
State of New Mexico Taos County

*Financial Statements
and
Independent Auditor's Report
June 30, 2017*



CPAs | Business & Financial Advisors

State of New Mexico

Taos County

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State of New Mexico Taos County

Official Roster
June 30, 2017

COUNTY COMMISSION

Candyce O'Donnell
Mark Gallegos
Jim K. Fambro
Tom Blankenhorn
Gabriel J. Romero

Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

ELECTED OFFICIALS

Anna Martinez
Abel Montoya
Susan K. Trujillo
Jerry Hogrefe
Paloma Romo

County Clerk
County Assessor
County Treasurer
County Sheriff
Probate Judge

ADMINISTRATIVE OFFICIALS

Leandro Cordova
Lupe Martinez

County Manager
Finance Director

Independent Auditor's Report

Mr. Wayne A. Johnson, New Mexico State Auditor
and
To the Honorable Members of the Board of County Commissioners
County of Taos, New Mexico

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of Taos County, New Mexico (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financials statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Changes in Assets and Liabilities for Agency Funds, and other supplementary information required by Section 2.2.2.10 NMAC is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Changes in Assets and Liabilities for Agency Funds, and other supplementary information required by Section 2.2.2.10 NMAC, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Changes in Assets and Liabilities for Agency Funds, and other supplementary information required by Section 2.2.2.10 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, on our consideration of the County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "REDW" followed by a stylized flourish.

Albuquerque, New Mexico
December 1, 2017

State of New Mexico
Taos County
Management's Discussion and Analysis
For the Year Ended June 30, 2017

As management of the County, we offer readers of the County financial statements this narrative overview and analysis of the financial activities of Taos County for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of Taos County and additional information provided.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* consist of two statements and are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of Taos County's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net positions. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Taos County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Taos County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Taos County include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the County include Solid Waste and Ambulance.

The government-wide financial statements can be found on pages 11-13 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

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legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

Taos County maintains sixty-two individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, NMFA Debt Service Fund, County Educational Bond Fund, and the 2013 Educational Bond Fund are considered to be major funds. Data from the other fifty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Taos County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary Funds

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

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Enterprise Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Solid Waste and Ambulance operations of the County. The enterprise funds are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Taos County's own programs.

Taos County fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statement can be found on page 24 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes required schedules for the County's participating in the Public Employees Retirement Association (PERA) defined benefit pension plan.

Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental funds and major debt service funds and major proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-86 of this report.

Government-Wide Financial Analysis

Analysis of Net Position

As noted, net position may serve over time as a useful indicator of a government's financial position. Taos County, assets exceeded liabilities by \$53,206,219 at the close of the current fiscal year.

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The largest portion of Taos County's net position represents the County's investment of \$37,433,656 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment) less any related outstanding debt used to acquire those assets. Taos County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Taos County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position
As of June 30,

	Governmental Activities		Business-Type Activities		Primary Government	
	2017	2016, as restated	2017	2016	2017	2016, as restated
Assets						
Current assets	\$ 38,428,350	\$ 37,515,965	\$ 1,075,185	\$ 1,232,980	\$ 39,503,535	\$ 38,748,945
Noncurrent assets	<u>91,429,711</u>	<u>91,728,727</u>	<u>2,282,690</u>	<u>2,520,479</u>	<u>93,712,401</u>	<u>94,249,206</u>
Total assets	<u>129,858,061</u>	<u>129,244,692</u>	<u>3,357,875</u>	<u>3,753,459</u>	<u>133,215,936</u>	<u>132,998,151</u>
Deferred outflows of resources	<u>7,234,784</u>	<u>1,147,003</u>	<u>1,081,060</u>	<u>171,391</u>	<u>8,315,844</u>	<u>1,318,394</u>
Total assets and deferred outflows of resources	<u>\$ 137,092,845</u>	<u>\$ 130,391,695</u>	<u>\$ 4,438,935</u>	<u>\$ 3,924,850</u>	<u>\$ 141,531,780</u>	<u>\$ 134,316,545</u>
Liabilities						
Current liabilities	\$ 5,266,711	\$ 5,253,100	\$ 155,474	\$ 129,808	\$ 5,422,185	\$ 5,382,908
Noncurrent liabilities	<u>71,385,131</u>	<u>68,885,595</u>	<u>2,824,246</u>	<u>1,701,015</u>	<u>74,209,377</u>	<u>70,586,610</u>
Total liabilities	<u>76,651,842</u>	<u>74,138,695</u>	<u>2,979,720</u>	<u>1,830,823</u>	<u>79,631,562</u>	<u>75,969,518</u>
Deferred inflows of resources	<u>529,532</u>	<u>569,547</u>	<u>79,126</u>	<u>85,105</u>	<u>608,658</u>	<u>654,652</u>
Net Position						
Net investment in capital assets	35,150,966	29,474,419	2,282,690	2,520,479	37,433,656	31,994,898
Restricted for						
Other purposes	32,373,480	32,274,974	-	-	32,373,480	32,274,974
Unrestricted	<u>(7,612,975)</u>	<u>(6,065,940)</u>	<u>(902,601)</u>	<u>(511,557)</u>	<u>(8,515,576)</u>	<u>(6,577,497)</u>
Total net position	<u>59,911,471</u>	<u>55,683,453</u>	<u>1,380,089</u>	<u>2,008,922</u>	<u>61,291,560</u>	<u>57,692,375</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 137,092,845</u>	<u>\$ 130,391,695</u>	<u>\$ 4,438,935</u>	<u>\$ 3,924,850</u>	<u>\$ 141,531,780</u>	<u>\$ 134,316,545</u>

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Condensed Statement of Activities
For the Year Ended June 30,

	Governmental Activities		Business-Type Activities		Primary Government	
	2017	2016, as restated	2017	2016	2017	2016, as restated
Program revenues						
Charges for services	\$ 1,944,845	\$ 1,932,145	\$ 2,037,139	\$ 7,701,882	\$ 3,981,984	\$ 9,634,027
Operating grants and contributions	5,190,961	4,370,717	-	-	5,190,961	4,370,717
Capital grants and contributions	3,122,702	1,820,423	-	-	3,122,702	1,820,423
General revenues						
Taxes, penalties and interest	24,030,342	25,015,756	287,755	308,960	24,318,097	25,324,716
Investment income	76,902	32,094	-	-	76,902	32,094
Loss on disposal of assets	-	(316,748)	-	-	-	(316,748)
Other revenue	799,459	983,298	153,184	69,927	952,643	1,053,225
Total revenues	<u>35,165,211</u>	<u>33,837,685</u>	<u>2,478,078</u>	<u>8,080,769</u>	<u>37,643,289</u>	<u>41,918,454</u>
Expenses						
General government	15,379,372	14,748,400	-	-	15,379,372	14,748,400
Public safety	8,343,606	6,071,329	-	-	8,343,606	6,071,329
Public works	1,901,321	1,716,514	-	-	1,901,321	1,716,514
Culture and recreation	288,753	246,295	-	-	288,753	246,295
Health and welfare	2,511,110	2,384,531	-	-	2,511,110	2,384,531
Interest	2,200,903	2,332,752	-	-	2,200,903	2,332,752
Solid Waste	-	-	1,414,502	2,329,663	1,414,502	2,329,663
Ambulance	-	-	2,004,537	6,312,902	2,004,537	6,312,902
Total expenses	<u>30,625,065</u>	<u>27,499,821</u>	<u>3,419,039</u>	<u>8,642,565</u>	<u>34,044,104</u>	<u>36,142,386</u>
Increase in net position before transfers	4,540,146	6,337,864	(940,961)	(561,796)	3,599,185	5,776,068
Transfers	(312,128)	(319,415)	312,128	319,415	-	-
Change in net position	4,228,018	6,018,449	(628,833)	(242,381)	3,599,185	5,776,068
Net position—beginning of year	55,683,453	49,665,004	2,008,922	2,251,303	57,692,375	51,916,307
Net position—ending of year	<u>\$ 59,911,471</u>	<u>\$ 55,683,453</u>	<u>\$ 1,380,089</u>	<u>\$ 2,008,922</u>	<u>\$ 61,291,560</u>	<u>\$ 57,692,375</u>

General Fund Budgetary Highlights

The County budgets reflect the pattern as seen in the revenues and expenditures of the County. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the county level, Taos County utilizes goals and objectives defined by the County Commissioners, community input meetings, long-term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

The total variation in revenues from the original and final budgets in the general fund was an increase of \$311,351. The total variation in expenditures from the original and final budgets in the general fund was a decrease of \$47,084.

The County's final budget differs from the actual budget results due to variances between budgeted amounts and actual results during the fiscal year. The total variation in revenues from the final budget and actual results in the general fund was an unfavorable variance of \$253,752. The significant variation were in intergovernmental, licenses and fees, and charges for services, which was due to an increase in property tax collections and more business in the area creating higher gross receipts tax revenue during the fiscal year. The total variation in expenditures from

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the final budget and actual results in the general fund was a favorable variance of \$3,461,923. The significant variation was identified in other categories due to the reorganization of our county resources and centralized purchasing. The favorable variance is attributed to disciplined spending and careful monitoring of the budget in each of the County's departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Taos County's capital assets for its governmental and business-type activities as of June 30, 2017, amount to \$93,410,534 (net of accumulated depreciation). This investment in capital assets includes land, right of way, construction in progress, buildings and improvements, infrastructure, vehicles, leasehold improvements, and machinery and equipment. The total increase in the County's capital assets (excluding accumulated depreciation and disposals) for the current fiscal year was \$3,883,029 for governmental activities. The significant additions to governmental capital assets were buildings and improvements and vehicles to the County. The significant additions to business-type activities' capital assets were with vehicles.

	Governmental Activities		Business-Type Activities		Total Activity	
	2017	2016	2017	2016	2017	2016
Capital assets						
Land	\$ 7,059,883	\$ 7,059,883	\$ -	\$ -	\$ 7,059,883	\$ 7,059,883
Right of way	18,750,380	18,750,380	-	-	18,750,380	18,750,380
Construction in progress	1,092,199	663,442	-	-	1,092,199	663,442
Buildings and improvements	57,293,188	56,236,310	9,875,919	9,852,142	67,169,107	66,088,452
Infrastructure	41,889,625	41,637,224	-	-	41,889,625	41,637,224
Leasehold improvements	12,198,620	10,936,067	848,575	713,140	13,047,195	11,649,207
Vehicles	197,391	144,810	-	-	197,391	144,810
Machinery and equipment	7,726,900	7,103,070	238,689	191,872	7,965,589	7,294,942
Accumulated depreciation	(55,080,342)	(51,849,967)	(8,680,493)	(8,236,675)	(63,760,835)	(60,086,642)
Total capital assets	\$ 91,127,844	\$ 90,681,219	\$ 2,282,690	\$ 2,520,479	\$ 93,410,534	\$ 93,201,698

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

Debt Administration

At the end of the current fiscal year, Taos County had total long-term obligations outstanding of \$56,974,787 consisting of \$23,560,437 in bonds payable and \$32,241,853 in notes payable. The remaining liabilities totaling \$1,172,497 consist of capital leases of \$476,455 and compensated absences \$696,042.


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	Governmental Activities		Business-Type Activities		Total Activity	
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ 23,560,437	\$ 27,030,000	\$ -	\$ -	\$ 23,560,437	\$ 27,030,000
Notes payable	32,241,853	33,554,303	-	-	32,241,853	33,554,303
Capital leases	476,455	622,497	-	-	476,455	622,497
Compensated absences	591,999	559,178	104,043	100,121	696,042	659,299
Total outstanding debt	<u>\$ 56,870,744</u>	<u>\$ 61,765,978</u>	<u>\$ 104,043</u>	<u>\$ 100,121</u>	<u>\$ 56,974,787</u>	<u>\$ 61,866,099</u>

Economic Outlook

In Fiscal Year 2018, the County will continue with designing a performance-based budget as revenue projections from prior year experience a marginal increase of 2.5 percent. Taos County's electorate approved a County Emergency Communications & Emergency Medical & Behavior Health Services Gross Receipts Tax of 0.1875% to fund the operations of a Centralized E-911 Dispatch Center for Taos County and surrounding communities.

As illustrated below, Taos County's budgetary statement for Fiscal Year 2018, the General Operating Fund is projected to account for 37 percent of budgeted revenues (\$13,602,576) followed by Special Revenue Fund projected at 33 percent (\$11,875,436) respectfully.

FY 2018 FINAL BUDGET STATEMENT						
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Fund	Total
Beginning Fund Balance	6,898,111	14,084,666	11,895,168	1,695,086	511,347	35,084,378
Revenue	13,602,576	11,875,436	7,694,062	974,391	2,314,097	36,460,562
Transfers IN	1,081,071	5,772,250	4,607,993	-	344,152	11,805,466
Expenditures	11,645,421	24,982,602	14,393,249	1,755,387	3,117,211	55,893,870
Transfers OUT	2,808,941	3,861,001	4,932,117	203,408	-	11,805,466
Total Fund Balance	7,127,396	2,888,749	4,871,857	710,682	52,385	15,651,070

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Taos County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Taos County, 105 Albright Street, Suite A, Taos, New Mexico 87571.

Financial Statements

State of New Mexico
Taos County
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 20,467,320	\$ 511,347	\$ 20,978,667
Investments	14,106,582	-	14,106,582
Receivables, net			
Property taxes receivable	1,027,842	-	1,027,842
Intercept receivables	981,824	-	981,824
Customers, net of allowance	-	424,861	424,861
Other	1,265,227	121,502	1,386,729
Prepaid expense	428,503	17,475	445,978
Inventory	151,052	-	151,052
Total current assets	<u>38,428,350</u>	<u>1,075,185</u>	<u>39,503,535</u>
Noncurrent assets			
Bond insurance (net of accumulated amortization of \$47,213)	157,913	-	157,913
Original issue discounts (net of accumulated amortization of \$43,046)	143,954	-	143,954
Capital assets not being depreciated	26,902,462	-	26,902,462
Capital assets being depreciated	119,305,724	10,963,183	130,268,907
Less accumulated depreciation	<u>(55,080,342)</u>	<u>(8,680,493)</u>	<u>(63,760,835)</u>
Total noncurrent assets	<u>91,429,711</u>	<u>2,282,690</u>	<u>93,712,401</u>
Total assets	<u>129,858,061</u>	<u>3,357,875</u>	<u>133,215,936</u>
Deferred Outflows of Resources			
Employer contributions subsequent to the measurement date	7,234,784	1,081,060	8,315,844
Total deferral outflows of resources	<u>7,234,784</u>	<u>1,081,060</u>	<u>8,315,844</u>
Total assets and deferred outflows of resources	<u>\$ 137,092,845</u>	<u>\$ 4,438,935</u>	<u>\$ 141,531,780</u>

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

State of New Mexico
Taos County
Statement of Net Position — continued
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 249,200	\$ 8,052	\$ 257,252
Accrued payroll liabilities	404,787	67,423	472,210
Accrued interest payable	361,293	-	361,293
Current portion of accrued compensated absences	444,554	79,999	524,553
Current portion of long term obligations	<u>3,806,877</u>	<u>-</u>	<u>3,806,877</u>
Total current liabilities	<u>5,266,711</u>	<u>155,474</u>	<u>5,422,185</u>
Noncurrent liabilities			
Compensated absences	147,445	24,044	171,489
Original issue premiums (net of accumulated amortization \$8,555)	26,008	-	26,008
Bond payable	21,245,437	-	21,245,437
Notes payable and capital leases	31,226,431	-	31,226,431
Net pension liability	<u>18,739,810</u>	<u>2,800,202</u>	<u>21,540,012</u>
Total noncurrent liabilities	<u>71,385,131</u>	<u>2,824,246</u>	<u>74,209,377</u>
Total liabilities	<u>76,651,842</u>	<u>2,979,720</u>	<u>79,631,562</u>
Deferred Inflows of Resources			
Net difference between projected and actual investment earnings on pension plan investments	<u>529,532</u>	<u>79,126</u>	<u>608,658</u>
Total deferred outflows of resources	<u>529,532</u>	<u>79,126</u>	<u>608,658</u>
Net Position			
Net investment in capital assets	35,150,966	2,282,690	37,433,656
Restricted for			
Debt service	8,864,537	-	8,864,537
Capital projects	2,816,807	-	2,816,807
Other purposes-special revenue	20,692,136	-	20,692,136
Unrestricted	<u>(7,612,975)</u>	<u>(902,601)</u>	<u>(8,515,576)</u>
Total net position	<u>59,911,471</u>	<u>1,380,089</u>	<u>61,291,560</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 137,092,845</u>	<u>\$ 4,438,935</u>	<u>\$ 141,531,780</u>

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

State of New Mexico
Taos County
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs					Net (Expenses), Revenues, and Changes in Net Position		
	Program Revenues				Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 15,379,372	\$ 1,795,318	\$ 547,021	\$ 500,000	\$ (12,537,033)	\$ -	\$ (12,537,033)
Public safety	8,343,606	114,070	1,234,445	-	(6,995,091)	-	(6,995,091)
Public works	1,901,321	-	-	2,622,702	721,381	-	721,381
Culture and recreation	288,753	35,457	312,559	-	59,263	-	59,263
Health and welfare	2,511,110	-	3,096,936	-	585,826	-	585,826
Interest	2,200,903	-	-	-	(2,200,903)	-	(2,200,903)
Total governmental activities	<u>30,625,065</u>	<u>1,944,845</u>	<u>5,190,961</u>	<u>3,122,702</u>	<u>(20,366,557)</u>	<u>-</u>	<u>(20,366,557)</u>
Business-type activities							
Solid waste	1,414,502	960,309	-	-	-	(454,193)	(454,193)
Ambulance	2,004,537	1,076,830	-	-	-	(927,707)	(927,707)
Total business-type activities	<u>3,419,039</u>	<u>2,037,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,381,900)</u>	<u>(1,381,900)</u>
Total primary government	<u>\$ 34,044,104</u>	<u>\$ 3,981,984</u>	<u>\$ 5,190,961</u>	<u>\$ 3,122,702</u>	<u>(20,366,557)</u>	<u>(1,381,900)</u>	<u>(21,748,457)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					11,470,982	-	11,470,982
Gross receipts taxes					11,877,028	-	11,877,028
Other taxes					682,332	287,755	970,087
Investment income					76,902	-	76,902
Miscellaneous					799,459	153,184	952,643
Transfers					(312,128)	312,128	-
Total general revenues and transfers					<u>24,594,575</u>	<u>753,067</u>	<u>25,347,642</u>
Change in net position					<u>4,228,018</u>	<u>(628,833)</u>	<u>3,599,185</u>
Net position—beginning, as restated					<u>55,683,453</u>	<u>2,008,922</u>	<u>57,692,375</u>
Net position—ending					\$ 59,911,471	\$ 1,380,089	\$ 61,291,560

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

Governmental Funds

State of New Mexico
Taos County
Balance Sheet—Governmental Funds
June 30, 2017

	General Fund 101	NMFA Debt Service Fund 313	County Educational Bond Fund 423	2013 Educational Bond Fund 424	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,648,112	\$ -	\$ -	\$ -	\$ 16,819,208	\$ 20,467,320
Investments	3,250,000	3,717,622	347,501	814,844	5,976,615	14,106,582
Receivables, net						
Other receivables	220,916	-	-	-	1,044,311	1,265,227
Property taxes	1,027,842	-	-	-	-	1,027,842
Intercept receivables	-	-	607,541	-	374,283	981,824
Prepaid expenses	238,547	-	-	-	189,956	428,503
Inventory	-	-	-	-	151,052	151,052
Total assets	<u>\$ 8,385,417</u>	<u>\$ 3,717,622</u>	<u>\$ 955,042</u>	<u>\$ 814,844</u>	<u>\$ 24,555,425</u>	<u>\$ 38,428,350</u>
Liabilities						
Accounts payable	\$ 113,851	\$ -	\$ -	\$ -	\$ 135,349	\$ 249,200
Accrued payroll expenses	251,541	-	-	-	153,246	404,787
Total liabilities	<u>365,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,595</u>	<u>653,987</u>
Deferred Inflows of Resources						
Property taxes	746,497	-	-	-	-	746,497
Total deferred inflows of resources	<u>746,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746,497</u>

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

State of New Mexico
Taos County
Balance Sheet—Governmental Funds — continued
June 30, 2017

	General Fund 101	NMFA Debt Service Fund 313	County Educational Bond Fund 423	2013 Educational Bond Fund 424	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable	238,547	-	-	-	189,956	428,503
Restricted						
General county operations	-	-	-	-	3,869,776	3,869,776
Fire departments	-	-	-	-	4,097,953	4,097,953
Tourism	-	-	-	-	85,679	85,679
Public safety	-	-	-	-	955,244	955,244
Healthcare	-	-	-	-	3,165,005	3,165,005
Education	-	3,717,622	955,042	814,844	-	5,487,508
Culture and recreation	-	-	-	-	35,703	35,703
Capital projects expenditures	-	-	-	-	2,816,807	2,816,807
Debt service expenditures	-	-	-	-	8,864,537	8,864,537
Subsequent year's expenditures	2,827,683	-	-	-	167,585	2,995,268
Committed						
Correctional facility	-	-	-	-	18,585	18,585
Unassigned	4,207,298	-	-	-	-	4,207,298
Total fund balances	<u>7,273,528</u>	<u>3,717,622</u>	<u>955,042</u>	<u>814,844</u>	<u>24,266,830</u>	<u>37,027,866</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,385,417</u>	<u>\$ 3,717,622</u>	<u>\$ 955,042</u>	<u>\$ 814,844</u>	<u>\$ 24,555,425</u>	<u>\$ 38,428,350</u>

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

State of New Mexico
Taos County
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2017

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

Total fund balance - total governmental funds	\$ 37,027,866
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	91,127,844
Defined benefit pension plan deferred outflows of resources are not current financial resources and, therefore, are not reported in the governmental funds	7,234,784
Property taxes	746,497
Accrued interest expense	(361,293)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds:	
Net pension liability	(18,739,810)
Capital leases, notes payable, and bonds payable	(56,278,745)
Compensated absences	(591,999)
Bond insurance	157,913
Bond discount	143,954
Bond premium	(26,008)
	(75,334,695)
Defined benefit pension plan deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds	(529,532)
Net position of governmental activities	\$ 59,911,471

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

State of New Mexico
Taos County
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances—Governmental Funds
For the Year Ended June 30, 2017

	General Fund 101	NMFA Debt Service Fund 313	County Educational Bond Fund 423	2013 Educational Bond Fund 424	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property taxes	\$ 11,452,952	\$ -	\$ -	\$ -	\$ -	\$ 11,452,952
Gross receipts taxes	1,305,288	-	3,777,657	-	6,794,083	11,877,028
Other taxes	-	-	-	-	682,332	682,332
Intergovernmental						
Federal operating grants	19,377	-	-	-	2,446,974	2,466,351
State operating grants	202,725	-	-	-	5,144,587	5,347,312
Charges for services	33,032	-	-	-	2,425	35,457
License and permits	586,051	-	-	-	1,323,337	1,909,388
Investment earnings	12,433	25,413	1,287	2,477	35,292	76,902
Donations and contributions	500,000	-	-	-	-	500,000
Miscellaneous	5,730	-	-	-	793,729	799,459
Total revenues	<u>14,117,588</u>	<u>25,413</u>	<u>3,778,944</u>	<u>2,477</u>	<u>17,222,759</u>	<u>35,147,181</u>
Expenditures						
Current						
General government	7,811,637	-	-	-	5,316,819	13,128,456
Public safety	2,080,310	-	-	-	5,256,667	7,336,977
Public works	-	-	-	-	669,206	669,206
Culture and recreation	-	-	-	-	253,950	253,950
Health and welfare	-	-	-	-	2,511,110	2,511,110
Debt service						
Principal	-	-	-	3,270,000	1,512,013	4,782,013
Interest	-	-	-	435,419	1,748,825	2,184,244
Capital outlay	<u>578,795</u>	<u>68,816</u>	<u>-</u>	<u>-</u>	<u>3,007,388</u>	<u>3,654,999</u>
Total expenditures	<u>10,470,742</u>	<u>68,816</u>	<u>-</u>	<u>3,705,419</u>	<u>20,275,978</u>	<u>34,520,955</u>
Excess (deficiency) of revenues over expenditures	<u>3,646,846</u>	<u>(43,403)</u>	<u>3,778,944</u>	<u>(3,702,942)</u>	<u>(3,053,219)</u>	<u>626,226</u>

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

State of New Mexico
Taos County
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances—Governmental Funds — continued
For the Year Ended June 30, 2017

	General Fund 101	NMFA Debt Service Fund 313	County Educational Bond Fund 423	2013 Educational Bond Fund 424	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Transfer in	771,489	-	1,116	3,688,669	10,268,931	14,730,205
Transfer out	(4,463,166)	(36,186)	(3,705,300)	(1,115)	(6,836,566)	(15,042,333)
Total other financing sources (uses)	(3,691,677)	(36,186)	(3,704,184)	3,687,554	3,432,365	(312,128)
Net change in fund balances	(44,831)	(79,589)	74,760	(15,388)	379,146	314,098
Fund balances, beginning of year, as restated	7,318,359	3,797,211	880,282	830,232	23,887,684	36,713,768
Fund balances, end of year	<u>\$ 7,273,528</u>	<u>\$ 3,717,622</u>	<u>\$ 955,042</u>	<u>\$ 814,844</u>	<u>\$ 24,266,830</u>	<u>\$ 37,027,866</u>

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

State of New Mexico
Taos County
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental
Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances – governmental funds \$ 314,098

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation expense.

Capital assets reported as capital outlay expenditures	3,654,999	
Depreciation expense	(3,523,322)	
Adjustments to capital assets	<u>314,948</u>	
		446,625

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

Change in unearned revenue related to the property taxes receivable		18,030
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The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.

Increase in accrued compensated absences	(32,821)	
Increase in accrued interest payable	(16,659)	
Principal payments on debt	4,928,055	
Change in deferred outflows	6,087,781	
Change in deferred inflows	40,015	
Change in net pension liability	<u>(7,557,106)</u>	
		<u>3,449,265</u>

Change in net position of governmental activities **\$ 4,228,018**

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 Balance— Budget and Actual (Non-GAAP Budgetary Basis)—General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget – Favorable (Unfavorable)
Revenues				
Taxes				
Property taxes	\$ 11,104,283	\$ 11,204,859	\$ 11,467,982	\$ 263,123
Gross receipts taxes	1,275,243	1,335,363	1,305,288	(30,075)
Other taxes	12,000	12,000	-	(12,000)
Intergovernmental				
Federal operating grants	18,665	18,665	19,377	712
State operating grants	190,000	165,153	202,725	37,572
Charges for services	206,200	218,906	33,032	(185,874)
License and permits	231,000	340,750	586,051	245,301
Investment earnings	6,000	13,000	12,433	(567)
Miscellaneous	24,124	70,170	5,730	(64,440)
Total revenues	<u>13,067,515</u>	<u>13,378,866</u>	<u>13,632,618</u>	<u>253,752</u>
Expenditures				
Current				
General government	11,158,028	11,310,731	7,807,835	3,502,896
Public safety	2,234,568	2,034,781	2,074,184	(39,403)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	-	-	1,570	(1,570)
Total expenditures	<u>13,392,596</u>	<u>13,345,512</u>	<u>9,883,589</u>	<u>3,461,923</u>
Excess (deficiency) of revenues over expenditures	<u>(325,081)</u>	<u>33,354</u>	<u>3,749,029</u>	<u>(3,208,171)</u>
Other Financing Sources (Uses)				
Operating transfers in	1,185,614	2,263,661	771,489	(1,492,172)
Operating transfers out	(3,094,730)	(5,249,277)	(4,463,166)	(786,111)
Total other financing sources (uses)	<u>(1,909,116)</u>	<u>(2,985,616)</u>	<u>(3,691,677)</u>	<u>(2,278,283)</u>
Net change in fund balance	<u>\$ (2,234,197)</u>	<u>\$ (2,952,262)</u>	<u>57,352</u>	<u>\$ (5,486,454)</u>

Budgetary Compliance—Non-GAAP Financial Statement Reconciliation

Adjustments to revenues	(515,030)
Adjustments to expenditures	412,847
Change in fund balances (GAAP basis)	<u>\$ (44,831)</u>

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

State of New Mexico
Taos County
Proprietary Funds
Statement of Net Position
June 30, 2017

	Business-Type Activities		
	Solid Waste Enterprise Fund 202	Ambulance Enterprise Fund 509	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 196,129	\$ 315,218	\$ 511,347
Receivables, net			
Customers, net of allowance	211,320	213,541	424,861
Other	121,502	-	121,502
Prepaid expenses	9,475	8,000	17,475
Total current assets	<u>538,426</u>	<u>536,759</u>	<u>1,075,185</u>
Noncurrent assets			
Capital assets, net	778,913	10,184,270	10,963,183
Less accumulated depreciation	<u>(706,835)</u>	<u>(7,973,658)</u>	<u>(8,680,493)</u>
Total noncurrent assets	<u>72,078</u>	<u>2,210,612</u>	<u>2,282,690</u>
Deferred Outflows of Resources			
Employer contributions subsequent to the measurement date	<u>412,148</u>	<u>668,912</u>	<u>1,081,060</u>
Total deferred outflows of resources	<u>412,148</u>	<u>668,912</u>	<u>1,081,060</u>
Total assets and deferred outflows of resources	<u>1,022,652</u>	<u>3,416,283</u>	<u>4,438,935</u>
Liabilities			
Current liabilities			
Accounts payable	4,307	3,745	8,052
Accrued payroll liabilities	23,752	43,671	67,423
Current portion of accrued compensated absences	<u>22,958</u>	<u>57,041</u>	<u>79,999</u>
Total current liabilities	<u>51,017</u>	<u>104,457</u>	<u>155,474</u>
Noncurrent liabilities			
Noncurrent portion of accrued absences	19,212	4,832	24,044
Net pension liability	<u>1,094,266</u>	<u>1,705,936</u>	<u>2,800,202</u>
Total long-term liabilities	<u>1,113,478</u>	<u>1,710,768</u>	<u>2,824,246</u>
Total liabilities	<u>1,164,495</u>	<u>1,815,225</u>	<u>2,979,720</u>
Deferred Inflows of Resources			
Net difference between projected and actual investment earnings on pension plan investments	<u>31,784</u>	<u>47,342</u>	<u>79,126</u>
Total deferred inflows of resources	<u>31,784</u>	<u>47,342</u>	<u>79,126</u>
Total liabilities and deferred inflows of resources	<u>1,196,279</u>	<u>1,862,567</u>	<u>3,058,846</u>
Net Position			
Net investment in capital assets	72,078	2,210,612	2,282,690
Unrestricted	<u>(245,705)</u>	<u>(656,896)</u>	<u>(902,601)</u>
Total net position	<u>\$ (173,627)</u>	<u>\$ 1,553,716</u>	<u>\$ 1,380,089</u>

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

State of New Mexico
Taos County
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

	Business-Type Activities		
	Solid Waste Enterprise Fund 202	Ambulance Enterprise Fund 509	Total
Operating Revenues			
Charges for services	\$ 896,482	\$ 1,076,830	\$ 1,973,312
Rental revenue	63,827	-	63,827
Total operating revenues	<u>960,309</u>	<u>1,076,830</u>	<u>2,037,139</u>
Operating Expenses			
Personnel services	861,023	1,484,966	2,345,989
Contractual services	265,113	41,065	306,178
Administration	123,655	100,023	223,678
Maintenance and materials	40,496	25,068	65,564
Bad debt expense	33,812	-	33,812
Depreciation	90,403	353,415	443,818
Total operating expenses	<u>1,414,502</u>	<u>2,004,537</u>	<u>3,419,039</u>
Operating loss	<u>(454,193)</u>	<u>(927,707)</u>	<u>(1,381,900)</u>
Nonoperating Revenues			
Taxes	287,594	161	287,755
Miscellaneous	-	153,184	153,184
Total nonoperating revenues	<u>287,594</u>	<u>153,345</u>	<u>440,939</u>
Loss before transfers	<u>(166,599)</u>	<u>(774,362)</u>	<u>(940,961)</u>
Transfers In (Out)			
Transfers in	-	312,128	312,128
Total transfers in (out)	<u>-</u>	<u>312,128</u>	<u>312,128</u>
Change in net position	(166,599)	(462,234)	(628,833)
Net position, beginning of year	<u>(7,028)</u>	<u>2,015,950</u>	<u>2,008,922</u>
Net position , end of year	<u>\$ (173,627)</u>	<u>\$ 1,553,716</u>	<u>\$ 1,380,089</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, 2017

	Business-Type Activities		
	Solid Waste Enterprise Fund 202	Ambulance Enterprise Fund 509	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,052,172	\$ 1,206,259	\$ 2,258,431
Cash paid to or on behalf of employees	(774,076)	(775,607)	(1,549,683)
Cash paid to suppliers for goods and services	(429,028)	(726,161)	(1,155,189)
Net cash used by operating activities	(150,932)	(295,509)	(446,441)
Cash flows from noncapital financing activities			
Operating transfers	-	312,128	312,128
Miscellaneous revenue	-	153,184	153,184
Net cash provided by noncapital financing activities	-	465,312	465,312
Cash flows from capital and related financing activities			
Gross receipt taxes	287,594	161	287,755
Acquisition and construction of capital assets	(60,769)	(145,260)	(206,029)
Net cash provided (used) for capital and related financing activities	226,825	(145,099)	81,726
Net increase in cash and cash equivalents	75,893	24,704	100,597
Cash and cash equivalents, beginning of year	120,236	290,514	410,750
Cash and cash equivalents, end of year	<u>\$ 196,129</u>	<u>\$ 315,218</u>	<u>\$ 511,347</u>
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	\$ (454,193)	\$ (927,707)	\$ (1,381,900)
Adjustments			
Depreciation expense	90,403	353,415	443,818
Bad debt expense	33,812	-	33,812
Change in assets and liabilities			
Accounts receivable	91,863	133,150	225,013
Prepaid expenses	(3,094)	2,661	(433)
Deferred outflows	(343,592)	(566,077)	(909,669)
Accounts payable	3,330	3,411	6,741
Accrued liabilities	3,208	5,803	9,011
Net pension liability	425,874	703,349	1,129,223
Accrued compensated absences	3,715	207	3,922
Deferred inflows	(2,258)	(3,721)	(5,979)
Net cash used by operating activities	<u>\$ (150,932)</u>	<u>\$ (295,509)</u>	<u>\$ (446,441)</u>

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

State of New Mexico
Taos County
Statement of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2017

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 848,093
Property taxes receivable	3,510,907
Due from other governments	<u>356,969</u>
Total assets	<u>\$ 4,715,969</u>
Liabilities	
Due to other taxing entities	<u>\$ 4,715,969</u>
Total liabilities	<u>\$ 4,715,969</u>

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

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June 30, 2017

1) Summary of Significant Accounting Policies

Taos County (the County) is a political subdivision of the State of New Mexico established in 1876 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 Board of County Commissioners-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, 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.

This 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 are the representation of the County's management that 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 government units. The Governmental Accounting Standards Board (GASB) is the accepted standard—setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Financial Reporting Entity. In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Blended component

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units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 61, and is not a component unit of another governmental agency.

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

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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In the government-wide statement of net position, the governmental activities are presented on a consolidated basis by column and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting. 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 of time, reimbursement and contingencies imposed by the provider are 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.

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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. 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.

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 various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the statement of activities are derived 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 for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The 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.

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.

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Under the requirements of GASB Statement 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, which includes funds that were not required to be presented as major but were at the discretion of management.

The County has presented the following major governmental funds:

The *General Fund* is the general operating fund of the County and accounts for all revenues and expenditures of the County not encompassed within other funds.

The *NMFA Debt Service Funds* is to account for the accumulation of resources and payments on the County's New Mexico Finance Authority (NMFA) Debt Service.

The *County Educational Bond Debt Service Fund* is to account for the debt service for the educational bond.

The *2013 Educational Bond Debt Service Fund* is to account for the debt service for the 2013 educational bond.

The County also reports the following major proprietary funds:

The *Solid Waste Fund* is to account 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* is to account for the collection of ambulance fees and expenses of rendering ambulance services.

Additionally, the County reports the following agency funds:

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. The agency fund is used to account for collection and disbursement of inmate funds for the Taos County Detention Center. In addition, the agency fund will track and account for items held for the fire departments located within Taos County.

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position or Fund Equity. Deposits and Investments: 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.

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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. The LGIP 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. At June 30, 2017, the County maintained no funds in the Local Government Investment Pool.

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. Property tax receivables are recognized when levied net of estimated refunds and uncollectible amounts, if applicable. Based upon management's estimates, all receivables, reported in governmental activities, are deemed fully collectible. Management estimates that \$5.5 million of \$5.9 million of gross customer receivables, reported in business activities, are uncollectible as of June 30, 2017.

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

Prepaid Items: Prepaid expenditures include insurance and contract payments to vendors and reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory: Taos County values inventory at lower of cost or market value. The method that the County uses is the consumption approach. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

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Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. Debt service cash is restricted for future debt payments.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1980) is included as part of the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. No interest was included as part of the cost of capital assets under construction. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives.

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

<u>Asset Type</u>	<u>Years</u>
Building and improvements	40-55
Infrastructure	30
Vehicles	5 – 10
Leasehold improvements	15 – 20
Machinery and equipment	5 – 10

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2017, along with applicable PERA, FICA, Retiree Health Care contributions, and Medicare payable.

Unearned Revenues: There are two types of unearned revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is

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earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The other type of unearned revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for unearned revenue.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The county reports deferred outflows for the deferred amount on bond refunding. Deferred inflows are reported in the governmental funds regarding property taxes and unavailable HUD revenue. These amounts are deferred and recognized as an inflow of resources in that period that the amounts become available.

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 an 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

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accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums, discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as other financing source, net of the applicable premium or discount.

Fund Balance Classification Policies and Procedures: For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

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

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

When expenditures occur for purposes for which amounts in any of the spendable fund balance classification could be used, it is the County's policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

Nonspendable Fund Balance: Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.

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Restricted: Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).

Committed Fund Balance: Amounts constrained to specific purposes by the governmental entity's highest level of decision-making authority (the County Commission). To be reported as committed, amounts cannot be used for any other purpose unless the County Commission takes the same highest level action to remove or change the constraint.

Assigned: Amounts constrained by the County intends to be used for a specific purpose. Intent can be expressed by the governing body (County Commission) or an official or body to which the governing body delegates authority.

Fund Balance for Subsequent Years Expenditures: According to New Mexico State Statute and the New Mexico Department of Finance and Administration, (DFA), Taos County is required to reserve 3/12ths of the General Fund's budgeted expenditures for subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection. The DFA also requires that 1/12th of the Road Fund budgeted expenditures be reserved. The County has incorporated this reserve requirement within its financial policies approved by the County Commission. These balances are reported as assigned to subsequent year's expenditures in the General Fund and the Road Fund. The County is in compliance with these DFA requirements.

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

- a. *Net investment in capital assets:* Net position 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 position:* Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" is described on page 19.
- c. *Unrestricted net position:* All other net position items that do not meet the definition of "restricted" or "net investment in capital assets."

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund

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are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

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 for Taos County include management's estimate of the allowance for uncollectible accounts for property taxes, depreciation on assets over their estimated useful lives and accrued compensated absences.

2) Stewardship, Compliance, and Accountability

Budgetary Control: 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. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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 revenues, expenditures and other financing sources and uses on a budgetary basis.

Since accounting principles applied for purposes of developing revenues and expenditures on the budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity

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and timing differences in the net change in fund balances is presented for the year ended June 30, 2017. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on the individual comparison statements.

3) Cash and Investments

State statute authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. The County is not aware of any invested funds that did not meet the state investment requirements as of June 30, 2017.

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

As of June 30, 2017, the County had the following deposits:

Governmental activities bank deposits	\$ 20,464,919
Business-type activities bank deposits	511,347
Petty cash	<u>2,401</u>
Total county cash and cash equivalents according to the statement of net position	<u><u>\$ 20,978,667</u></u>
 Total agency fund cash and cash equivalents according to the statement of fiduciary net position	 <u><u>\$ 848,093</u></u>

The rate of interest in nondemand 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.

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

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 per respective institution.

Custodial Credit Risk—Custodial credit risk is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a 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). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one half of the amount on deposit with the institution. At June 30, 2017, \$22,095,990 of the County's deposits were exposed to custodial credit risk; this uninsured amount was collateralized by collateral held by the pledging bank's department or agent, not in the County's name.

	U.S. Bank	Centinel Bank	People's Bank	BMW Bank of North America Salt Lake	Comenity Capital Bank Utah	Investors Community Bank Manitowoc
Total amounts of deposits	\$ 22,345,990	\$ 188,341	\$ 148,386	\$ -	\$ -	\$ -
Certificates of deposit	-	-	-	250,000	250,000	250,000
FDIC coverage	(250,000)	(188,341)	(148,386)	(250,000)	(250,000)	(250,000)
Total uninsured public funds	<u>\$ 22,095,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the County's name	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Uninsured and uncollateralized (50% of uninsured)	11,047,995	-	-	-	-	-
Pledged securities	25,000,000	-	-	-	-	-
Over (under) collateralization	<u>\$ 13,952,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	Wells Fargo Bank	JP Morgan Chase Bank	State Bank of India New York	Bank of Baroda	Bank of India	Franklin Synergy Bank
Total amounts of deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of deposit	250,000	250,000	250,000	250,000	250,000	250,000
FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Collateralized by securities held
by the pledging institution or by its
trust department or agent in other
than the County's name

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
------	------	------	------	------	------

Uninsured and uncollateralized
(50% of uninsured)

-	-	-	-	-	-
---	---	---	---	---	---

Pledged securities

-	-	-	-	-	-
---	---	---	---	---	---

Over (under) collateralization

<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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	Ally Bank	Keybank National Association	American Express Centurion Bank	Capital One National Association Mclean	Total
Total amounts of deposits	\$ -	\$ -	\$ -	\$ -	\$ 22,682,717
Certificates of deposit	250,000	250,000	250,000	250,000	3,250,000
FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)	(3,836,727)
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,095,990</u>

Collateralized by securities held
by the pledging institution or by its
trust department or agent in other
than the County's name

\$ -	\$ -	\$ -	\$ -	\$ -
------	------	------	------	------

Uninsured and uncollateralized
(50% of uninsured)

-	-	-	-	11,047,995
---	---	---	---	------------

Pledged securities

-	-	-	-	25,000,000
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Over (under) collateralization

<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,952,005</u>
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Description	CUSIP#	Market Value	Maturity Date	Name and Location of Custodian
FHLB Cincinnati	(1) N/A	\$ 25,000,000	9/5/2017	FHLB, Cincinnati, OH

This is a letter of credit that is irrevocable, unconditional, and nontransferable.

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As of June 30, 2017, the County had the following investments and maturities:

Investment Type	Rating	Fair Value	Weighted Average Maturity (WAM)
Moreton Capital Markets - CDs	N/A	\$ 3,250,000	> 365
U.S. Treasury Money Market Mutual Funds	AAAm	10,856,582	> 365
Total investments		<u>\$ 14,106,582</u>	

Fair Value Measurement—Investments. The County’s money market mutual funds are measured and reported at fair value using level 1 inputs, which reflect prices quoted in active markets.

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.

The County follows state law with respect to its investment activities.

Concentration of Credit Risk—Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. Since the County only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County.

The County’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, the investments in the U.S. Treasury Money Market Mutual Funds were 100% of the County’s investment portfolio.

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.

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4) Receivables

Receivables as of June 30, 2017, were as follows:

Governmental Activities

Receivables	General	County Educational Bond Fund	Nonmajor Funds	Total
Taxes				
Property tax	\$ 1,027,842	\$ -	\$ -	\$ 1,027,842
Intercept receivables	-	607,541	374,283	981,824
Other receivables	220,916	-	1,044,311	1,265,227
Total	<u>\$ 1,248,758</u>	<u>\$ 607,541</u>	<u>\$ 1,418,594</u>	<u>\$ 3,274,893</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$746,497 that were not collected within the period of availability have been reclassified as deferred inflows in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

Business-Type Activities

Receivables	Solid Waste Fund	Ambulance Fund	Total
Customers	\$ 1,293,993	\$ 4,617,358	\$ 5,911,351
Allowance for doubtful accounts	(1,082,673)	(4,403,817)	(5,486,490)
Other receivables	121,502	-	121,502
Total	<u>\$ 332,822</u>	<u>\$ 213,541</u>	<u>\$ 546,363</u>

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5) Inter-Fund Receivables, Payables, and Transfers

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

	Transfers In	Transfers Out	Total
Governmental Funds			
General Fund	\$ 771,489	\$ (4,463,166)	\$ (3,691,677)
NMFA Debt Service Fund	-	(36,186)	(36,186)
Education Bond Debt Service Fund	1,116	(3,705,300)	(3,704,184)
2013 Educational Bond Debt Service Fund	3,688,669	(1,115)	3,687,554
Nonmajor governmental funds	<u>10,268,931</u>	<u>(6,836,566)</u>	<u>3,432,365</u>
Total governmental funds	<u>14,730,205</u>	<u>(15,042,333)</u>	<u>(312,128)</u>
Enterprise Funds			
Ambulance	<u>312,128</u>	<u>-</u>	<u>312,128</u>
Total enterprise funds	<u>312,128</u>	<u>-</u>	<u>312,128</u>
Total primary government	<u>\$ 15,042,333</u>	<u>\$ (15,042,333)</u>	<u>\$ -</u>

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6) Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2017. Land, right of way, and construction in process are not subject to depreciation.

	Balance June 30, 2016	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2017
Governmental Activities					
<i>Capital assets not being depreciated</i>					
Land	\$ 7,059,883	\$ -	\$ -	\$ -	\$ 7,059,883
Right of way	18,750,380	-	-	-	18,750,380
Construction in progress	663,442	461,757	-	(33,000)	1,092,199
Total capital assets not being depreciated	<u>26,473,705</u>	<u>461,757</u>	<u>-</u>	<u>(33,000)</u>	<u>26,902,462</u>
<i>Capital assets being depreciated</i>					
Building and improvements	56,236,311	1,001,877	-	55,000	57,293,188
Infrastructure	41,637,223	252,402	-	-	41,889,625
Vehicles	10,936,067	1,262,553	-	-	12,198,620
Leasehold improvements	144,810	52,581	-	-	197,391
Machinery and equipment	7,103,071	623,829	-	-	7,726,900
Total capital assets being depreciated	<u>116,057,482</u>	<u>3,193,242</u>	<u>-</u>	<u>55,000</u>	<u>119,305,724</u>
<i>Less accumulated depreciation for</i>					
Building and improvements	(9,809,046)	(1,456,056)	-	9,423	(11,255,679)
Infrastructure	(29,193,431)	(1,012,785)	-	48,325	(30,157,891)
Vehicles	(9,074,930)	(519,900)	-	232,453	(9,362,377)
Leasehold improvements	(24,007)	(61,147)	-	-	(85,154)
Machinery and equipment	(3,748,554)	(473,434)	-	2,747	(4,219,241)
Total accumulated depreciation	<u>(51,849,968)</u>	<u>(3,523,322)</u>	<u>-</u>	<u>292,948</u>	<u>(55,080,342)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>64,207,514</u>	<u>(330,080)</u>	<u>-</u>	<u>347,948</u>	<u>64,225,382</u>
Total governmental activities capital assets	<u>\$ 90,681,219</u>	<u>\$ 131,677</u>	<u>\$ -</u>	<u>\$ 314,948</u>	<u>\$ 91,127,844</u>

Depreciation expense for the year ended June 30, 2017, was charged to the following functions:

Governmental activities	
General government	\$ 1,636,829
Public safety	549,250
Public works	1,302,440
Culture and recreation	34,803
Total	<u>\$ 3,523,322</u>

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	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Business-Type Activities					
<i>Capital assets being depreciated</i>					
Building and improvements	\$ 9,852,142	\$ 23,777	\$ -	\$ -	\$ 9,875,919
Machinery and equipment	191,872	46,817	-	-	238,689
Vehicles	713,140	135,435	-	-	848,575
Total capital assets being depreciated	<u>10,757,154</u>	<u>206,029</u>	<u>-</u>	<u>-</u>	<u>10,963,183</u>
<i>Less accumulated depreciation for</i>					
Building and improvements	(7,366,130)	(248,683)	-	-	(7,614,813)
Machinery and equipment	(587,406)	(25,976)	-	-	(613,382)
Vehicles	(283,139)	(169,159)	-	-	(452,298)
Total accumulated depreciation	<u>(8,236,675)</u>	<u>(443,818)</u>	<u>-</u>	<u>-</u>	<u>(8,680,493)</u>
Total business-type activities capital assets	<u>\$ 2,520,479</u>	<u>\$ (237,789)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,282,690</u>

7) Long-Term Debt

Governmental Activities

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Amount Due Within One Year
Governmental activities					
USDA Series 2010 Revenue Bonds	\$ 13,970,000	\$ -	\$ (199,563)	\$ 13,770,437	\$ 200,000
Series 2013 Education GRT Bonds	13,060,000	-	(3,270,000)	9,790,000	2,115,000
NMFA Loan Taos 38 Latir FD	18,684	-	(4,671)	14,013	4,671
NMFA Loan Taos 40 Judicial Complex Restructure	27,710,000	-	(920,000)	26,790,000	945,000
NMFA Loan Taos 43 Tanker Truck	79,926	-	(26,091)	53,835	26,917
NMFA Loan Taos 45 Tanker Truck	147,092	-	(17,803)	129,289	17,954
NMFA Loan Taos 46 Solid Waste	243,716	-	(59,119)	184,597	60,142
NMFA Loan Taos 50 Lodgers Tax Refunding Series 2015	1,434,096	-	(58,384)	1,375,712	58,851
NMFA Loan Taos 51 Fire Excise Tax Loan	3,246,364	-	(126,103)	3,120,261	126,898
Perovich GRT	674,425	-	(100,279)	574,146	104,843
Capital leases	622,497	-	(146,042)	476,455	146,601
Compensated absences	559,178	538,195	(505,374)	591,999	444,554
Total governmental activities	<u>\$ 61,765,978</u>	<u>\$ 538,195</u>	<u>\$ (5,433,429)</u>	<u>\$ 56,870,744</u>	<u>\$ 4,251,431</u>

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Gross Receipts Revenue Bonds

Bonds outstanding at June 30, 2017, consisted of the following bonds:

	Series 2010		Series 2013	
	USDA	Revenue	Education	GRT Bonds
	Bonds			
Original issue	\$	15,000,000	\$	22,000,000
Maturity date		5/4/2050		4/1/2023
Principal		May 5		April 1
Interest rate		4.125%		2.00-4.00%
Interest due		May 5		April 1 and October 1

The annual requirements to amortize the Bonds Payable as of June 30, 2017, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 2,315,000	\$ 600,225	\$ 2,915,225
2019	2,390,000	596,075	2,986,075
2020	2,475,000	586,834	3,061,834
2021	2,560,000	583,275	3,143,275
2022	740,000	543,375	1,283,375
2023-2027	1,760,000	2,516,500	4,276,500
2028-2032	1,650,000	2,206,600	3,856,600
2033-2037	2,020,000	1,837,100	3,857,100
2038-2042	2,490,000	1,382,800	3,872,800
2043-2047	3,040,000	826,000	3,866,000
2048-2051	2,120,437	178,400	2,298,837
Totals	<u>\$ 23,560,437</u>	<u>\$ 11,857,184</u>	<u>\$ 35,417,621</u>

In prior years, the County issued bonds where the County pledges income from the receipt of lodger's and sales tax revenue. Lodger's and sales tax bonds have been issued for the construction of an agricultural building and the Taos judicial complex. Also, in the current year, the County pledged income from the receipt of sales tax revenues. The current year bond is being used to be disbursed to the School Districts around Taos County.

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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, 2017, including interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,345,276	\$ 1,269,413	\$ 2,614,689
2019	1,378,249	1,235,721	2,613,970
2020	1,390,276	1,198,044	2,588,320
2021	1,365,776	1,155,131	2,520,907
2022	1,409,406	1,110,379	2,519,785
2023-2027	7,087,911	4,821,554	11,909,465
2028-2032	8,569,394	3,293,270	11,862,664
2033-2037	8,225,565	1,422,290	9,647,855
2038-2041	1,470,000	70,266	1,540,266
Totals	<u>\$ 32,241,853</u>	<u>\$ 15,576,068</u>	<u>\$ 47,817,921</u>

Capital Leases

The County leases 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, 2017, including interest payments, is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 146,601	\$ -	\$ 146,601
2019	146,601	-	146,601
2020	146,601	-	146,601
2021	36,652	-	36,652
Totals	<u>\$ 476,455</u>	<u>\$ -</u>	<u>\$ 476,455</u>

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Business-Type Activities

The following schedule shows the changes to compensated absences for the business-type activities during the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Amount Due Within One Year
Business-type activities					
Compensated absences	\$ 100,121	\$ 79,488	\$ (75,566)	\$ 104,043	\$ 79,999
Total business-type activities	<u>\$ 100,121</u>	<u>\$ 79,488</u>	<u>\$ (75,566)</u>	<u>\$ 104,043</u>	<u>\$ 79,999</u>

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. Taos County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

9) Pension Plan – Public Employees Retirement Act

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

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19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided: For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016.

Contributions: The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, refer to Note 1C in PERA's FY16 financial statements for a table of all retirement plans and required contributions rates. The PERA coverage options that apply to County are Municipal Plan 4 and Municipal Police Plan 5. Statutorily required contributions to the pension plan from the County were \$1,180,372 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer

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participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal Plan 4, at June 30, 2017, the County reported a liability of \$18,790,120 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 1.1761% percent.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Plan 4 pension expense of \$2,396,247. At June 30, 2017, the County reported PERA Fund Division Municipal Plan 4 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 938,833	\$ 183,380
Changes in assumptions	1,101,820	3,125
Net difference between projected and actual earnings on pension plan investments	3,457,346	-
Change in proportion and differences between County's contributions and proportionate share of contributions	818,542	235,272
County's contributions subsequent to the measurement date	1,022,735	-
Total	<u>\$ 7,339,276</u>	<u>\$ 421,777</u>

The deferred outflows of resources were reported at \$7,339,276 related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended

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June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 1,317,563
2019	1,317,563
2020	2,360,995
2021	898,643
2022	-
	<u>\$ 5,894,764</u>

For PERA Fund Division Municipal Police Plan 5, at June 30, 2017, the County reported a liability of \$2,749,892 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 0.3727% percent.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$344,618. At June 30, 2017, the County reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 201,883	\$ -
Changes in assumptions	182,137	49,594
Net difference between projected and actual earnings on pension plan investments	434,911	-
Change in proportion and differences between County's contributions and proportionate share of contributions	-	137,287
County's contributions subsequent to the measurement date	157,637	-
Total	<u>\$ 976,568</u>	<u>\$ 186,881</u>

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Deferred outflows of resources are reported at \$976,568 related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 133,693
2019	133,693
2020	256,107
2021	108,557
2022	-
	<u>\$ 632,050</u>

Actuarial assumptions: As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015, for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the rollforward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015, actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
– Investment rate of return	7.48% annual rate, net of investment expense
– Projected benefit payment	100 years
– Payroll growth	2.75% annual rate for first 10 years, then 3.25% annual rate
– Projected salary increases	2.75% to 14.00% annual rate
– Included inflation at	2.25% annual rate first 10 years, 2.75% all other years
– Morality Assumption	RP-2000 Morality Tables (Combined table for healthy post-retirees, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
– Experience Study Dates	July 1, 2008 to June 30, 2013

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed

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for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

All Funds – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50 %	7.39 %
Risk Reduction & Mitigation	21.50 %	1.79 %
Credit Oriented Fixed Income	15.00 %	5.77 %
Real Assets to Include Real Estate Equity	20.00 %	7.35 %
Total	<u>100.0 %</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.48 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48 percent assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

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	1% Decrease	Current Discount Rate	1% Increase
PERA Fund Division			
Municipal Plan 4	(6.48%)	(7.48%)	(8.48%)

County's proportionate share of the net pension liability	\$ 28,014,398	\$ 18,790,120	\$ 11,139,041
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	1% Decrease	Current Discount Rate	1% Increase
PERA Fund Division			
Municipal Police Plan 5	(6.48%)	(7.48%)	(8.48%)

County's proportionate share of the net pension liability	\$ 4,045,773	\$ 2,749,892	\$ 1,690,012
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Payables to the pension plan: At June 30, 2017, there were no contributions due and payable to PERA for the County.

10) New Mexico Retiree Health Care

Plan Description. The 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

State of New Mexico
Taos County
Notes to Financial Statements
June 30, 2017

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 subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The County's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015, were \$180,032, \$174,263 and \$156,440, respectively, which equal the required contributions for each year.

State of New Mexico
Taos County
Notes to Financial Statements
June 30, 2017

11) Contingent Liabilities

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

12) Joint Powers Agreements and Memorandums of Understanding

JPA Participants:	Taos County, Town of Taos, Village of Questa, and Taos Ski Valley
Responsible Party:	Each participant
Description:	Consolidated Emergency Comm.
Period:	Fiscal year 2016 – infinity
Project Costs:	Unknown
County Contributions:	Unknown
Audit Responsibility:	Each participant
Fiscal Agent:	Taos County
MOU Participants:	Taos County and Village of Questa
Responsible Party:	Each participant
Description:	Ambulance service Taos County by Village of Questa
Period:	July 1, 2016 – June 30, 2017
County Contribution:	\$100,000
Audit Responsibility:	Each participant

State of New Mexico
Taos County
Notes to Financial Statements
June 30, 2017

13) Prior-Period Adjustment

In the previous year, the County did not report gross receipts tax receivables for May and June 2016 that were intercepted by the financial institution for required bond payments ("Intercept Receivables"). To correct amount previously reported, the County adjusted beginning fund balance and net position as follows:

	County Educational Bond Fund 423	Nonmajor Governmental Funds	Governmental Activities
Beginning fund balance/net position as of June 30, 2016	\$ 508,820	\$ 23,513,505	\$ 54,937,812
Adjustment to report intercept receivables	<u>371,462</u>	<u>374,179</u>	<u>745,641</u>
Beginning fund balance as of June 30, 2016, as restated	<u><u>\$ 880,282</u></u>	<u><u>\$ 23,887,684</u></u>	<u><u>\$ 55,683,453</u></u>

The amounts included in the schedule above are based on the County's major fund determination in fiscal year 2017. As such, beginning fund balance for nonmajor governmental funds includes the Educational Bond Fund (Fund 312), which was reported as a major fund in the County's previous year financial statements, and excludes the Debt Service Fund (Fund 313), which was reported as a nonmajor governmental fund in the County's previous year financial statements; however, is reported as a major fund in fiscal year 2017.

14) Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment of the financial statements or disclosures is December 1, 2017, which is the date on which the financial statements were issued.

15) 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. The County expects any liability for reimbursement which may arise as a result of these audits to be immaterial.

State of New Mexico
Taos County
Notes to Financial Statements
June 30, 2017

16) New Accounting Pronouncements

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017.

- ♦ GASB Statement No. 80, *Blending Requirements for Certain Component Units can amendment of GASB Statement No. 14.*
- ♦ GASB Statement No. 81, *Irrevocable Split-Interest Agreements.*
- ♦ GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.*
- ♦ GASB Statement No. 83, *Certain Asset Retirement Obligation.*
- ♦ GASB Statement No. 84, *Fiduciary Activities.*
- ♦ GASB Statement No. 85, *Omnibus 2017.*
- ♦ GASB Statement No. 86, *Certain Debt Extinguishment Issues.*
- ♦ GASB Statement No. 87, *Leases.*

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

Required Supplementary Information

State of New Mexico
Taos County
Schedule of the County's Proportion Share of the Net Pension Liability
Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years¹
(Dollars in Thousands)

	2015	2016	2017
County's proportion of the net pension liability (asset)	1.1136%	1.0725%	1.1761%
County's proportionate share of the net pension liability (asset)	\$ 8,687	\$ 10,935	\$ 18,790
County's covered-employee payroll	\$ 6,634	\$ 7,487	\$ 7,942
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	130.95%	146.05%	236.59%
Plan fiduciary net position as a percentage of the total pension liability	81.29%	76.99%	69.18%

¹ The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

State of New Mexico
Taos County
Schedule of the County's Proportion Share of the Net Pension Liability
Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years²
(Dollars in Thousands)

	2015	2016	2017
County's proportion of the net pension liability (asset)	0.4200%	0.4000%	0.3700%
County's proportionate share of the net pension liability (asset)	\$ 1,358	\$ 1,919	\$ 2,750
County's covered-employee payroll	\$ 783	\$ 741	\$ 834
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.44%	258.97%	329.74%
Plan fiduciary net position as a percentage of the total pension liability	81.29%	76.99%	69.18%

² The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

State of New Mexico
Taos County
Schedule of County Contributions
Public Employees Retirement Association (PERA) Plan
Schedule of Ten Year Tracking Data³
General and Police Divisions Combined Summary
(Dollars in Thousands)

	2015	2016	2017
Contractually required contribution	\$ 976	\$ 996	\$ 1,180
Contributions in relation to the contractually required contribution	<u>976</u>	<u>996</u>	<u>1,180</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

³ The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

State of New Mexico
Taos County
Schedule of County Contributions
Public Employees Retirement Association (PERA) Plan
Schedule of Ten Year Tracking Data⁴
General Division (Dollars in Thousands)

	2015	2016	2017
Contractually required contribution	\$ 827	\$ 848	\$ 1,023
Contributions in relation to the contractually required contribution	<u>827</u>	<u>848</u>	<u>1,023</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

⁴ The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

State of New Mexico
Taos County
Schedule of County Contributions
Public Employees Retirement Association (PERA) Plan
Schedule of Ten Year Tracking Data⁵
Police Division State of New Mexico
(Dollars in Thousands)

	2015	2016	2017
Contractually required contribution	\$ 827	\$ 148	\$ 158
Contributions in relation to the contractually required contribution	<u>827</u>	<u>148</u>	<u>158</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

⁵ The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, the County will present information for those years for which information is available.

State of New Mexico
Taos County
Notes to Required Supplementary Information
June 30, 2017

Changes of Benefit Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015, report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. Details about changes in the actuarial assumptions can be found in Appendix B on page 53 of the report.

Supplementary Information

State of New Mexico
Taos County
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Fund Descriptions
For the Year Ended June 30, 2017

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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

Corrections Fund—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 Funds—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 Fund—To account for funds from intergovernmental sources and fees to provide ambulance services to Taos County residences (Section 24-10A-1 NMSA, 1978).

E-911 Fund—To account for revenues and expenditures of the County related to the E-911 program. (Sections 63-9D-1, NMSA 1978).

Farm and Range Fund—To account for revenues received to be expended 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 Fund—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).

State of New Mexico
Taos County
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Fund Descriptions — continued
For the Year Ended June 30, 2017

Nonmajor Special Revenue Funds — continued

Law Enforcement Protection Fund—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 Promotional 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 Fund—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.

Parks and 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).

Senior Citizen Fund—To account for revenues and expenditures that are related to the NMAAA grant to provide services for congregate and home delivered meals, transportation, homemaker services, and In-home respite. Authority for this fund is established by an Ordinance of the County Commission. (Senior Citizen Fund).

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 Rescue Excise Tax Fund—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).

State of New Mexico
Taos County
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Fund Descriptions — continued
For the Year Ended June 30, 2017

Nonmajor Special Revenue Funds — continued

Clerk's Recording Fees Fund—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).

Adult Detention Fund—To account for the revenues and expenditures related to the operation of the Taos County Adult Detention Center.

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.

Daniel's Fund—To help increase the number of homebound seniors receiving meals.

DWI Distribution 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 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 Fund—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 Fund—To account for the revenues and expenditures of fees collected through the Domestic Violence Program Fund. Authority for this fund is established by an Ordinance of the County Commission.

Juvenile Adjudication GRT Fund—To account for revenues and expenditures of the GRT for Juvenile Adjudication (Section 2.110.5 NMSA, 1978).

DWI Screening Fund—To account for funds to support the screening of DWI offenders. The mandatory screening process generates data on DWI offenders for a state-wide database.

DWI Donations Fund—To account for funds donated to the County received to support the DWI programs.

100 Days/Nights Fund—To account for revenues and expenditures the County received and used to conduct checkpoints and saturation patrols during a 100-day period from June through September.

Foster Grand Parent Program Fund—To account for funds for the foster grandparent program. (45 CFR 2552.93).

State of New Mexico
Taos County
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Fund Descriptions — continued
For the Year Ended June 30, 2017

Nonmajor Special Revenue Funds — continued

Forest Reserve Title III Fund—To account for federal funds passed through the U.S. Forest Service for maintenance of forest roads in Taos County. Funding provided by United States Public Law 106-393.

Fire Districts Discretionary Fund—To account for nonrestricted revenues and expenditures of the Fire Districts. Authority for this fund is established by an Ordinance of the County Commission.

NMSA of Aging Fund—To account for revenues and expenditures for equipment needed at the various senior centers in Taos County.

Healy Foundation Fund—To account for the funds received by Taos County for the printing and framing of historic archive photos.

Abregadero Road Grant Fund—To account for revenue and expenditures received and utilized to improve approximately 1.90 miles of Abregadero Road in Taos County.

Homeland Security Grant Fund—To account for the revenue and expenditures of the upgrade of equipment at various repeater sites throughout Taos County. Homeland Security Grant EMW—To account for the revenue and expenditures for equipment to prepare for, prevent, and respond to terrorist attacks and other all hazards events.

2014 FEMA Mitigation Fund—To account for revenues received to help communities implement hazard mitigation measures following a Presidential major disaster declaration. Hazard mitigation is any action taken to reduce or eliminate long-term risk to people and property from natural hazards. Mitigation planning is a key process used to breaking the cycle of disaster damage, reconstruction, and repeated damage. The HMPG is authorized under Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

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

State of New Mexico
Taos County
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Fund Descriptions — continued
For the Year Ended June 30, 2017

Nonmajor Capital Projects Funds

Capital Enhancement Fund—To account for revenue and expenditures related to the Capital Enhancement Project.

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

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.

Debt Service Funds

County Hospital Fund—is to account for the mill levy funds received to aid in necessary infrastructure upgrades and maintenance on the Holy Cross Hospital.

Educational Bond Capital Project Fund—is to account for the Bond/Capital Outlay bond proceeds which will be distributed to County school Districts.

Rural Utility Bond Fund—To account for the accumulated of resources and payment on the County's United States Department of Agriculture (USDA) Rural Development Debt Service.

Bond Debt Service Fund—To account for the accumulation of resources and payment of the Bond Debt Service. Authority is County Commission action.

USDA/RUS Complex Fund—To account for the accumulation of resources and payments on the County's USDA/RUS Loan used in complex construction.

NMFA Taos Backhoe Fund—To account for the loan agreement for the purchase of equipment for the Solid Waste Department.

USDA Loan Reserve Fund—To account for the bond reserves required by the USDA loan agreement.

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

La Lama Loan Fund—To account for the loan agreement for the purchase of fire apparatus for the La Lama Fire District.

USDA B of A Debt Service Fund—To account for funds used to pay principal and interest on the USDA loan agreement.

State of New Mexico
Taos County
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Fund Descriptions — continued
For the Year Ended June 30, 2017

Nonmajor Debt Service Funds — continued

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.

2013 Educational Bond Admin Fund—To account for loan proceeds of the Taos County Educational Gross Receipts Tax Improvement Revenue Bond DFA Resolution 8 FY 14.

2013 Educational Bond Redemption Fund—To account for the excess revenue from annual bond redemption of the Taos County Educational Gross Receipts Tax Improvement Revenue Bond.

Taos 38 and 46 Loan Proceeds Fund—To account for loan proceeds for the purchase of Solid Waste vehicles DFA Resolution 38 FY14.

NM Taos 50 Lodgers Tax Fund—To account for loan proceeds for the renovation of the Agricultural Center and the County Courthouse DFA Resolution 50 FY14.

State of New Mexico
Taos County
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Funds
Assets				
Cash and cash equivalents	\$ 11,679,995	\$ 2,816,807	\$ 2,322,406	\$ 16,819,208
Investments	359	-	5,976,256	5,976,615
Receivables, net				
Accounts	852,719	-	191,592	1,044,311
Intercept receivables	-	-	374,283	374,283
Prepaid expense	189,956	-	-	189,956
Inventory	151,052	-	-	151,052
Total assets	<u>\$ 12,874,081</u>	<u>\$ 2,816,807</u>	<u>\$ 8,864,537</u>	<u>\$ 24,555,425</u>
Liabilities				
Accounts payable	\$ 135,349	\$ -	\$ -	\$ 135,349
Accrued payroll liabilities	153,246	-	-	153,246
Total liabilities	<u>288,595</u>	<u>-</u>	<u>-</u>	<u>288,595</u>
Deferred Inflows of Resources				
Property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	189,956	-	-	189,956
Restricted				
General county operations	3,869,776	-	-	3,869,776
Fire departments	4,097,953	-	-	4,097,953
Tourism	85,679	-	-	85,679
Public safety	955,244	-	-	955,244
Healthcare	3,165,005	-	-	3,165,005
Culture and recreation	35,703	-	-	35,703
Capital projects expenditures	-	2,816,807	-	2,816,807
Debt service expenditures	-	-	8,864,537	8,864,537
Subsequent year's expenditures	167,585	-	-	167,585
Committed				
Correctional facility	18,585	-	-	18,585
Unassigned	-	-	-	-
Total fund balances	<u>12,585,486</u>	<u>2,816,807</u>	<u>8,864,537</u>	<u>24,266,830</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,874,081</u>	<u>\$ 2,816,807</u>	<u>\$ 8,864,537</u>	<u>\$ 24,555,425</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Funds
Revenues				
Taxes				
Gross receipts taxes	\$ 2,516,432	\$ -	\$ 4,277,651	\$ 6,794,083
Other taxes	557,059	-	125,273	682,332
Intergovernmental				
Federal operating grants	441,034	1,749,567	256,373	2,446,974
State operating grants	3,717,581	-	1,427,006	5,144,587
Charges for services	2,425	-	-	2,425
License and permits	901,372	14,000	407,965	1,323,337
Investment earnings	76	57	35,159	35,292
Miscellaneous	704,411	89,318	-	793,729
Total revenues	<u>8,840,390</u>	<u>1,852,942</u>	<u>6,529,427</u>	<u>17,222,759</u>
Expenditures				
Current				
General government	2,959,766	16,306	2,340,747	5,316,819
Public safety	4,285,647	-	971,020	5,256,667
Public works	157,929	511,277	-	669,206
Culture and recreation	253,950	-	-	253,950
Health and welfare	2,511,110	-	-	2,511,110
Debt service				
Principal	144,173	-	1,367,840	1,512,013
Interest	30,228	-	1,718,597	1,748,825
Capital outlay	1,649,325	1,325,840	32,223	3,007,388
Total expenditures	<u>11,992,128</u>	<u>1,853,423</u>	<u>6,430,427</u>	<u>20,275,978</u>
Excess (deficiency) of revenues over expenditures	<u>(3,151,738)</u>	<u>(481)</u>	<u>99,000</u>	<u>(3,053,219)</u>
Other Financing Sources (Uses)				
Transfers in	4,779,917	1,501,924	3,987,090	10,268,931
Transfers out	<u>(1,511,649)</u>	<u>(1,089,370)</u>	<u>(4,235,547)</u>	<u>(6,836,566)</u>
Total other financing sources (uses)	<u>3,268,268</u>	<u>412,554</u>	<u>(248,457)</u>	<u>3,432,365</u>
Net change in fund balances	116,530	412,073	(149,457)	379,146
Fund balances, beginning of year, as restated	12,468,956	2,404,734	9,013,994	23,887,684
Fund balances, end of year	<u>\$ 12,585,486</u>	<u>\$ 2,816,807</u>	<u>\$ 8,864,537</u>	<u>\$ 24,266,830</u>

State of New Mexico
Taos County
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2017

	CO-GRT Infrastructure 3/4 103	Corrections Fees 201	Property Valuation 203	Road 204	EMS 206	E-911 207	Farm and Range 208	Fire Protection 209
Assets								
Cash and cash equivalents	\$ 1,082,596	\$ 18,585	\$ 845,666	\$ 481,248	\$ 17,456	\$ 300,049	\$ 14,628	\$ 2,473,820
Investments	-	-	-	-	-	-	-	359
Receivables, net								
Other receivables	95,574	-	-	90,856	-	15,824	-	-
Prepaid expense	-	-	-	8,000	-	-	-	33,731
Inventory	-	-	-	151,052	-	-	-	-
Total assets	<u>\$ 1,178,170</u>	<u>\$ 18,585</u>	<u>\$ 845,666</u>	<u>\$ 731,156</u>	<u>\$ 17,456</u>	<u>\$ 315,873</u>	<u>\$ 14,628</u>	<u>\$ 2,507,910</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ 40,615	\$ 9,010	\$ -	\$ 1,270	\$ -	\$ 6,361
Accrued payroll expenses	-	-	914	25,284	-	23,757	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>41,529</u>	<u>34,294</u>	<u>-</u>	<u>25,027</u>	<u>-</u>	<u>6,361</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)								
Nonspendable	-	-	-	8,000	-	-	-	33,731
Restricted								
General county operations	1,178,170	-	804,137	521,277	-	-	14,628	-
Fire departments	-	-	-	-	-	-	-	2,467,818
Tourism	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	17,456	290,846	-	-
Healthcare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Subsequent year's expenditures	-	-	-	167,585	-	-	-	-
Committed								
Correctional facility	-	18,585	-	-	-	-	-	-
Total fund balances	<u>1,178,170</u>	<u>18,585</u>	<u>804,137</u>	<u>696,862</u>	<u>17,456</u>	<u>290,846</u>	<u>14,628</u>	<u>2,501,549</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,178,170</u>	<u>\$ 18,585</u>	<u>\$ 845,666</u>	<u>\$ 731,156</u>	<u>\$ 17,456</u>	<u>\$ 315,873</u>	<u>\$ 14,628</u>	<u>\$ 2,507,910</u>

State of New Mexico
Taos County
Combining Balance Sheet
Nonmajor Special Revenue Funds — continued
As of June 30, 2017

	Law Enforcement Protection 211	Lodger's Tax Promotional 214	Lodger's Tax Non- Promotional 215	Parks and Recreation 217	Senior Citizen 219	Indigent Health 220	Fire-Rescue Excise Tax 222	Clerk's Recording Fees 225
Assets								
Cash and cash equivalents	\$ 4	\$ 71,058	\$ 99,732	\$ 4,254	\$ 160,959	\$ 2,826,760	\$ 1,562,340	\$ 294,290
Investments	-	-	-	-	-	-	-	-
Receivables, net								
Other receivables	-	14,621	38,394	-	74,031	149,902	67,856	210
Prepaid expense	-	-	-	-	4,226	1,250	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4</u>	<u>\$ 85,679</u>	<u>\$ 138,126</u>	<u>\$ 4,254</u>	<u>\$ 239,216</u>	<u>\$ 2,977,912</u>	<u>\$ 1,630,196</u>	<u>\$ 294,500</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ 1,123	\$ -	\$ 5,631	\$ 20,610	\$ 61	\$ 636
Accrued payroll expenses	-	-	1,307	1,307	16,665	3,741	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,430</u>	<u>1,307</u>	<u>22,296</u>	<u>24,351</u>	<u>61</u>	<u>636</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)								
Nonspendable	-	-	-	-	4,226	1,250	-	-
Restricted								
General county operations	-	-	135,696	2,947	-	-	-	293,864
Fire departments	-	-	-	-	-	-	1,630,135	-
Tourism	-	85,679	-	-	-	-	-	-
Public safety	4	-	-	-	-	-	-	-
Healthcare	-	-	-	-	212,694	2,952,311	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-	-	-	-
Committed								
Correctional facility	-	-	-	-	-	-	-	-
Total fund balances	<u>4</u>	<u>85,679</u>	<u>135,696</u>	<u>2,947</u>	<u>216,920</u>	<u>2,953,561</u>	<u>1,630,135</u>	<u>293,864</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4</u>	<u>\$ 85,679</u>	<u>\$ 138,126</u>	<u>\$ 4,254</u>	<u>\$ 239,216</u>	<u>\$ 2,977,912</u>	<u>\$ 1,630,196</u>	<u>\$ 294,500</u>

State of New Mexico
Taos County
Combining Balance Sheet
Nonmajor Special Revenue Funds — continued
As of June 30, 2017

	Adult Detention 226	Taos County Grant Match 398	Daniel's Fund 1219	DWI Distribution 1223	DWI Grant 1224	DWI Intake 1227	DWI Domestic Violence 1228	Juvenile Adjudication GRT 1229
Assets								
Cash and cash equivalents	\$ 604,219	\$ 64,877	\$ 36,218	\$ 53,095	\$ 2,636	\$ 28,396	\$ 221	\$ 4,455
Investments	-	-	-	-	-	-	-	-
Receivables, net								
Other receivables	45,541	-	-	-	3,110	-	-	2,554
Prepaid expense	140,000	-	-	1,750	375	250	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 789,760</u>	<u>\$ 64,877</u>	<u>\$ 36,218</u>	<u>\$ 54,845</u>	<u>\$ 6,121</u>	<u>\$ 28,646</u>	<u>\$ 221</u>	<u>\$ 7,009</u>
Liabilities								
Accounts payable	\$ 49,334	\$ -	\$ -	\$ -	\$ 58	\$ -	\$ -	\$ -
Accrued payroll expenses	67,684	-	515	8,794	-	-	-	-
Total liabilities	<u>117,018</u>	<u>-</u>	<u>515</u>	<u>8,794</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)								
Nonspendable	140,000	-	-	1,750	375	250	-	-
Restricted								
General county operations	-	64,877	-	-	-	-	-	-
Fire departments	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-
Public safety	532,742	-	-	44,301	5,688	28,396	221	7,009
Healthcare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	35,703	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-	-	-	-
Committed								
Correctional facility	-	-	-	-	-	-	-	-
Total fund balances	<u>672,742</u>	<u>64,877</u>	<u>35,703</u>	<u>46,051</u>	<u>6,063</u>	<u>28,646</u>	<u>221</u>	<u>7,009</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 789,760</u>	<u>\$ 64,877</u>	<u>\$ 36,218</u>	<u>\$ 54,845</u>	<u>\$ 6,121</u>	<u>\$ 28,646</u>	<u>\$ 221</u>	<u>\$ 7,009</u>

State of New Mexico
Taos County
Combining Balance Sheet
Nonmajor Special Revenue Funds — continued
As of June 30, 2017

	DWI Screening 1230	DWI Donations 1231	100 Days/Nights 1236	Foster Grandparent 2219	Title III Forest Reserve 2228	Fire District Discretionary 2426	NMSA of Aging 2351	Healy Foundation 2436
Assets								
Cash and cash equivalents	\$ 13,411	\$ 531	\$ 4,906	\$ 21,926	\$ 32,997	\$ -	\$ -	\$ 421
Investments	-	-	-	-	-	-	-	-
Receivables, net								
Other receivables	-	-	1,283	19,730	-	-	-	-
Prepaid expense	-	-	-	374	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 13,411</u>	<u>\$ 531</u>	<u>\$ 6,189</u>	<u>\$ 42,030</u>	<u>\$ 32,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 640	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	133	1,473	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>133</u>	<u>2,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)								
Nonspendable	-	-	-	374	-	-	-	-
Restricted								
General county operations	-	-	-	39,543	32,997	-	-	421
Fire departments	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-
Public safety	13,411	531	6,056	-	-	-	-	-
Healthcare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-	-	-	-
Committed								
Correctional facility	-	-	-	-	-	-	-	-
Total fund balances	<u>13,411</u>	<u>531</u>	<u>6,056</u>	<u>39,917</u>	<u>32,997</u>	<u>-</u>	<u>-</u>	<u>421</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 13,411</u>	<u>\$ 531</u>	<u>\$ 6,189</u>	<u>\$ 42,030</u>	<u>\$ 32,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421</u>

State of New Mexico
Taos County
Combining Balance Sheet
Nonmajor Special Revenue Funds — continued
As of June 30, 2017

	Abregadero Road Grant 2438	2014 Homeland Security 2439	2014 FEMA Mitigation 2440	Inter- Governmental Various	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 3,520	\$ 554,721	\$ 11,679,995
Investments	-	-	-	-	359
Receivables, net					
Other receivables	-	-	5,063	228,170	852,719
Prepaid expense	-	-	-	-	189,956
Inventory	-	-	-	-	151,052
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,583</u>	<u>\$ 782,891</u>	<u>\$ 12,874,081</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 135,349
Accrued payroll expenses	-	-	-	1,672	153,246
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,672</u>	<u>288,595</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	189,956
Restricted					
General county operations	-	-	-	781,219	3,869,776
Fire departments	-	-	-	-	4,097,953
Tourism	-	-	-	-	85,679
Public safety	-	-	8,583	-	955,244
Healthcare	-	-	-	-	3,165,005
Culture and recreation	-	-	-	-	35,703
Subsequent year's expenditures	-	-	-	-	167,585
Committed					
Correctional facility	-	-	-	-	18,585
Total fund balances	<u>-</u>	<u>-</u>	<u>8,583</u>	<u>781,219</u>	<u>12,585,486</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,583</u>	<u>\$ 782,891</u>	<u>\$ 12,874,081</u>

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, 2017

	CO-GRT							
	Infrastructure	Corrections	Property	Road	EMS	E-911	Farm and	Fire
	3/4	Fees	Valuation				Range	Protection
	103	201	203	204	206	207	208	209
Revenues								
Taxes								
Gross receipts taxes	\$ 722,850	\$ -	\$ -	\$ 118,749	\$ -	\$ 3,259	\$ -	\$ 44,888
Other taxes	-	-	-	206,214	-	-	-	-
Intergovernmental								
Federal operating grants	-	-	-	27,556	-	-	1,908	-
State operating grants	12,548	-	-	-	68,465	14,690	-	817,397
Charges for services	-	-	-	-	-	-	-	-
License and permits	-	67,022	293,412	446,816	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	76
Miscellaneous	-	-	-	910	-	450,517	-	-
Total revenues	<u>735,398</u>	<u>67,022</u>	<u>293,412</u>	<u>800,245</u>	<u>68,465</u>	<u>468,466</u>	<u>1,908</u>	<u>862,361</u>
Expenditures								
Current								
General government	166,333	-	183,858	1,608,271	-	762,805	-	-
Public safety	-	-	-	-	65,876	-	-	497,355
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Debt service								
Principal	100,279	-	-	-	-	-	-	43,894
Interest	29,234	-	-	-	-	-	-	994
Capital outlay	<u>296,300</u>	<u>-</u>	<u>-</u>	<u>62,773</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>398,749</u>
Total expenditures	<u>592,146</u>	<u>-</u>	<u>183,858</u>	<u>1,671,044</u>	<u>65,876</u>	<u>807,805</u>	<u>-</u>	<u>940,992</u>
Excess (deficiency) of revenues over expenditures	<u>143,252</u>	<u>67,022</u>	<u>109,554</u>	<u>(870,799)</u>	<u>2,589</u>	<u>(339,339)</u>	<u>1,908</u>	<u>(78,631)</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	1,050,000	-	360,000	-	-
Transfers out	<u>(300,000)</u>	<u>(89,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(89,000)</u>	<u>-</u>	<u>1,050,000</u>	<u>-</u>	<u>360,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(156,748)	(21,978)	109,554	179,201	2,589	20,661	1,908	(78,631)
Fund balances, beginning of year	<u>1,334,918</u>	<u>40,563</u>	<u>694,583</u>	<u>517,661</u>	<u>14,867</u>	<u>270,185</u>	<u>12,720</u>	<u>2,580,180</u>
Fund balances, end of year	<u>\$ 1,178,170</u>	<u>\$ 18,585</u>	<u>\$ 804,137</u>	<u>\$ 696,862</u>	<u>\$ 17,456</u>	<u>\$ 290,846</u>	<u>\$ 14,628</u>	<u>\$ 2,501,549</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds — continued
For the Year Ended June 30, 2017

	Law Enforcement Protection 211	Lodger's Tax Promotional 214	Lodger's Tax Non- Promotional 215	Parks and Recreation 217	Senior Citizen 219	Indigent Health 220	Fire-Rescue Excise Tax 222	Clerk's Recording Fees 225
Revenues								
Taxes								
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 949,150	\$ 397,563	\$ -
Other taxes	-	133,753	217,092	-	-	-	-	-
Intergovernmental								
Federal operating grants	-	-	-	-	246,277	-	-	-
State operating grants	42,000	-	-	-	411,017	531,635	-	-
Charges for services	-	-	-	2,425	-	-	-	-
License and permits	-	-	-	-	-	-	-	47,074
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	6,991	-	57,235	-	-	206
Total revenues	<u>42,000</u>	<u>133,753</u>	<u>224,083</u>	<u>2,425</u>	<u>714,529</u>	<u>1,480,785</u>	<u>397,563</u>	<u>47,280</u>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	15,666	-	-	-	-	-	162,999	31,559
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	116,073	84,444	53,433	-	-	-	-
Health and welfare	-	-	-	-	759,550	1,495,844	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	28,998	-	-	-	-	-	51,650	-
Total expenditures	<u>44,664</u>	<u>116,073</u>	<u>84,444</u>	<u>53,433</u>	<u>759,550</u>	<u>1,495,844</u>	<u>214,649</u>	<u>31,559</u>
Excess (deficiency) of revenues over expenditures	<u>(2,664)</u>	<u>17,680</u>	<u>139,639</u>	<u>(51,008)</u>	<u>(45,021)</u>	<u>(15,059)</u>	<u>182,914</u>	<u>15,721</u>
Other Financing Sources (Uses)								
Transfers in	-	-	15	50,000	84,730	-	-	-
Transfers out	-	-	(156,702)	-	-	-	(172,128)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(156,687)</u>	<u>50,000</u>	<u>84,730</u>	<u>-</u>	<u>(172,128)</u>	<u>-</u>
Net change in fund balances	(2,664)	17,680	(17,048)	(1,008)	39,709	(15,059)	10,786	15,721
Fund balances, beginning of year	2,668	67,999	152,744	3,955	177,211	2,968,620	1,619,349	278,143
Fund balances, end of year	<u>\$ 4</u>	<u>\$ 85,679</u>	<u>\$ 135,696</u>	<u>\$ 2,947</u>	<u>\$ 216,920</u>	<u>\$ 2,953,561</u>	<u>\$ 1,630,135</u>	<u>\$ 293,864</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds — continued
For the Year Ended June 30, 2017

	Adult Detention 226	Taos County Grant Match 398	Daniel's Fund 1219	DWI Distribution 1223	DWI Grant 1224	DWI Intake 1227	DWI Domestic Violence 1228
Revenues							
Taxes							
Gross receipts taxes	\$ 279,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental							
Federal operating grants	33,303	-	-	-	-	-	-
State operating grants	7,687	-	40,000	183,203	-	-	-
Charges for services	-	-	-	-	-	-	-
License and permits	-	-	-	-	-	34,299	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	186,252	-	-	-	-	-	-
Total revenues	<u>507,215</u>	<u>-</u>	<u>40,000</u>	<u>183,203</u>	<u>-</u>	<u>34,299</u>	<u>-</u>
Expenditures							
Current							
General government	-	-	4,297	-	-	-	-
Public safety	3,181,960	-	-	206,140	20,967	18,738	3,910
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>3,181,960</u>	<u>-</u>	<u>4,297</u>	<u>206,140</u>	<u>20,967</u>	<u>18,738</u>	<u>3,910</u>
Excess (deficiency) of revenues over expenditures	<u>(2,674,745)</u>	<u>-</u>	<u>35,703</u>	<u>(22,937)</u>	<u>(20,967)</u>	<u>15,561</u>	<u>(3,910)</u>
Other Financing Sources (Uses)							
Transfers in	2,539,000	50,000	-	10,000	-	-	-
Transfers out	-	(3,367)	-	-	-	-	-
Total other financing sources (uses)	<u>2,539,000</u>	<u>46,633</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(135,745)	46,633	35,703	(12,937)	(20,967)	15,561	(3,910)
Fund balances, beginning of year	808,487	18,244	-	58,988	27,030	13,085	4,131
Fund balances, end of year	<u>\$ 672,742</u>	<u>\$ 64,877</u>	<u>\$ 35,703</u>	<u>\$ 46,051</u>	<u>\$ 6,063</u>	<u>\$ 28,646</u>	<u>\$ 221</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds — continued
For the Year Ended June 30, 2017

	Juvenile Adjudication GRT 1229	DWI Screening 1230	DWI Donations 1231	100 Days/Nights 1236	Foster Grandparent 2219	Title III Forest Reserve 2228	Fire District Discretionary 2426
Revenues							
Taxes							
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental							
Federal operating grants	-	-	-	-	53,290	-	-
State operating grants	8,550	-	-	11,941	196,830	-	-
Charges for services	-	-	-	-	-	-	-
License and permits	-	12,749	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	100	-	-	-	-
Total revenues	<u>8,550</u>	<u>12,749</u>	<u>100</u>	<u>11,941</u>	<u>250,120</u>	<u>-</u>	<u>-</u>
Expenditures							
Current							
General government	2,476	8,251	30	-	-	-	-
Public safety	5,721	3,000	-	9,102	-	-	-
Public works	-	-	-	-	-	37,929	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	249,475	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>8,197</u>	<u>11,251</u>	<u>30</u>	<u>9,102</u>	<u>249,475</u>	<u>37,929</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>353</u>	<u>1,498</u>	<u>70</u>	<u>2,839</u>	<u>645</u>	<u>(37,929)</u>	<u>-</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	2,000	2,000	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	353	1,498	70	4,839	2,645	(37,929)	-
Fund balances, beginning of year	6,656	11,913	461	1,217	37,272	70,926	-
Fund balances, end of year	<u>\$ 7,009</u>	<u>\$ 13,411</u>	<u>\$ 531</u>	<u>\$ 6,056</u>	<u>\$ 39,917</u>	<u>\$ 32,997</u>	<u>\$ -</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds — continued
For the Year Ended June 30, 2017

	NMSA of Aging 2351	Healy Foundation 2436	Abregadero Road Grant 2438	2014 Homeland Security 2439	2014 FEMA Mitigation 2440	Inter- Governmental Various	Total
Revenues							
Taxes							
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,516,432
Other taxes	-	-	-	-	-	-	557,059
Intergovernmental							
Federal operating grants	-	-	-	-	33,751	44,949	441,034
State operating grants	-	-	-	-	-	1,371,618	3,717,581
Charges for services	-	-	-	-	-	-	2,425
License and permits	-	-	-	-	-	-	901,372
Investment earnings	-	-	-	-	-	-	76
Miscellaneous	-	-	-	-	-	2,200	704,411
Total revenues	-	-	-	-	33,751	1,418,767	8,840,390
Expenditures							
Current							
General government	-	-	-	-	-	223,445	2,959,766
Public safety	-	-	-	-	41,480	21,174	4,285,647
Public works	-	-	-	-	-	120,000	157,929
Culture and recreation	-	-	-	-	-	-	253,950
Health and welfare	-	-	-	-	-	6,241	2,511,110
Debt service							
Principal	-	-	-	-	-	-	144,173
Interest	-	-	-	-	-	-	30,228
Capital outlay	-	-	-	-	-	765,855	1,649,325
Total expenditures	-	-	-	-	41,480	1,136,715	11,992,128
Excess (deficiency) of revenues over expenditures	-	-	-	-	(7,729)	282,052	(3,151,738)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	632,172	4,779,917
Transfers out	-	-	-	-	(28,688)	(761,764)	(1,511,649)
Total other financing sources (uses)	-	-	-	-	(28,688)	(129,592)	3,268,268
Net change in fund balances	-	-	-	-	(36,417)	152,460	116,530
Fund balances, beginning of year	-	421	-	-	45,000	628,759	12,468,956
Fund balances, end of year	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,583</u>	<u>\$ 781,219</u>	<u>\$ 12,585,486</u>

State of New Mexico
Taos County
Combining Balance Sheets
Nonmajor Capital Projects Funds
As of June 30, 2017

	Capital Enhancement 399	DFA Amalia Comm. Center 3238	Taos County Complex Bid Lots 3401	Total
Assets				
Cash and cash equivalents	\$ 2,252,282	\$ -	\$ 564,525	\$ 2,816,807
Total assets	<u>\$ 2,252,282</u>	<u>\$ -</u>	<u>\$ 564,525</u>	<u>\$ 2,816,807</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted				
Capital projects expenditures	<u>2,252,282</u>	<u>-</u>	<u>564,525</u>	<u>2,816,807</u>
Total fund balances	<u>2,252,282</u>	<u>-</u>	<u>564,525</u>	<u>2,816,807</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,252,282</u>	<u>\$ -</u>	<u>\$ 564,525</u>	<u>\$ 2,816,807</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2017

	Capital Enhancement 399	DFA Amalia Comm. Center 3238	Taos County Complex Bid Lots 3401	Total
Revenues				
Intergovernmental				
Federal operating grants	\$ 1,749,567	\$ -	\$ -	\$ 1,749,567
License and permits	14,000	-	-	14,000
Investment earnings	-	-	57	57
Miscellaneous	13,808	-	75,510	89,318
Total revenues	<u>1,777,375</u>	<u>-</u>	<u>75,567</u>	<u>1,852,942</u>
Expenditures				
Current				
General government	16,306	-	-	16,306
Public works	511,277	-	-	511,277
Capital outlay	<u>1,227,778</u>	<u>-</u>	<u>98,062</u>	<u>1,325,840</u>
Total expenditures	<u>1,755,361</u>	<u>-</u>	<u>98,062</u>	<u>1,853,423</u>
Excess (deficiency) of revenues over expenditures	<u>22,014</u>	<u>-</u>	<u>(22,495)</u>	<u>(481)</u>
Other Financing Sources (Uses)				
Transfers in	1,501,924	-	-	1,501,924
Transfers out	<u>(1,089,370)</u>	<u>-</u>	<u>-</u>	<u>(1,089,370)</u>
Total other financing sources	<u>412,554</u>	<u>-</u>	<u>-</u>	<u>412,554</u>
Net change in fund balances	434,568	-	(22,495)	412,073
Fund balances, beginning of year	<u>1,817,714</u>	<u>-</u>	<u>587,020</u>	<u>2,404,734</u>
Fund balances, end of year	<u>\$ 2,252,282</u>	<u>\$ -</u>	<u>\$ 564,525</u>	<u>\$ 2,816,807</u>

State of New Mexico
Taos County
Combining Balance Sheet—Nonmajor Debt Service Funds
As of June 30, 2017

	County Hospital 221	Educational Bond Fund 312	Rural Utility Bond 402	Debt Service 403	USDA/RUS Complex 411	NMFA Taos Backhoe 412	NMFA Loan Taos 38 413	USDA Loan Reserve 414	USDA Loan Proceeds 417
Assets									
Cash and cash equivalents	\$ 1,283,466	\$ 15,083	\$ 839	\$ -	\$ 1,023,018	\$ -	\$ -	\$ -	\$ -
Investments	-	3,253,640	-	1,761,158	-	-	23	535,097	81,884
Receivables, net									
Intercept receivables	-	-	-	-	-	-	-	-	-
Other receivables	41,670	-	20	-	149,902	-	-	-	-
Total assets	<u>\$ 1,325,136</u>	<u>\$ 3,268,723</u>	<u>\$ 859</u>	<u>\$ 1,761,158</u>	<u>\$ 1,172,920</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 535,097</u>	<u>\$ 81,884</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances									
Restricted									
Debt service expenditures	1,325,136	3,268,723	859	1,761,158	1,172,920	-	23	535,097	81,884
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,325,136</u>	<u>3,268,723</u>	<u>859</u>	<u>1,761,158</u>	<u>1,172,920</u>	<u>-</u>	<u>23</u>	<u>535,097</u>	<u>81,884</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,325,136</u>	<u>\$ 3,268,723</u>	<u>\$ 859</u>	<u>\$ 1,761,158</u>	<u>\$ 1,172,920</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 535,097</u>	<u>\$ 81,884</u>

State of New Mexico
Taos County
Combining Balance Sheet—Nonmajor Debt Service Funds — continued
As of June 30, 2017

	NMFA Loan La Lama Fire Dept. 418	USDA B of A 419	Taos County Complex Restructuring 420	2013 Ed. Bond Admin. 426	2013 Ed. Bond Redemption 427	Taos 46 Loan Proceeds 428	NMFA Taos 50 Lodgers Tax 430/431	Total
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,322,406
Investments	-	53,902	217,661	-	6,020	13,477	53,394	5,976,256
Receivables, net								
Intercept receivables	-	-	328,400	-	-	10,472	35,411	374,283
Other receivables	-	-	-	-	-	-	-	191,592
Total assets	<u>\$ -</u>	<u>\$ 53,902</u>	<u>\$ 546,061</u>	<u>\$ -</u>	<u>\$ 6,020</u>	<u>\$ 23,949</u>	<u>\$ 88,805</u>	<u>\$ 8,864,537</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances								
Restricted								
Debt service expenditures	-	53,902	546,061	-	6,020	23,949	88,805	8,864,537
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>53,902</u>	<u>546,061</u>	<u>-</u>	<u>6,020</u>	<u>23,949</u>	<u>88,805</u>	<u>8,864,537</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 53,902</u>	<u>\$ 546,061</u>	<u>\$ -</u>	<u>\$ 6,020</u>	<u>\$ 23,949</u>	<u>\$ 88,805</u>	<u>\$ 8,864,537</u>

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, 2017

	County Hospital 221	Educational Bond Fund 312	Rural Utility Bond 402	Debt Service 403	USDA/RUS Complex 411	NMFA Taos Backhoe 412	NMFA Loan Taos 38 413	USDA Loan Reserve 414	USDA Loan Proceeds 417
Revenues									
Taxes									
Gross receipts taxes	\$ -	\$ -	\$ 823	\$ -	\$ 949,151	\$ -	\$ 4,671	\$ -	\$ 971,019
Other taxes	-	-	-	-	-	-	-	-	125,273
Intergovernmental									
Federal operating grants	-	-	-	-	256,373	-	-	-	-
State operating grants	1,325,136	-	-	-	-	-	-	-	-
License and permits	-	-	-	-	407,965	-	-	-	-
Investment earnings	-	7,120	-	21,950	-	-	15	971	377
Total revenues	<u>1,325,136</u>	<u>7,120</u>	<u>823</u>	<u>21,950</u>	<u>1,613,489</u>	<u>-</u>	<u>4,686</u>	<u>971</u>	<u>1,096,669</u>
Expenditures									
Current									
General government	-	1,963,427	-	-	-	-	-	-	256,373
Public safety	-	-	-	-	971,020	-	-	-	-
Debt service									
Principal	-	-	-	-	-	-	4,671	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	32,223	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,963,427</u>	<u>32,223</u>	<u>-</u>	<u>971,020</u>	<u>-</u>	<u>4,671</u>	<u>-</u>	<u>256,373</u>
Excess (deficiency) of revenues over expenditures	<u>1,325,136</u>	<u>(1,956,307)</u>	<u>(31,400)</u>	<u>21,950</u>	<u>642,469</u>	<u>-</u>	<u>15</u>	<u>971</u>	<u>840,296</u>
Other Financing Sources (Uses)									
Transfers in	-	90,424	-	1,741,780	-	-	-	77,212	-
Transfers out	<u>(1,719,809)</u>	<u>(90,424)</u>	<u>(11)</u>	<u>(2,572)</u>	<u>(407,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(799,766)</u>
Total other financing sources (uses)	<u>(1,719,809)</u>	<u>-</u>	<u>(11)</u>	<u>1,739,208</u>	<u>(407,965)</u>	<u>-</u>	<u>-</u>	<u>77,212</u>	<u>(799,766)</u>
Net change in fund balances	(394,673)	(1,956,307)	(31,411)	1,761,158	234,504	-	15	78,183	40,530
Fund balances (deficits), beginning of year, as restated	<u>1,719,809</u>	<u>5,225,030</u>	<u>32,270</u>	<u>-</u>	<u>938,416</u>	<u>-</u>	<u>8</u>	<u>456,914</u>	<u>41,354</u>
Fund balances, end of year	<u>\$ 1,325,136</u>	<u>\$ 3,268,723</u>	<u>\$ 859</u>	<u>\$ 1,761,158</u>	<u>\$ 1,172,920</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 535,097</u>	<u>\$ 81,884</u>

State of New Mexico
Taos County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds — continued
For the Year Ended June 30, 2017

	NMFA Loan La Lama Fire Dept. 418	USDA B of A 419	Taos County Complex Restructuring 420	2013 Ed. Bond Admin. 426	2013 Ed. Bond Redemption 427	Taos 46 Loan Proceeds 428	NMFA Taos 50 Lodgers Tax 430/431	Total
Revenues								
Taxes								
Gross receipts taxes	\$ -	\$ -	\$ 1,970,400	\$ -	\$ -	\$ 62,418	\$ 319,169	\$ 4,277,651
Other taxes	-	-	-	-	-	-	-	125,273
Intergovernmental								
Federal operating grants	-	-	-	-	-	-	-	256,373
State operating grants	-	-	101,870	-	-	-	-	1,427,006
License and permits	-	-	-	-	-	-	-	407,965
Investment earnings	-	659	3,568	-	8	136	355	35,159
Total revenues	-	659	2,075,838	-	8	62,554	319,524	6,529,427
Expenditures								
Current								
General government	-	-	-	14,000	-	245	106,702	2,340,747
Public safety	-	-	-	-	-	-	-	971,020
Debt service								
Principal	-	199,563	920,000	-	-	59,119	184,487	1,367,840
Interest	-	449,678	1,146,786	-	-	2,847	119,286	1,718,597
Capital outlay	-	-	-	-	-	-	-	32,223
Total expenditures	-	649,241	2,066,786	14,000	-	62,211	410,475	6,430,427
Excess (deficiency) of revenues over expenditures	-	(648,582)	9,052	(14,000)	8	343	(90,951)	99,000
Other Financing Sources (Uses)								
Transfers in	-	722,554	14,215	14,000	1,217,631	364	108,910	3,987,090
Transfers out	-	-	-	-	(1,215,000)	-	-	(4,235,547)
Total other financing sources (uses)	-	722,554	14,215	14,000	2,631	364	108,910	(248,457)
Net change in fund balances	-	73,972	23,267	-	2,639	707	17,959	(149,457)
Fund balances (deficits), beginning of year, as restated	-	(20,070)	522,794	-	3,381	23,242	70,846	9,013,994
Fund balances, end of year	\$ -	\$ 53,902	\$ 546,061	\$ -	\$ 6,020	\$ 23,949	\$ 88,805	\$ 8,864,537

State of New Mexico
Taos County
Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 644,026	\$ 32,979,177	\$ (32,775,110)	\$ 848,093
Property taxes receivable	3,731,800	18,244,075	(18,464,968)	3,510,907
Due from other governments	165,944	191,025	-	356,969
Total assets	<u>\$ 4,541,770</u>	<u>\$ 51,414,277</u>	<u>\$ (51,240,078)</u>	<u>\$ 4,715,969</u>
Liabilities				
Due to other taxing entities	<u>\$ 4,541,770</u>	<u>\$ 51,414,277</u>	<u>\$ (51,240,078)</u>	<u>\$ 4,715,969</u>
Total liabilities	<u>\$ 4,541,770</u>	<u>\$ 51,414,277</u>	<u>\$ (51,240,078)</u>	<u>\$ 4,715,969</u>

**Other Supplementary Information
Required by Section 2.2.2 NMAC (Audited)**

State of New Mexico
Taos County
Schedule of Deposit and Investment Accounts
June 30, 2017

Financial Institution	Account Type	Bank Balance	Reconciling Items	Book Balance
Cash and Cash Equivalents				
<i>U.S. Bank</i>				
General Account	Checking	\$ 19,946,868	\$ (905,321)	\$ 19,041,547
Accounts Payable	Checking	-	32,107	32,107
Payroll	Checking	-	15,479	15,479
Internet Account	Checking	4,786	-	4,786
Lockbox	Checking	90	-	90
Commissary	Checking	12,428	-	12,428
Taos City Complex	Checking	564,525	-	564,525
Old Taos County Courthouse	Checking	6,545	-	6,545
Solid Waste Lock Box	Checking	-	480	480
Credit Card Gold Acct	Checking	5,834	1,000	6,834
E-911	Checking	311,071	-	311,071
Senior Program	Checking	173,912	55	173,967
Clearing Account	Checking	24,137	-	24,137
County Hospital Mill Levy	Checking	1,283,466	-	1,283,466
ADC Inmate TR Acct	Checking	12,328	(2,157)	10,171
<i>Centinel Bank</i>				
MMDA Acct-Business	Checking	172,859	-	172,859
Commercial ANA (AG Center)	Checking	15,083	-	15,083
Property Tax Payment	Checking	399	-	399
<i>People's Bank</i>				
General Account	Checking	148,386	-	148,386
Total cash and cash equivalents		<u>22,682,717</u>	<u>(858,357)</u>	<u>21,824,360</u>
Investments				
<i>BMW Bank of North America Salt Lake</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Comenity Capital Bank Utah</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Investors Community Bank Manitowoc</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Wells Fargo Bank</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>JP Morgan Chase Bank</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>State Bank of India New York</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Bank of Baroda</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Bank of India</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Franklin Synergy Bank</i>				
Certificate of Deposit	CD	250,000	-	250,000

State of New Mexico
Taos County
Schedule of Deposit and Investment Accounts — continued
June 30, 2017

Financial Institution	Account Type	Bank Balance	Reconciling Items	Book Balance
Investments - continued				
<i>Ally Bank</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Keybank National Association</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>American Express Centurion Bank</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Capital One National Association Mclean</i>				
Certificate of Deposit	CD	250,000	-	250,000
<i>Bank of Albuquerque</i>				
Income Fund 417	Trust	88,319	-	88,319
Debt Service 419 (GRT Bond 2010)	Trust	53,902	-	53,902
Reserve Fund 414	Trust	528,662	-	528,662
NM GRT 2013 UNM Taos	Trust	2,628,161	-	2,628,161
Red River	Trust	56,141	-	56,141
Roots and Wings	Trust	1	-	1
Penasco	Trust	527,367	-	527,367
Taos Arts	Trust	40,965	-	40,965
Taos Academy	Trust	1,005	-	1,005
Income Fund	Trust	347,502	-	347,502
Debt Service	Trust	814,844	-	814,844
Mandatory Redem	Trust	6,020	-	6,020
<i>New Mexico Finance Authority</i>				
Solid Waste Vehicles 313	Trust	36,274	-	36,274
Refund Lodgers 430	Trust	16,231	-	16,231
Latire Fire Pumper 413	Trust	23	-	23
Complex Restructuring 420	Trust	217,662	-	217,662
Hondo Seco Pumper 209	Trust	136	-	136
Ojo Caliente 209	Trust	223	-	223
Solid Waste 428	Trust	13,477	-	13,477
Refund Lodger's Proceeds 313	Trust	757,843	-	757,843
Fire Facilities Proceeds 313	Trust	2,959,778	-	2,959,778
Fire Facilities Debt Service 431	Trust	37,162	-	37,162
Reserve Fund 403	Trust	1,416,387	-	1,416,387
Refund 1977 Lodger's Tax 403	Trust	93,544	-	93,544
Fire Facilities Improvements 403	Trust	214,953	-	214,953
Total investments		<u>14,106,582</u>	<u>-</u>	<u>14,106,582</u>
Total cash, cash equivalents, and investments		<u>\$ 36,789,299</u>	<u>\$ (858,357)</u>	<u>\$ 35,930,942</u>

State of New Mexico
Taos County
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2017

Pledged Collateral	U.S. Bank	Centinel Bank	Peoples Bank	BMW Bank of North America Salt Lake	Comenity Capital Bank Utah	Investors Community Bank Manitowoc	Wells Fargo Bank	JP Morgan Chase Bank	State Bank of India New York
Deposits in bank or savings and loan									
Cash deposits	\$ 22,345,990	\$ 188,341	\$ 148,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificate of deposits	-	-	-	250,000	250,000	250,000	250,000	250,000	250,000
Total deposits	22,345,990	188,341	148,386	250,000	250,000	250,000	250,000	250,000	250,000
Less FDIC insurance	250,000	188,341	148,386	250,000	250,000	250,000	250,000	250,000	250,000
Total uninsured public funds	22,095,990	-	-	-	-	-	-	-	-
Collateral requirement (50% deposits)	11,047,995	-	-	-	-	-	-	-	-
Collateral requirements (102% repurchase agreement)	-	-	-	-	-	-	-	-	-
<i>Pledged collateral at fair value</i>									
Federal Home Loan Bank Cincinnati, OH	25,000,000	-	-	-	-	-	-	-	-
Total pledged collateral at fair value	25,000,000	-	-	-	-	-	-	-	-
Pledged in excess of collateral requirement	\$ 13,952,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State of New Mexico
Taos County
Schedule of Collateral Pledged by Depository for Public Funds — continued
June 30, 2017

Pledged Collateral	Bank of Baroda	Bank of India	Franklin Synergy Bank	Ally Bank	Keybank National Association	American Express Centurion Bank	Capital One National Association McLean	Total
Deposits in bank or savings and loan								
Cash deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,682,717
Certificate of deposits	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>3,250,000</u>
Total deposits	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>25,932,717</u>
Less FDIC insurance	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>3,836,727</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,095,990</u>
Collateral requirement (50% deposits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,047,995</u>
Collateral requirements (102% repurchase agreement)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Pledged collateral at fair value</i>								
Federal Home Loan Bank Cincinnati, OH	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,042,983</u>
Total pledged collateral at fair value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000,000</u>
Pledged in excess of collateral requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,952,005</u>

State of New Mexico
Taos County
Schedule of Reconciliation of Property Taxes Receivable
June 30, 2017

Property taxes receivable, beginning of year	\$ 4,799,067
Changes to tax roll	
Net taxes charged to treasurer for fiscal year	29,452,097
Adjustments	
Net change in prior year taxes levied	(21,761)
Uncollected taxes	<u>(587,038)</u>
Net property taxes receivables prior to collections	<u>\$ 33,642,365</u>
Collections for fiscal year	<u>\$ 29,103,616</u>
Net property taxes receivable, end of year	<u><u>\$ 4,538,749</u></u>
Property taxes are reported as follows	
Governmental funds	
County portion	\$ 1,027,842
Agency portion	<u>3,510,907</u>
Total property taxes receivable	<u><u>\$ 4,538,749</u></u>
Property taxes receivable, net by years	
2007-2015	\$ 1,988,280
2016	<u>2,550,469</u>
Total property taxes receivable	<u><u>\$ 4,538,749</u></u>

State of New Mexico
Taos County
Property Tax Receivable by Agency
For the Year Ended June 30, 2017

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollected	To-Date Amount Uncollected	Undistributed at Year-End	County Receivable at Year-End
El Prado Water & Sanitation									
2007-2015	\$ 1,082,451	\$ 23,463	\$ 1,051,555	\$ 19,497	\$ 1,047,589	\$ -	\$ 2,706	\$ 3,965	\$ 28,190
2016	161,582	137,146	137,146	130,964	130,964	404	404	6,182	24,033
Total	1,244,033	160,609	1,188,701	150,461	1,178,553	404	3,110	10,147	52,223
El Valle de Los Ranchos Sanitation & Water District									
2007-2015	5,079,602	93,963	4,950,389	86,354	4,942,780	-	12,699	7,609	116,513
2016	816,616	712,401	712,401	696,731	696,731	2,042	2,042	15,670	102,174
Total	5,896,218	806,364	5,662,790	783,085	5,639,511	2,042	14,741	23,279	218,687
Taos Soil & Conversation District									
2007-2015	8,399,440	84,032	8,195,798	74,414	8,186,180	-	20,999	9,618	182,644
2016	1,108,137	951,649	951,649	932,944	932,944	2,770	2,770	18,705	153,718
Total	9,507,577	1,035,681	9,147,447	1,007,358	9,119,124	2,770	23,769	28,323	336,362
Taos Education Center									
2007-2015	15,402,011	159,548	15,179,222	143,561	15,163,235	-	38,505	15,987	184,284
2016	2,068,168	1,899,484	1,899,484	1,863,282	1,863,282	5,170	5,170	36,203	163,514
Total	17,470,179	2,059,032	17,078,706	2,006,843	17,026,517	5,170	43,675	52,190	347,798
Town of Taos									
2007-2015	8,158,601	94,304	8,092,355	82,509	8,080,560	-	20,397	11,795	45,850
2016	1,091,419	1,010,745	1,010,745	985,894	985,894	2,729	2,729	24,851	77,946
Total	9,250,020	1,105,049	9,103,100	1,068,403	9,066,454	2,729	23,126	36,646	123,796
Village of Questa									
2007-2015	886,782	12,377	866,268	10,639	864,530	-	2,217	1,738	18,297
2016	164,642	143,872	143,872	141,433	141,433	412	412	2,440	20,358
Total	1,051,424	156,249	1,010,140	152,072	1,005,963	412	2,629	4,178	38,655
Town of Red River									
2007-2015	2,866,094	35,211	2,826,904	22,874	2,814,567	-	7,165	12,337	32,024
2016	546,081	511,719	511,719	502,987	502,987	1,365	1,365	8,732	32,997
Total	3,412,175	546,930	3,338,623	525,861	3,317,554	1,365	8,530	21,069	65,021
Village of Taos Ski Valley									
2007-2015	2,614,332	18,245	2,598,575	17,182	2,597,513	-	6,536	1,062	9,221
2016	512,938	485,452	485,452	477,142	477,142	1,282	1,282	8,311	26,204
Total	3,127,270	503,697	3,084,027	494,324	3,074,655	1,282	7,818	9,373	35,425

State of New Mexico
Taos County
Property Tax Receivable by Agency — continued
For the Year Ended June 30, 2017

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollected	To-Date Amount Uncollected	Undistributed at Year-End	County Receivable at Year-End
State Levies 2015-2016									
2007-2015	15,498,424	154,885	15,228,950	136,913	15,210,979	-	38,746	17,972	230,727
2016	1,946,038	1,780,693	1,780,693	1,745,512	1,745,512	4,865	4,865	35,181	160,480
Total	17,444,462	1,935,578	17,009,643	1,882,425	16,956,491	4,865	43,611	53,153	391,207
Levy/Cattle, Sheep, Goat, Equine, & Swine									
2007-2015	108,615	1,166	89,644	1,068	89,546	-	272	98	18,699
2016	16,787	11,765	11,765	11,563	11,563	42	42	202	4,980
Total	125,402	12,931	101,409	12,631	101,109	42	314	300	23,679
Taos Municipal Schools									
2007-2015	46,844,214	488,899	46,154,658	439,411	46,105,167	-	117,111	49,491	572,446
2016	5,944,736	5,451,693	5,451,693	5,345,089	5,345,089	14,862	14,862	106,604	478,181
Total	52,788,950	5,940,592	51,606,351	5,784,500	51,450,256	14,862	131,973	156,095	1,050,627
Penasco Independent Schools									
2007-2015	2,193,598	29,421	2,146,984	24,863	2,142,427	-	5,484	4,558	41,129
2016	278,764	250,491	250,491	243,494	243,494	697	697	6,997	27,576
Total	2,472,362	279,912	2,397,475	268,357	2,385,921	697	6,181	11,555	68,705
Mesa Vista Consolidated Schools									
2007-2015	3,342,637	34,606	3,029,779	31,151	3,026,324	-	8,357	3,454	304,502
2016	443,524	369,056	369,056	363,458	363,458	1,109	1,109	5,598	73,359
Total	3,786,161	403,662	3,398,835	394,609	3,389,782	1,109	9,466	9,052	377,861
Questa Independent Schools									
2007-2015	8,116,060	78,446	7,969,312	62,471	7,953,336	-	20,290	15,975	126,458
2016	1,421,866	1,318,852	1,318,852	1,292,328	1,292,328	3,555	3,555	26,524	99,459
Total	9,537,926	1,397,298	9,288,164	1,354,799	9,245,664	3,555	23,845	42,499	225,917
Hospital Mill Levy									
2007-2015	-	-	-	-	-	-	-	-	-
2016	1,430,910	1,309,334	1,309,334	1,283,466	1,283,466	3,577	3,577	25,869	117,998
Total	1,430,910	1,309,334	1,309,334	1,283,466	1,283,466	3,577	3,577	25,869	117,998
TIDD									
2007-2015	-	-	-	-	-	-	-	-	-
2016	-	25,379	25,379	25,379	25,379	-	-	-	-
Total	-	25,379	25,379	25,379	25,379	-	-	-	-

State of New Mexico
Taos County
Property Tax Receivable by Agency — continued
For the Year Ended June 30, 2017

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollected	To-Date Amount Uncollected	Undistributed at Year-End	County Receivable at Year-End
Taos County									
2007-2015	82,723,591	918,726	82,453,816	918,726	82,453,816	-	206,809	-	62,966
2016	<u>11,208,022</u>	<u>10,215,126</u>	<u>10,215,126</u>	<u>10,215,126</u>	<u>10,215,126</u>	<u>28,020</u>	<u>28,020</u>	<u>-</u>	<u>964,876</u>
Total	<u>93,931,613</u>	<u>11,133,852</u>	<u>92,668,942</u>	<u>11,133,852</u>	<u>92,668,942</u>	<u>28,020</u>	<u>234,829</u>	<u>-</u>	<u>1,027,842</u>
1% Administrative Fees									
2007-2015	2,046,800	22,487	2,027,353	22,487	2,027,353	-	5,117	-	14,330
2016	<u>291,869</u>	<u>268,523</u>	<u>268,523</u>	<u>268,523</u>	<u>268,523</u>	<u>730</u>	<u>730</u>	<u>-</u>	<u>22,616</u>
Total	<u>\$ 2,338,669</u>	<u>\$ 291,010</u>	<u>\$ 2,295,876</u>	<u>\$ 291,010</u>	<u>\$ 2,295,876</u>	<u>\$ 730</u>	<u>\$ 5,847</u>	<u>\$ -</u>	<u>\$ 36,946</u>
Total									
2007-2015	\$ 205,363,252	\$ 2,249,779	\$ 202,861,562	\$ 2,094,120	\$ 202,705,902	\$ -	\$ 513,410	\$ 155,659	\$ 1,988,280
2016	<u>29,452,099</u>	<u>26,853,380</u>	<u>26,853,380</u>	<u>26,525,315</u>	<u>26,525,315</u>	<u>73,631</u>	<u>73,631</u>	<u>328,069</u>	<u>2,550,469</u>
Total	<u>\$ 234,815,351</u>	<u>\$ 29,103,159</u>	<u>\$ 229,714,942</u>	<u>\$ 28,619,435</u>	<u>\$ 229,231,217</u>	<u>\$ 73,631</u>	<u>\$ 587,041</u>	<u>\$ 483,728</u>	<u>\$ 4,538,749</u>

Independent Auditor's 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*

Mr. Wayne A. Johnson, New Mexico State Auditor
and

To the Honorable Members of the Board of County Commissioners
Taos County, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund, of Taos County (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds of the County, presented as supplementary information, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, 2017-001.

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 accompany schedule of findings and responses to be significant deficiencies, 2017-002.

Compliance and Other Matters

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

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "REDW LLC". The letters are stylized and cursive.

Albuquerque, New Mexico
December 1, 2017

State of New Mexico
Taos County
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Section I — Financial Statement Findings

2017-001 Accounts Receivable Cutoff — (Material Weakness)

Criteria: According to AU-C Section 265, 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 GAAP-Basis accruals, and any footnote disclosures. Generally Accepted Accounting Principles (GAAP) state that revenue recognition is recognized in the period in which the transaction is incurred.

Condition: Our audit procedures revealed that the initial trial balance used to draft the financial statements excluded a material amount of receivables. As a result, a significant amount of year-end audit adjustments were posted to properly state property taxes, gross receipts tax, and other receivables in the financial statements. In addition, the County restated the prior year financial statements to reflect \$745 thousand of receivables and related revenues that related to fiscal year 2016.

Cause: The County accounted for revenue transactions on a cash basis throughout the year, whereby certain revenues and the related assets were recognized when received. At year-end, management prepared a trial balance that included certain receivables; however, the County's review procedures did not ensure all receivables were properly included or excluded from the trial balance. The County submitted various receivable reports to our audit team; however, the County's trial balance, which reflects the amounts reported in the County's financial statements under audit, did not include all receivables from those reports.

Effect: Property taxes, gross receipts tax, other receivables, beginning fund balance/net position for the County's Educational Bond Fund, nonmajor governmental funds, and governmental activities were understated in the initial draft of the County's financial statements. This resulted in a significant amount of additional efforts from both the County and our audit team to ensure receivable balances were appropriately reported at year-end.

Auditor's Recommendation: To prevent such errors from occurring and to avoid additional efforts and costs during the year-end audit, we recommend that the County implement a system to double-check their listing of accounts receivable and subsequent receipts in order to verify that all accounts receivable items are included in the year-end trial balance report used to draft the financial statements.

State of New Mexico
Taos County
Schedule of Findings and Responses — continued
For the Year Ended June 30, 2017

Section I — Financial Statement Findings — continued

2017-001 Accounts Receivable Cutoff — (Material Weakness) — continued

Management's Response: During the preparation of 2017 FY financial statements, the property tax receivable, gross receipts tax and other receivable reports were submitted directly to auditors for use on the financial statements. Taos County has implemented a system to capture all receivables and adjusting entries needed to prepare the trial balance at year-end that will be submitted to the IPA.

Taos County Treasurer's Office will continue to generate the receivable reports and will provide those reports to the Finance Department in order to prepare the financial statements. Taos County has properly tracked all receivables, which have been fully accounted for in the financial statements.

Working collaboratively with respective departments, County Manager and/or designee will ensure internal deadlines are in place and that a full review of the accounts receivable and draft financials are done prior to submittal for audit review. The information provided in the FY 2017 audit has been reviewed by Taos County and does present an accurate depiction of Accounts Receivable. Taos County does not feel that level of the finding truly represents its ability to perform the day to day operations and the information provided in the audit is correct.

State of New Mexico
Taos County
Schedule of Findings and Responses — continued
For the Year Ended June 30, 2017

Section I — Financial Statement Findings — continued

2017-002 — Trial Balance Maintenance and Financial Statement Preparation (Significant Deficiency)

Criteria: Government Accounting Standards Board (GASB) Statement No. 34 requires not only the budgetary basis (cash basis for Taos County) of accounting, but also modified and full accrual accounting is required for financial statement presentation that would be in accordance with generally accepted accounting principles.

Condition: Several significant adjusting journal entries were required after the 2017 accounting records were closed at year-end, which included adjustments to accounts receivable pension activity, property and equipment, accounts payable, accrued liabilities, and beginning fund balances. In addition, the County was unable to provide accurate detail to convert the budgetary basis of accounting to the modified and full accrual basis of accounting in order to prepare the account balances for inclusion into the financial statements.

Cause: The County has determined that, due to its size and complexity, it is most effective and beneficial to maintain its trial balance on a basis consistent with its budgetary basis. At fiscal year end, the County performed certain procedures to prepare a trial balance that included year-end accrual entries; however, those procedures did not capture all significant account transactions in accordance with U.S. generally accepted accounting standards (GAAP).

Effect: The County's trial balance required several significant corrections to conform to GAAP.

Auditor's Recommendation: The County should review its current accounting procedures to determine the corrections needed to ensure the year-end trial balance and financial statements are prepared in accordance with GAAP. The County should then implement effective internal controls to ensure all significant general ledger account balances are reconciled to supporting accounting records or subsidiary accounting ledgers on a modified and accrual basis at year-end close.

Management's Response: Taos County will review our internal accounting procedures to ensure the year-end trial balance and financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) to reflect all general ledger account balances on a modified and full accrual basis at fiscal year-end. Taos County Finance Department will utilize in-house staff accountants to assist with the preparation of financial statements and will work collaboratively with the Treasurer's office to ensure internal deadlines are in place and that a full review of the draft financials are done prior to submittal. In the past, Taos County purchased and utilized a financial software proven to be instrumental in the preparation of the financial statements but was not utilized for this audit preparation.

Taos County
Schedule of Findings and Responses — continued
For the Year Ended June 30, 2017

Section I — Financial Statement Findings — continued

2017-002 — Trial Balance Maintenance and Financial Statement Preparation (Significant Deficiency) — continued

Management's Response — continued: The financial software will be a resource for the preparation of future audits.

The information provided in the FY 2017 audit has been reviewed by Taos County and does present an accurate Trial Balance to provide the detail needed to convert the budgetary basis of accounting to the modified and full accrual basis for inclusion into the final financial statements. Taos County does not feel that level of the finding truly represents its ability to perform the day to day operations and the information provided in the audit is correct. Taos County Finance Director will implement effective internal controls to ensure all general ledger account balances are reconciled to supporting accounting records on a modified and accrual basis at year-end close with the use of a financial software proven to be instrumental in prior audit preparation. As of November 2017, Taos County has requested the financial software installation.



Taos County Administration

105 Albright Street, Suite G, Taos, New Mexico 87571

Telephone: (575) 737-6300 Facsimile: (575) 737-6314 www.taoscounty.org

Summary Schedule of Prior Audit Findings Year Ended June 30, 2017

Jim Fambro
District 1

Mark Gallegos
District 2

Gabriel J. Romero
District 3

Tom Blankenhorn
District 4

Candye O'Donnell
District 5

Leandro Cordova
County Manager

Prior-Year Number	Description	Current Status
2016-001	Lack of Controls within the Treasurer's Office	Resolved
2016-002	Lack of Controls over Payroll	Resolved
2016-003	Lack of Controls over Journal Entries	Resolved
2016-004	Travel and Per Diem	Resolved





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Corrective Action Plan For the Year Ended June 30, 2017

Leandro Cordova
County Manager

Audit Finding	Corrective Action Plan	Person Responsible	Estimated Completion Date
2017-001 Accounts Receivable Cutoff	<p>Taos County has implemented a system to capture all receivables and adjusting entries needed to prepare the trial balance at year-end. Taos County Treasurer's Office will continue to generate the receivable reports and will provide those reports to the Finance Department in order to prepare the financial statements.</p> <p>Taos County will ensure internal deadlines are in place and that a full review of the draft financials are done prior to submittal.</p>	Treasurer/Finance	06/30/2018
2017-002 Trial Balance Maintenance and Financial Statement Preparation	<p>Taos County will utilize in-house staff accountants to assist with the preparation of financial statements and will work collaboratively with the Treasurer's office to ensure internal deadlines are in place and that a full review of the draft financials are done prior to submittal.</p> <p>Taos County will use a financial software proven to be instrumental in the preparation of the financial statements for future audits.</p>	Finance Director	06/30/2018



State of New Mexico
Taos County
Exit Conference
For the Year Ended June 30, 2017

An exit conference was held on November 30, 2017, during a closed session of a Commissioner meeting with the following in attendance:

Representing Taos County

Jim K. Fambro, Chairman
Leandro R. Cordova, County Manager
Brent Jaramillo, Deputy County Manager
Lupe E. Martinez, Finance Director
Susan K. Trujillo, County Treasurer
Paula Santistevan, Deputy County Treasurer
Mary Anne Martinez, Treasurer Accountant
Amanda Rael, Grants Accountant
Jonathan Montoya, Accountant II

REDWLLC Personnel

Steve Harris, Principal
Stephen Montoya, Engagement Team Leader
Victoria Gorman, Senior

Financial Statement Preparation

The County's independent public accountants prepared the accompanying financial statements; however, the County is responsible for the contents of the financial statements and related footnotes.