scheduled for the County Commissioners.

**FAHA 12-03 — Deficiencies in Internal Control Structure Design, Operation and Oversight – Tracking Property and Equipment Purchased with Federal Award Funds – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development  
Title: Public and Indian Housing  
CFDA number: 14.850

*Condition:* During FY 2012, management did not track any capital assets, including property and equipment purchased with federal awards.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving

Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management track any property and equipment purchased with federal award funds.

*Questioned Costs:* None

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal Awards.

*Auditors' Recommendation:* The Housing Authority should ensure that a comprehensive internal control structure, including tracking of property and equipment purchased with federal award funds, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Responsible Officials' Views:* A full inventorying of all Authority assets is underway in order to provide an accurate accounting of all equipment, vehicles and buildings. Accordingly, upon its completion, the agency's records will be adjusted to accurately reflect items disposed of, items on inventory, correct value and correct depreciated values.

The County's Assets manager will then maintain the updated perpetual inventory, as required.

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**Section III – Federal Award Findings (continued)**

**Component Unit Findings (continued):**

**FAHA 12-04 — Reporting – Noncompliance**

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development  
Title: All major programs  
CFDA number: All major programs

*Condition:* The form was not submitted within the required time frame for the year ended June 30, 2012.

*Criteria:* For each public and Indian housing grant that involved development, operating, or modernization assistance, the prime recipient must submit Form HUD 60002 (24 CFR sections 135.3(a) and 135.90).

*Questioned Costs:* None

*Effect:* Form HUD 60002 was not submitted timely.

*Cause:* Procedures were not in place to ensure that the Housing Authority submitted this form within the required time frame set forth by HUD.

*Auditors' Recommendation:* The Housing Authority should establish procedures ensuring that reports are completed and submitted in a timely manner and in compliance with HUD requirements.

*Responsible Officials' Views:* Management agrees with the conclusion. Taos County and the Housing Authority had retained Eastern Regional Housing Authority to serve as management agent of the Authority on its behalf during the investigation. It appears the consultant failed to file the required form in a timely basis.

The reporting deadline has been noted on the Authority "Due dates" calendar for future management.

**FAHA 12-05 — Lack of Proper Documentation in Tenant Files – Low Rent – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development  
Title: Public and Indian Housing  
CFDA number: 14.850

*Condition:* During testwork the following documentation was found to be missing from tenant files:

- In 3 out of 60 tenants selected for testwork, no 3rd party income verification could be located
- In 3 out of 60 tenants selected for testwork, no supporting documentation could be provided.

*Criteria:* In accordance with 24 CFR part 5, subpart F (24 CFR sections 5.601 et seq., and 24 CFR sections 960.253, 690.255, and 960.259), the Housing Authority is required to determine income eligibility and calculate the tenant's rent payments using the documentation from third-party verification.

*Questioned Costs:* None

*Effect:* The Housing Authority could be providing services to tenants who are not eligible for the program. As a result, it could affect funding for the program.

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**Section III – Federal Award Findings (continued)**

**Component Unit Findings (continued):**

*Cause:* Files from Taos County Housing Authority lacked proper documentation and the files were not periodically reviewed to ensure that all necessary documentation was on file.

*Auditors' Recommendation:* Management should implement an internal control structure to ensure that all files have the necessary supporting documentation to comply with eligibility and special reporting requirements as identified by the Department of Housing and Urban Development.

*Responsible Officials' Views:* Management agrees with the conclusion. Taos County and the Housing Authority retained Eastern Regional Housing Authority to serve as management agent of the Authority on its behalf during the investigation and to perform a full review for completeness of all client files. While our most recent SEMAP report indicates that the task is not yet complete, substantial progress on full compliance has been made and the balance of files are being reviewed and corrected, where needed, as annual recertification's come due.

We are therefore expecting full compliance by 12/31/12 when the County assumes full management of the Authority.

Management believes that sufficient testing and reporting requirements, such as the SEMAP reporting and Independent Auditor and HUD sampling exist going forward that the problem should be detected and reported if it reoccurs. It appears that in the past there was simply a total lack of oversight of the prior Executive Director and program management.

The certification, training and experience requirements for all management and program staff have been reviewed by the County and its consultants and upgraded where needed, including the replacement of unqualified staff.

**FAHA 12-06 — Lack of Proper Documentation in Tenant Files – Section 8 – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development

Title: Section 8 Housing Choice Vouchers

CFDA number: 14.871

*Condition:* During testwork the following documentation was found to be missing from tenant files:

- In 1 out of 60 tenants selected for testwork, no signed privacy notice was on file.
- In 5 out of 60 tenants selected for testwork, annual recertification was not performed annually

*Criteria:* In accordance with 24 CFR sections 5.230, 5.609, and 982.516 as a condition of admission or continued occupancy, the Housing Authority must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility. The Housing Authority is also required to re-examine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification.

*Questioned Costs:* None

*Effect:* The Housing Authority could be providing services to tenants who are not eligible for the program. As a result, it could affect funding for the program.

*Cause:* Files from Taos County Housing Authority lacked proper documentation and management of the Housing Authority did not provide sufficient monitoring to ensure that tenant files and eligibility determinations were being performed timely.

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**Section III – Federal Award Findings (continued)**

**Component Unit Findings (continued):**

*Auditors' Recommendation:* Management should implement an internal control structure to ensure that all files have the necessary supporting documentation to comply with eligibility and special reporting requirements as identified by the Department of Housing and Urban Development.

*Responsible Officials' Views:* Management agrees with the conclusion. Taos County and the Housing Authority retained Eastern Regional Housing Authority to serve as management agent of the Authority on its behalf during the investigation and to perform a full review for completeness of all client files. While our most recent SEMAP report indicates that the task is not yet complete, substantial progress on full compliance has been made and the balance of files are being reviewed and corrected, where needed, as annual recertification's come due.

We are therefore expecting full compliance by 12/31/12 when the County assumes full management of the Authority.

Management believes that sufficient testing and reporting requirements, such as the SEMAP reporting and Independent Auditor and HUD sampling exist going forward that the problem should be detected and reported if it reoccurs. It appears that in the past there was simply a total lack of oversight of the prior Executive Director and program management.

The certification, training and experience requirements for all management and program staff have been reviewed by the County and its consultants and upgraded where needed, including the replacement of unqualified staff.

**Section IV – Prior Year Audit Findings**

**County:**

FS 10-01 – Capital Asset Accounting System –Significant Deficiency (Resolved)  
FS 10-05 – Lack of Internal Controls over Fuel Purchases –Significant Deficiency (Resolved)

**Component Unit:**

None

**Section V – Other Disclosures**

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The County's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 7, 2012. The following individuals were in attendance.

Taos County  
Andrew Chavez, Commissioner  
Nicklos Jaramillo, Commissioner  
Rick Bellis, Deputy County Manager  
Dayna Duran, Finance Director  
Evangeline Romero, County Treasurer  
Paula Santistevan, Treasurer Accountant

Griego Professional Services, LLC  
J.J. Griego, CPA, Partner