

STATE OF NEW MEXICO
TOWN OF TAOS
ANNUAL FINANCIAL REPORT
JUNE 30, 2010

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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Town of Taos
Table of Contents
June 30, 2010

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		12-19
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Assets	A-1	22-23
Statement of Activities	A-2	24-25
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	26
Reconciliation of the Balance Sheet to the Statement of Net Assets		27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		29
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual		
General Fund	C-1	31
Statement of Net Assets-Proprietary Funds	D-1	32-33
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	D-2	34-35
Statement of Cash Flows –Proprietary Funds	D-3	36-37
Statement of Fiduciary Assets and Liabilities – Agency Funds	E-1	39
NOTES TO THE FINANCIAL STATEMENTS		40-65
SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Fund Descriptions	<u>Statement</u>	68-71
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	72-76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	77-81
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual		
Governmental Funds:		
Fire Protection Special Revenue Fund	B-1	82
Recreation Special Revenue Fund	B-2	83
Lodger's Tax Special Revenue Fund	B-3	84
Local Government Correction Special Revenue Fund	B-4	85
Law Enforcement Protection Special Revenue Fund	B-5	86
Civic Center Special Revenue Fund	B-6	87
Domestic Violence Shelter Special Revenue Fund	B-7	88
Public Transportation Special Revenue Fund	B-8	89
Community Grants Special Revenue Fund	B-9	90
Municipal Road Gasoline Tax Special Revenue Fund	B-10	91
¼ Cent Municipal Gross Receipts Tax Special Revenue Fund	B-11	92

STATE OF NEW MEXICO

Town of Taos
Table of Contents
June 30, 2010

SUPPLEMENTARY INFORMATION (CONTINUED))

	<u>Statement/Schedule</u>	<u>Page</u>
Communications Special Revenue Fund	B-12	93
2001 Gross Receipts Tax Revenue Bond Retirement Debt Service Fund	B-13	94
2008 Gross Receipts Tax Revenue Bond Retirement Debt Service Fund	B-14	95
1999 Gasoline Tax Revenue Bond Retirement Debt Service Fund	B-15	96
1999 Gasoline Tax Revenue Bond Reserve Debt Service Fund	B-16	97
2007 NMFA Land Purchase Debt Service Fund	B-17	98
Facilities Improvements Capital Projects Fund	B-18	99
Airport Construction Capital Projects Fund	B-19	100
Enhanced 911 Capital Projects Fund	B-20	101
Vehicle Replacement Capital Projects Fund	B-21	102
1994 Gross Receipts Tax Revenue Bond Acquisition Capital Projects Fund	B-22	103
1999 Gasoline Tax Acquisition Capital Projects Fund	B-23	104
Capital Projects Fund	B-24	105
Statement of Revenues, Expenses, and Changes in Net Assets – Budget (Non-GAAP Basis) and Actual –Proprietary Funds		
Water and Sewer Fund	B-25	106
Solid Waste Fund	B-26	107
Taos Regional Landfill Fund	B-27	108
 SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	I	110
Schedule of Collateral Pledged by Depository for Public Funds	II	111
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	III	113
Schedule of Joint Powers Agreements	IV	114-115
 COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		118-119
 FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		122-123
Schedule of Expenditures of Federal Awards	V	124-125
Schedule of Findings and Questioned Costs	VI	126-131
 OTHER DISCLOSURES		
		133

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STATE OF NEW MEXICO

Town of Taos

Official Roster

June 30, 2010

<u>Name</u>	<u>Town Council</u>	<u>Title</u>
Darren Cordova		Mayor
Michael A. Silva		Councilor
Rudy Abeyta		Councilor
Amy Quintana		Councilor
Gene Sanchez		Councilor

Administration

Daniel Miera	Town Manager
Abigail Adame	Assistant Town Manager
Marietta Fambro	Finance Director
Renee Lucero	Town Clerk
Richard Chavez	Municipal Judge
Allen Ferguson	Town Attorney

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of the Town of Taos New Mexico ("the Town"), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds and the budgetary comparisons of the proprietary funds, the capital projects fund and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taos, New Mexico, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2010, and the respective changes in financial position thereof, and the budgetary comparisons for the proprietary funds, the capital projects fund and the remaining nonmajor governmental funds presented as supplementary information for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 12 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund statements and budgetary comparisons listed above and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, and the combining and individual fund statements and budgetary comparisons taken 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 express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 22, 2010

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

As management of the Town of Taos, we offer readers of the Town of Taos financial statements, this narrative overview and analysis of the financial activities of the Town of Taos for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements of the Town of Taos and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Taos exceeded its liabilities at the close of the most recent fiscal year by \$74,248,827 (*net assets*). Of this amount, \$6,616,350 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,066,257 during the fiscal year. The majority of this increase is due to additional capital assets (Pediatric Clinic) and revenue from loan proceeds for our Eco Park project for the year ended June 30, 2010.
- As of June 30, 2010, the Town's governmental funds reported combined ending net assets balances of \$52,711,914. Of this total, \$5,920,741 is designated for debt service and capital projects.
- At the close of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,759,174, or 40 percent of total general fund expenditures.
- The Town of Taos' total debt increased by \$3,077,985 during the current fiscal year. The key factor in this increase was the loan proceeds of \$3,112,408 in the Town's governmental activities and also loan proceeds of \$2,213,469 in governmental activities and \$1,730,000 in business-type activities . Also during the year \$968,695 was paid on the principal of the various government loans, bonds, compensated absences and contracts payable.

Overview of the Financial Statements

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

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

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

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

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

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

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Taos, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Taos can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-65 of this report.

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 68-83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Taos, assets exceeded liabilities by \$74,248,827 at the close of the current fiscal year.

The significant portion of the Town of Taos' net assets represents the Town's investment of \$60,270,380 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The Town of Taos uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Taos' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and other assets	\$ 7,844,671	\$ 6,576,093	\$ 14,420,764
Restricted cash and cash equivalents	1,982,949	1,233,536	3,216,485
Bond issuance costs and discount	191,887	-	191,887
Capital assets, net of accumulated depreciation	53,726,037	21,782,829	75,508,866
Total assets	<u>63,745,544</u>	<u>29,592,458</u>	<u>93,338,002</u>
Liabilities			
Current Liabilities	1,902,366	2,145,969	4,048,335
Non-current liabilities	9,131,264	5,909,576	15,040,840
Total liabilities	<u>11,033,630</u>	<u>8,055,545</u>	<u>19,089,175</u>
Net Assets			
Invested in capital assets, net of related debt	44,241,055	16,029,325	60,270,380
Restricted	6,128,561	1,233,536	7,362,097
Unrestricted	<u>2,342,298</u>	<u>4,274,052</u>	<u>6,616,350</u>
Total net assets	<u>\$ 52,711,914</u>	<u>\$ 21,536,913</u>	<u>\$ 74,248,827</u>
Total Liabilities and Net Assets	<u>\$ 63,745,544</u>	<u>\$ 29,592,458</u>	<u>\$ 93,338,002</u>

A portion of the Town of Taos' governmental net assets (8 percent) represents resources that are subject to restrictions. The restrictions relate to covenants provided by the Town's long-term debt issuance and capital projects. The remaining balance of *unrestricted net assets*, \$2,342,298 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Taos is able to report positive balances in all three categories of net assets, for the government as a whole as well as for the business-type activities, as a whole.

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

Analysis of Changes in Net Assets

The Town's net assets increased by \$2,066,257 during the current fiscal year. These increases are explained in the government and business-type activities discussion below, and are primarily a result of increased revenues from gross receipts taxes and capital grants while reducing the Town's expenditures during the fiscal year.

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 1,185,890	\$ 4,303,931	\$ 5,489,821
Operating grants and contributions	1,091,166	-	1,091,166
Capital grants and contributions	3,260,706	1,283,005	4,543,711
General revenues:			
Property taxes, levied for general purposes	824,507	-	824,507
Gross receipts taxes	10,671,570	544,611	11,216,181
Gasoline and auto distribution taxes	310,526	-	310,526
Other taxes	1,436,096	-	1,436,096
Interest income	19,067	29,374	48,441
Miscellaneous income	114,802	120,268	235,070
Transfers	(76,930)	76,930	-
Loss on disposal of capital assets	(93)	-	(93)
Total Revenues	18,837,307	6,358,119	25,195,426
Program expenses:			
General government	\$ 6,107,535	-	\$ 6,107,535
Public safety	3,851,290	-	3,851,290
Public works	3,329,397	-	3,329,397
Culture and recreation	3,093,871	-	3,093,871
Health and welfare	646,369	-	646,369
Interest on long-term debt	341,433	-	341,433
Joint water and sewer	-	3,552,568	3,552,568
Solid waste	-	1,156,439	1,156,439
Taos Regional Landfill	-	1,050,267	1,050,267
Total Expenses	17,369,895	5,759,274	23,129,169
Change in net assets	1,467,412	598,845	# 2,066,257
Net assets, beginning	51,244,502	20,938,068	72,182,570
Net assets, ending	<u>\$ 52,711,914</u>	<u>\$ 21,536,913</u>	<u>\$ 74,248,827</u>

Governmental activities. Governmental activities increased the Town of Taos' net assets by \$1,467,412. The key elements of this increase are as follows:

- Tax revenues account for \$13,242,699 or 70 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.
- The General fund received the majority of the Town's program revenue, accounting for \$5,537,762 or 29 percent of total governmental revenues. The primary recipients of these revenues are general government and public safety.
- The Town's direct charges to users of governmental services made up \$1,091,166 or 7 percent of total governmental revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

- The increase in revenues is because of operating and capital grants increasing and fair economic conditions within the Town, which have increased gross receipts slightly. Also, other taxes such as property and gas taxes have increased from the prior year.

Business-type activities. Business-type activities increased the Town's net assets by \$598,845. The Town received the capital grants this year and due to a drop in expenditures and increased gross receipts taxes, along with capital and operating grants, the Town generated excess revenue over expenditures.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town of Taos uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Revenues for governmental functions overall totaled approximately \$18,837,307 in the fiscal year ended June 30, 2010, which represents an increase of \$1,864,104 from the fiscal year ended June 30, 2009. This is largely due to the increase in federal and state operating and capital grants. Expenditures for governmental functions, totaling \$17,369,895, decreased by approximately \$545,322 from the fiscal year ended June 30, 2009. This is largely due to the completion of a \$6,000,000 Town Hall project in fiscal year 2009. In the fiscal year ended June 30, 2010, expenditures for governmental functions exceeded revenues by approximately \$1,467,412.

The General Fund is the chief operating fund of the Town of Taos. At the end of the current fiscal year, *unreserved* fund balance of the general fund was also the total fund balance of \$2,759,174.

The fund balance of the Town of Taos' general fund increased by \$655,314 during the current fiscal year, due to an increase in revenue and a decrease in expenditures. Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2010 of \$655,314, an increase of \$934,753 over the comparable figure from the prior year of \$(279,439).

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

At the end of the fiscal year, the unrestricted net assets for enterprise funds were \$4,433,052. The total increase in net assets for the enterprise funds was \$598,845. Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

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

General Fund Budgetary Highlights

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

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

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2010. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

General Fund Budgetary Highlights (Continued)

general fund found at Exhibit C-1. The Town's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year and expenditures not needed. Actual general fund expenditures were \$396,478 less than the final budget amount (favorable variance). This was primarily to general governmental favorable variance of \$233,818. The difference between actual expenditures and budgeted expenditures is due to various expenditures that were expected to occur during the year ended June 30, 2010, but savings from personnel vacancies and cost saving measures caused this favorable variance.

	Budget Amounts		Actual (GAAP Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 4,372,081	\$ 4,256,005	\$ 4,022,187	\$ 233,818
Public safety	3,033,039	2,914,670	2,829,727	84,943
Public works	1,119,748	1,034,103	1,032,020	2,083
Culture and recreation	2,101,984	2,009,566	1,933,932	75,634
	<u>\$ 10,626,852</u>	<u>\$ 10,214,344</u>	<u>\$ 9,817,866</u>	<u>\$ 396,478</u>
<i>Total Expenditures</i>	<u>\$ 10,626,852</u>	<u>\$ 10,214,344</u>	<u>\$ 9,817,866</u>	<u>\$ 396,478</u>

Capital Asset and Debt Administration

Capital assets. The Town of Taos' capital assets for its governmental and business-type activities as of June 30, 2010 amount to \$75,508,866 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. The total in the Town's capital assets for the current fiscal year was an increase of \$1,530,338 for governmental activities and an increase of \$1,971,140 for business-type activities.

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

- \$3,375,077 were additions to governmental buildings and improvements for completion of the Pediatric Clinic, Taos Community Auditorium, Fire Station #2, and Rio Grande Hall HVAC.
- \$877,384 were additions to governmental machinery and equipments for completion of a Composting Facility and Cell 2B & 3A at the Taos Regional Landfill.
- \$2,113,095 additions to business type construction in progress for upgrades to the Wastewater Treatment Plant.

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

Capital assets, net of depreciation

	Governmental Activities	Business-like Activities	Total
Land	\$ 6,277,809	\$ 262,422	\$ 6,540,231
Constuction in progress	7,501,644	2,635,438	10,137,082
Buildings and improvements	27,221,556	4,305,980	31,527,536
Machinery and Equipment	15,242,273	8,452,022	23,694,295
Infrastructure	46,367,444	20,108,528	66,475,972
Land improvements	5,068,985	104,895	5,173,880
Total capital assets	107,679,711	35,869,285	143,548,996
Less: accumulated depreciation	(53,953,674)	(14,086,456)	(68,040,130)
Total property, plant and equipment, net of accumulated depreciation	\$ 53,726,037	\$ 21,782,829	\$ 75,508,866

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, the Town of Taos had total long-term obligations outstanding of \$16,275,339.

The significant additions to long term debt during the year were as follows:

- \$2,213,469 addition for a NMFA loan for the construction of Phase I of a Multi-Phased Recreation Park;
- \$1,000,000 addition for a NMED ARRA CWSRF loan for Phase 2 and Phase 3 of the Wastewater Treatment Plant Rehabilitation project.

Outstanding debt

	Governmental Activities	Business-type Activities	Total
Revenue Bonds	\$ 6,545,000	\$ 2,139,600	\$ 8,684,600
NMFA amd RUS Loans	2,939,982	3,613,904	6,553,886
USDA Contract Payable	-	-	-
Compensated absences	646,610	64,390	711,000
Landfill Closure Liability	-	480,190	480,190
Total long-term liabilities	\$ 10,131,592	\$ 6,298,084	\$ 16,429,676

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

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

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2010

REQUESTS FOR INFORMATION

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

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Town of Taos

Statement of Net Assets

June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,102,120	\$ 3,148,300	\$ 4,250,420
Investments	3,462,425	1,631,164	5,093,589
Receivables:			
Property taxes	204,811	-	204,811
Other taxes	2,023,756	-	2,023,756
Due from other governments	1,078,207	1,166,171	2,244,378
Customer receivables, net	-	603,810	603,810
Internal balances	(26,648)	26,648	-
Total current assets	<u>7,844,671</u>	<u>6,576,093</u>	<u>14,420,764</u>
Noncurrent assets			
Restricted cash and cash equivalents	1,982,949	1,233,536	3,216,485
Bond issuance costs, net of accumulated amortization of \$25,542	191,887	-	191,887
Capital assets	107,679,711	35,869,285	143,548,996
Less: accumulated depreciation	<u>(53,953,674)</u>	<u>(14,086,456)</u>	<u>(68,040,130)</u>
Total noncurrent assets	<u>55,900,873</u>	<u>23,016,365</u>	<u>78,917,238</u>
Total assets	<u>\$ 63,745,544</u>	<u>\$ 29,592,458</u>	<u>\$ 93,338,002</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 684,469	\$ 1,436,930	\$ 2,121,399
Accrued payroll	99,950	11,372	111,322
Deposits held in trust for others	4,853	241,564	246,417
Accrued compensated absences	411,536	50,940	462,476
Accrued interest	51,262	67,595	118,857
Current portion of bonds payable	415,000	41,000	456,000
Current portion of loans and contracts payable	235,296	296,568	531,864
Total current liabilities	<u>1,902,366</u>	<u>2,145,969</u>	<u>4,048,335</u>
Noncurrent liabilities			
Accrued compensated absences	235,074	13,450	248,524
Accrued landfill closure costs	-	480,190	480,190
Bond premiums, net of accumulated amortization of \$9,338	61,504	-	61,504
Bonds payable	6,130,000	2,098,600	8,228,600
Loans and contracts payable	2,704,686	3,317,336	6,022,022
Total noncurrent liabilities	<u>9,131,264</u>	<u>5,909,576</u>	<u>15,040,840</u>
Total liabilities	<u>11,033,630</u>	<u>8,055,545</u>	<u>19,089,175</u>
Net Assets			
Invested in capital assets, net of related debt	44,241,055	16,029,325	60,270,380
Restricted for:			
Debt service	309,478	1,233,536	1,543,014
Capital projects	4,377,727	-	4,377,727
Special revenue	1,441,356	-	1,441,356
Unrestricted	2,342,298	4,274,052	6,616,350
Total net assets	<u>\$ 52,711,914</u>	<u>\$ 21,536,913</u>	<u>\$ 74,248,827</u>

STATE OF NEW MEXICO
Town of Taos
Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 6,107,535	\$ 1,060,803	\$ 384,591	\$ -
Public safety	3,851,290	-	236,430	-
Public works	3,329,397	7,500	-	3,260,706
Culture and recreation	3,093,871	63,012	-	-
Health and welfare	646,369	54,575	470,145	-
Interest on long-term debt	341,433	-	-	-
<i>Total governmental activities</i>	<u>17,369,895</u>	<u>1,185,890</u>	<u>1,091,166</u>	<u>3,260,706</u>
Business-type Activities:				
Water and sewer	3,552,568	2,094,498	-	1,283,005
Solid waste	1,156,439	1,179,800	-	-
Taos regional landfill	1,050,267	1,029,633	-	-
<i>Total business-type activities</i>	<u>5,759,274</u>	<u>4,303,931</u>	<u>-</u>	<u>1,283,005</u>
<i>Total primary government</i>	<u>\$ 23,129,169</u>	<u>\$ 5,489,821</u>	<u>\$ 1,091,166</u>	<u>\$ 4,543,711</u>

General Revenues:

Taxes:
Property taxes, levied for general purposes
Gross receipts taxes
Gasoline and motor vehicle taxes
Franchise taxes
Lodger's taxes
Other taxes
Interest income
Miscellaneous income
Transfers
Loss on disposal of capital assets
 Total general revenues and transfers
 Change in net assets
 Net assets, beginning
 Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,662,141)	\$ -	\$ (4,662,141)
(3,614,860)	-	(3,614,860)
(61,191)	-	(61,191)
(3,030,859)	-	(3,030,859)
(121,649)	-	(121,649)
(341,433)	-	(341,433)
<u>(11,832,133)</u>	<u>-</u>	<u>(11,832,133)</u>
-	(175,065)	(175,065)
-	23,361	23,361
-	(20,634)	(20,634)
<u>-</u>	<u>(172,338)</u>	<u>(172,338)</u>
<u>(11,832,133)</u>	<u>(172,338)</u>	<u>(12,004,471)</u>
824,507	-	824,507
10,671,570	544,611	11,216,181
310,526	-	310,526
498,222	-	498,222
922,117	-	922,117
15,757	-	15,757
19,067	29,374	48,441
114,802	120,268	235,070
(76,930)	76,930	-
(93)	-	(93)
<u>13,299,545</u>	<u>771,183</u>	<u>14,070,728</u>
1,467,412	598,845	2,066,257
<u>51,244,502</u>	<u>20,938,068</u>	<u>72,182,570</u>
<u>\$ 52,711,914</u>	<u>\$ 21,536,913</u>	<u>\$ 74,248,827</u>

STATE OF NEW MEXICO

Town of Taos
Balance Sheet
Governmental Funds
June 30, 2010

Exhibit B-1
Page 1 of 2

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
<i>Assets</i>				
Unrestricted cash and cash equivalents	\$ 284,236	\$ 140,253	\$ 677,631	\$ 1,102,120
Restricted cash and cash equivalents	1,672	1,957,973	23,304	1,982,949
Investments	1,016,325	609,522	1,836,578	3,462,425
Receivables:				
Property taxes	204,811	-	-	204,811
Other taxes	1,576,160	124,877	322,719	2,023,756
Due from other governments	1,521	16,717	1,059,969	1,078,207
Due from other funds	32,445	-	-	32,445
<i>Total assets</i>	<u>\$ 3,117,170</u>	<u>\$ 2,849,342</u>	<u>\$ 3,920,201</u>	<u>\$ 9,886,713</u>
<i>Liabilities</i>				
Accounts payable	\$ 129,817	\$ 230,324	\$ 324,328	\$ 684,469
Accrued payroll	82,839	-	17,111	99,950
Deposits held in trust for others	-	-	4,853	4,853
Deferred revenue	145,340	-	-	145,340
Due to other funds	-	16,710	42,383	59,093
<i>Total liabilities</i>	<u>357,996</u>	<u>247,034</u>	<u>388,675</u>	<u>993,705</u>
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	286,886	286,886
Unreserved, reported in:				
General fund	2,759,174	-	-	2,759,174
Special revenue funds	-	-	1,469,221	1,469,221
Capital projects funds	-	2,602,308	1,775,419	4,377,727
<i>Total fund balances</i>	<u>2,759,174</u>	<u>2,602,308</u>	<u>3,531,526</u>	<u>8,893,008</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,117,170</u>	<u>\$ 2,849,342</u>	<u>\$ 3,920,201</u>	<u>\$ 9,886,713</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Town of Taos

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2010

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	8,893,008
The Town has unamortized bond issuance costs. Bond issuance costs are not a current financial resource and, therefore, are not reported in the funds.		191,887
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		53,726,037
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities.		145,340
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:		
Accrued interest		(51,262)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(646,610)
Bond premiums		(61,504)
Bonds payable		(6,545,000)
Loans payable		(2,867,982)
Contracts payable		(72,000)
		(10,193,106)
Total net assets of governmental activities	\$	52,711,914

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Taos
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

Exhibit B-2
Page 1 of 2

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
<i>Revenues</i>				
Taxes				
Property	\$ 855,755	\$ -	\$ -	\$ 855,755
Gross receipts	8,912,266	753,987	1,005,317	10,671,570
Gasoline and motor vehicle taxes	229,171	-	81,355	310,526
Other	498,222	-	937,874	1,436,096
Intergovernmental income				
Federal operating grants	2,650	-	149,549	152,199
Federal capital grants	-	412,737	882,839	1,295,576
State operating grants	35,000	-	903,967	938,967
State capital grants	-	308,550	1,656,580	1,965,130
Charges for services	407,461	-	456,231	863,692
Licenses and fees	285,166	-	37,032	322,198
Interest income	10,510	2,570	5,987	19,067
Miscellaneous	31,585	-	83,217	114,802
<i>Total revenues</i>	<u>11,267,786</u>	<u>1,477,844</u>	<u>6,199,948</u>	<u>18,945,578</u>
<i>Expenditures</i>				
Current				
General government	4,022,187	-	1,628,479	5,650,666
Public safety	2,829,727	-	211,032	3,040,759
Public works	1,032,020	43,712	445,632	1,521,364
Culture and recreation	1,933,932	-	485,761	2,419,693
Health and welfare	-	-	646,369	646,369
Capital outlay	-	2,265,860	3,041,592	5,307,452
Debt service				
Principal	-	-	557,159	557,159
Interest	-	-	331,313	331,313
Bond issuance costs	-	-	32,712	32,712
<i>Total expenditures</i>	<u>9,817,866</u>	<u>2,309,572</u>	<u>7,380,049</u>	<u>19,507,487</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,449,920</u>	<u>(831,728)</u>	<u>(1,180,101)</u>	<u>(561,909)</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of bonds	-	2,213,469	-	2,213,469
Transfers in	4,808,690	164,457	3,414,664	8,387,811
Transfers out	(5,603,296)	(1,090,748)	(1,770,697)	(8,464,741)
<i>Total other financing sources (uses)</i>	<u>(794,606)</u>	<u>1,287,178</u>	<u>1,643,967</u>	<u>2,136,539</u>
<i>Net change in fund balances</i>	655,314	455,450	463,866	1,574,630
<i>Fund balance - beginning of year</i>	<u>2,103,860</u>	<u>2,146,858</u>	<u>3,067,660</u>	<u>7,318,378</u>
<i>Fund balance - end of year</i>	<u>\$ 2,759,174</u>	<u>\$ 2,602,308</u>	<u>\$ 3,531,526</u>	<u>\$ 8,893,008</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Town of Taos

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ending June 30, 2010

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 1,574,630
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	5,307,452
Depreciation expense	(3,777,021)
Loss on disposal of capital assets	(93)

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

Decrease in deferred revenue related to property taxes receivable	(31,248)
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The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond issuance costs	(11,268)
Increase in accrued interest	(10,120)
Decrease in accrued compensated absences	34,814
Amortization of bond premiums	3,864
Proceeds from issuance of bonds	(2,213,469)
Bond issuance costs	32,712
Principal payments on bonds payable	400,000
Principal payments on loans payable	139,159
Payments on contracts payable	18,000
	18,000

Change in net assets of governmental activities	\$ <u><u>1,467,412</u></u>
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The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit C-1

Town of Taos

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ 760,321	\$ 760,321	\$ 855,755	\$ 95,434
Gross receipts	8,496,816	8,114,755	8,912,266	797,511
Gas and motor vehicle	164,461	229,019	229,171	152
Other	382,496	409,625	498,222	88,597
Intergovernmental income				
Federal operating grants	5,550	5,550	2,650	(2,900)
Federal capital grants	-	-	-	-
State operating grants	35,000	35,000	35,000	-
State capital grants	-	-	-	-
Charges for services	341,862	378,074	407,461	29,387
Licenses and fees	292,282	247,570	285,166	37,596
Interest income	53,370	8,571	10,510	1,939
Miscellaneous	42,233	33,683	31,585	(2,098)
<i>Total revenues</i>	<u>10,574,391</u>	<u>10,222,168</u>	<u>11,267,786</u>	<u>1,045,618</u>
<i>Expenditures</i>				
Current				
General government	4,372,081	4,256,005	4,022,187	233,818
Public safety	3,033,039	2,914,670	2,829,727	84,943
Public works	1,119,748	1,034,103	1,032,020	2,083
Culture and recreation	2,101,984	2,009,566	1,933,932	75,634
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,626,852</u>	<u>10,214,344</u>	<u>9,817,866</u>	<u>396,478</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(52,461)</u>	<u>7,824</u>	<u>1,449,920</u>	<u>1,442,096</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	469,292	768,017	-	(768,017)
Transfers in	5,086,022	4,846,728	4,808,690	(38,038)
Transfers out	(5,502,853)	(5,622,569)	(5,603,296)	19,273
<i>Total other financing sources (uses)</i>	<u>52,461</u>	<u>(7,824)</u>	<u>(794,606)</u>	<u>(786,782)</u>
<i>Net change in fund balance</i>	-	-	655,314	655,314
<i>Fund balance - beginning of year</i>	-	-	2,103,860	2,103,860
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,759,174</u>	<u>\$ 2,759,174</u>

STATE OF NEW MEXICO

Town of Taos
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Enterprise Funds		
	Water and Sewer	Solid Waste	Taos Regional Landfill
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,810,288	\$ 885,336	\$ 452,676
Investments	1,306,664	249,100	75,400
Customer receivables	358,097	147,065	98,648
Other receivables	1,164,370	1,801	-
Interfund receivable	167,518	-	97,000
<i>Total current assets</i>	<u>4,806,937</u>	<u>1,283,302</u>	<u>723,724</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	317,720	-	915,816
Capital assets	31,327,887	416,514	4,124,884
Less: accumulated depreciation	(12,884,797)	(340,123)	(861,536)
<i>Total noncurrent assets</i>	<u>18,760,810</u>	<u>76,391</u>	<u>4,179,164</u>
<i>Total assets</i>	<u>\$ 23,567,747</u>	<u>\$ 1,359,693</u>	<u>\$ 4,902,888</u>
<i>Liabilities and net assets</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 1,271,614	\$ 144,344	\$ 20,972
Accrued payroll	7,023	966	3,383
Meter deposits payable	241,564	-	-
Accrued compensated absences	33,213	2,709	15,018
Interfund payable	132,299	98,160	7,411
Accrued interest payable	62,425	-	5,170
Current portion of bonds payable	41,000	-	-
Current portion of loans and contracts payable	133,989	-	162,579
<i>Total current liabilities</i>	<u>1,923,127</u>	<u>246,179</u>	<u>214,533</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	7,094	961	5,395
Accrued landfill closure costs	-	-	480,190
Bonds payable	2,098,600	-	-
Loans payable	2,348,847	-	968,489
<i>Total noncurrent liabilities</i>	<u>4,454,541</u>	<u>961</u>	<u>1,454,074</u>
<i>Total liabilities</i>	<u>6,377,668</u>	<u>247,140</u>	<u>1,668,607</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	13,861,654	76,391	2,132,280
Restricted for:			
Debt service	317,720	-	915,816
Unrestricted	3,010,705	1,036,162	186,185
<i>Total net assets</i>	<u>\$ 17,190,079</u>	<u>\$ 1,112,553</u>	<u>\$ 3,234,281</u>

The accompanying notes are an integral part of these financial statements

	<u>Total</u>
\$	3,148,300
	1,631,164
	603,810
	1,166,171
	264,518
	<u>6,813,963</u>

	1,233,536
	35,869,285
	(14,086,456)
	<u>23,016,365</u>

\$	<u>29,830,328</u>
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\$	1,436,930
	11,372
	241,564
	50,940
	237,870
	67,595
	41,000
	296,568
	<u>2,383,839</u>

	13,450
	480,190
	2,098,600
	3,317,336
	<u>5,909,576</u>

	<u>8,293,415</u>
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	16,070,325
	1,233,536
	<u>4,233,052</u>

\$	<u>21,536,913</u>
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STATE OF NEW MEXICO
Town of Taos
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water and Sewer	Solid Waste	Taos Regional Landfill
<i>Operating revenues:</i>			
Charges for services	\$ 2,094,498	\$ 1,179,800	\$ 1,029,633
<i>Total operating revenues</i>	<u>2,094,498</u>	<u>1,179,800</u>	<u>1,029,633</u>
<i>Operating expenses:</i>			
Personnel services	658,611	85,887	325,291
Contractual services	1,209,435	793,380	388,390
Supplies	86,048	7,691	6,593
Repairs and maintenance	85,961	23,288	136,437
Utilities	296,395	243,367	6,710
Depreciation	1,027,085	2,647	150,221
Other costs	40,774	179	3,291
<i>Total operating expenses</i>	<u>3,404,309</u>	<u>1,156,439</u>	<u>1,016,933</u>
<i>Operating income (loss)</i>	<u>(1,309,811)</u>	<u>23,361</u>	<u>12,700</u>
<i>Non-operating revenues (expenses):</i>			
Gross receipts taxes	544,611	-	-
Interest expense	(148,259)	-	(33,334)
Interest income	25,336	-	4,038
Miscellaneous income	4,311	24,765	91,192
<i>Total non-operating revenues (expenses)</i>	<u>425,999</u>	<u>24,765</u>	<u>61,896</u>
State and federal capital grants	1,283,005	-	-
Transfers in	4,629,640	-	137,268
Transfers out	(4,552,710)	-	(137,268)
<i>Change in net assets</i>	476,123	48,126	74,596
<i>Net assets, beginning of year</i>	<u>16,713,956</u>	<u>1,064,427</u>	<u>3,159,685</u>
<i>Net assets, end of year</i>	<u>\$ 17,190,079</u>	<u>\$ 1,112,553</u>	<u>\$ 3,234,281</u>

The accompanying notes are an integral part of these financial statements

<hr/>	
Total	
<hr/>	
\$	4,303,931
<hr/>	
	4,303,931
<hr/>	
	1,069,789
	2,391,205
	100,332
	245,686
	546,472
	1,179,953
	44,244
<hr/>	
	5,577,681
<hr/>	
	(1,273,750)
<hr/>	
	544,611
	(181,593)
	29,374
	120,268
<hr/>	
	512,660
<hr/>	
	1,283,005
	4,766,908
	(4,689,978)
<hr/>	
	598,845
<hr/>	
	20,938,068
<hr/>	
\$	21,536,913
<hr/>	

STATE OF NEW MEXICO
Town of Taos
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water and Sewer	Solid Waste	Taos Regional Landfill
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 913,335	\$ 1,186,789	\$ 1,040,461
Cash payments to employees for services	(676,586)	(88,564)	(332,481)
Cash payments to suppliers for goods and services	(560,346)	(1,008,523)	(385,042)
<i>Net cash provided (used) by operating activities</i>	<u>(323,597)</u>	<u>89,702</u>	<u>322,938</u>
<i>Cash flows from noncapital financing activities:</i>			
Gross receipts taxes	544,611	-	-
Miscellaneous income	4,311	24,765	91,192
Change in noncurrent accrued compensated absences	(6,599)	961	(2,575)
Interfund advances (payments) and transfers	37,491	1,044	(1,971)
<i>Net cash provided by noncapital financing activities</i>	<u>579,814</u>	<u>26,770</u>	<u>86,646</u>
<i>Cash flows from capital and related financing activities</i>			
State and federal capital grants	1,283,005	-	-
Interest paid	(149,563)	-	(33,933)
Proceeds from issuance of long-term debt	1,730,000	-	-
Principal payments on long-term debt	(115,227)	-	(158,675)
Acquisition of capital assets	(2,937,825)	-	(213,268)
<i>Net cash (used) by capital and related financing activities</i>	<u>(189,610)</u>	<u>-</u>	<u>(405,876)</u>
<i>Cash flows from investing activities:</i>			
Proceeds from sales and maturities	80,000	-	-
Purchases of investments	(2,790)	-	-
Interest on investments	25,336	-	4,038
<i>Net cash provided by investing activities</i>	<u>102,546</u>	<u>-</u>	<u>4,038</u>
<i>Net increase in cash and cash equivalents</i>	169,153	116,472	7,746
<i>Cash and cash equivalents - beginning of year</i>	<u>1,958,855</u>	<u>768,864</u>	<u>1,360,746</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 2,128,008</u>	<u>\$ 885,336</u>	<u>\$ 1,368,492</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (1,309,811)	\$ 23,361	\$ 12,700
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,027,085	2,647	150,221
Changes in assets and liabilities			
Receivables	(1,181,163)	6,989	10,828
Accounts payable	1,152,185	59,382	2,042
Accrued payroll expenses	(24,566)	(2,704)	(9,180)
Current accrued compensated absences	6,591	27	1,990
Meter deposits	6,082	-	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ (323,597)</u>	<u>\$ 89,702</u>	<u>\$ 322,938</u>

The accompanying notes are an integral part of these financial statements

	<u>Total</u>
\$	3,140,585
	(1,097,631)
	<u>(1,953,911)</u>
	<u>89,043</u>

	544,611
	120,268
	(8,213)
	<u>36,564</u>
	<u>693,230</u>

	1,283,005
	(183,496)
	1,730,000
	(273,902)
	<u>(3,151,093)</u>
	<u>(595,486)</u>

	80,000
	(2,790)
	<u>29,374</u>
	<u>106,584</u>
	293,371
	<u>4,088,465</u>
\$	<u>4,381,836</u>

\$	(1,273,750)
	1,179,953
	(1,163,346)
	1,213,609
	(36,450)
	8,608
	<u>6,082</u>
\$	<u>89,043</u>

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STATE OF NEW MEXICO

Exhibit E-1

Town of Taos

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2010

Assets

Cash	\$	5,494
Investments		<u>62,500</u>
Total assets	\$	<u><u>67,994</u></u>

Liabilities

Deposits payable	\$	66,730
Due to other entities		<u>1,264</u>
Total liabilities	\$	<u><u>67,994</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies

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

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

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

This summary of significant accounting policies of the Town is presented to assist in the understanding of Town's financial statements. The financial statements and notes are the representation of Town's management who is responsible for their integrity and objectivity.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The government-wide and the proprietary funds financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private sector guidance for their government-wide financial statements and enterprise funds, subject to the same limitation. The Town has elected not to follow the subsequent private sector guidance. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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 Town does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

B. Government-wide and fund financial statements

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* was created to accumulate revenue and other financing sources for the purpose of financing general-purpose capital projects.

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

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

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used.

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 1979) are included as part of the governmental capital assets reported in the government wide statements. Information

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Town during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

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

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

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements based on the same factors subject to the availability criterion. Amounts received from reimbursement basis grants are recorded as deferred revenue in the governmental fund financial statements when received more than 60 days after year end.

Compensated Absences: The Town's employees earn personal leave at a rate of 22 to 27 days per year based on years of service. Employees can carry over unused personal leave each year with a cap of 500 hours. On an appointed day each year employees may sell back unused personal leave based on the following: 200 to 299 hours – 25% of hourly salary; 300 to 399 hours – 50% of hourly salary; 400 to 499 – 75% of hourly salary; 500 hours and above – 100% of hourly salary.

Once the employee achieves the 500 hour cap, they can only sell back a total of 136 hours annually; the other 80 hours accrued annually must be used by December 31 or forfeited. At retirement or separation all leave may be sold back at 100% of hourly salary.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Assets or Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt: Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net assets: All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town 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 Town Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 2. Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

legally permissible to over-expend any budget in total by fund.

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

Proprietary fund budgets are prepared on the cash basis. The Town does not budget for depreciation expense, only capital outlay.

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

	<u>Excess (deficiency) of revenues over expenditures</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	\$ (52,461)	\$ 7,824
Capital Projects Fund	\$ (3,650,916)	\$ (2,987,293)
Nonmajor Governmental Funds	\$ (2,769,993)	\$ (2,776,017)
Water and Sewer	\$ (753,444)	\$ (918,315)
Solid Waste	\$ (6,916)	\$ (213,936)
Taos Regional Landfill	\$ 229,639	\$ (174,290)

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

NOTE 3. Deposits and Investments

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Town is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2010.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute.

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

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

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 negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. However, on

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 3. Deposits and Investments (Continued)

October 14, 2008, the FDIC announced a new Transaction Account Guarantee (TAG) Program, that provides depositors with unlimited coverage through December 31, 2010 for insured depository institutions (IDIs) currently participating in the TAG program, with the possibility of an additional extension of up to 12 months

without additional rulemaking, upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension. With regards to this Transaction Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDA's) and any other transaction account that has unlimited withdrawals and that cannot earn interest. Also included in this program are low-interest NOW accounts that cannot earn more than 0.5% interest.

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2010, \$116,000 of the Town's deposits of \$5,520,480 was exposed to custodial credit risk. \$116,000 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Town's name and \$0 was uninsured and uncollateralized.

	First Community Bank	Centinel Bank	Total
	<u> </u>	<u> </u>	<u> </u>
Amount of deposits	\$ 3,980,670	\$ 1,539,810	\$ 5,520,480
Transaction Deposit Accounts covered by the "Transaction Account Guarantee Program"	(3,364,670)	(1,289,810)	(4,654,480)
FDIC Coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	<u>116,000</u>	<u>-</u>	<u>116,000</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>116,000</u>	<u>-</u>	<u>116,000</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 58,000	\$ -	\$ 58,000
Pledged Collateral	<u>241,630</u>	<u>-</u>	<u>241,630</u>
Over (Under) collateralized	<u>\$ 183,630</u>	<u>\$ -</u>	<u>\$ 183,630</u>

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 3. Deposits and Investments (continued)

Investments

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

As of June 30, 2010, the Town's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

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

The Town's investments at June 30, 2010 include the following:

Investments	Rated	Weighted Average Maturity	Fair Value
New MexicoGROW Local Government Investment Pool	AAAM	50 Days	\$ 4,750,853
Reserve Contingencies Fund	Unrated	Does not earn interest	39,236
U.S. Treasury Money Market Mutual Funds *	AAA	>365 Days	441,573
New Mexico State Treasurer Debt Service *	AAA	>365 Days	2,590,450
			<u>\$ 7,822,112</u>

*Restricted cash and cash equivalents per Exhibit A-1

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

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the New MexiGROW LGIP and U.S Treasury Money Market Mutual Funds represent 26% and 74%, respectively, of the investment portfolio. Since the County only purchases investments with the highest credit rating, the additional 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).

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Assets:

Unrestricted cash and cash equivalents per Exhibit A-1	\$ 4,250,420
Restricted cash and cash equivalents per Exhibit A-1	3,216,485
Agency funds cash per Exhibit E-1	5,494
Certificates of deposits (maturity > 3 months)	366,000
Plus outstanding checks	1,252,577
Less deposits in transit	(536,973)
Less U.S. Treasury Money Market Mutual Funds	(441,573)
Less New Mexico State Treasurer Debt Service	(2,590,450)
Less petty cash	<u>(1,500)</u>
Bank balance of deposits	<u><u>\$ 5,520,480</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2010, are as follows:

Governmental Activities:	General	Capital Projects	Other Governmental Funds	Total
Property taxes receivable	\$ 204,811	\$ -	\$ -	\$ 204,811
Other taxes receivable:				
Gross receipts	1,481,874	124,877	166,503	1,773,254
Gasoline and motor vehicle	20,935	-	8,318	29,253
Franchise taxes	73,351	-	-	73,351
Lodger's taxes	-	-	147,898	147,898
Due from other governments:				
Intergovernmental:				
Federal grants	-	-	68,956	68,956
State grants	-	16,717	991,013	1,007,730
Licenses and fees	1,521	-	-	1,521
Total receivables	<u>\$1,782,492</u>	<u>\$ 141,594</u>	<u>\$ 1,382,688</u>	<u>\$3,306,774</u>

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

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Deferred revenue related to property taxes receivable for the Town for the year ended June 30, 2010 was \$145,340.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 4. Receivables (Continued)

Business-type Activities:	Water and Sewer	Solid Waste	Landfill	Total
Customer receivables	\$ 717,926	\$ 200,610	\$ 121,237	\$1,039,773
Other receivables:				
Gross receipts taxes	83,251	-	-	83,251
Intergovernmental:				
Federal grants	900,900	-	-	900,900
State grants	180,219	-	-	180,219
Miscellaneous	-	1,801	-	1,801
Total gross receivables	1,882,296	202,411	121,237	2,205,944
Less: allowance for doubtful accounts	359,829	53,545	22,589	435,963
Total net receivables	<u>\$1,522,467</u>	<u>\$ 148,866</u>	<u>\$ 98,648</u>	<u>\$1,769,981</u>

NOTE 5. Transfers and Interfund Receivables

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	1/4 Cent Municipal GRT	\$ 350,000
Airport Construction	General Fund	16,000
Lodger's Tax	General Fund	245,000
Lodger's Tax	Capital Projects	50,000
Civic Center	General Fund	72,047
Civic Center	Lodger's Tax	313,435
Public Transportation	General Fund	38,000
Public Transportation	Lodger's Tax	98,375
Communications	General Fund	249,880
2001 GRT Revenue Bond Retirement	1/4 Cent Municipal GRT	143,135
2008 GRT Revenue Bond Retirement	1/4 Cent Municipal GRT	140,825
1999 Gas Tax Revenue Bond Retirement	General Fund	157,111
1999 Gas Tax Revenue Bond Retirement	Municipal Road Gasoline Tax	3,374
1999 Gas Tax Revenue Bond Retirement	1999 Gas Tax Revenue Bond Reserve	76,774
2007 NMFA Land Purchase	1/4 Cent Municipal GRT	110,500
Facilities Improvements	General Fund	18,500
Facilities Improvements	Capital Projects	350,000
Capital Projects	1/4 Cent Municipal GRT	353,518
1999 Gasoline Tax Acquisition	Capital Projects	35,000
		<u>\$ 2,821,474</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2010 is as follows:

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 5. Transfers and Interfund Receivables (Continued)

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Public Transportation	\$ 15,496
General Fund	Airport Construction	2,452
General Fund	Water and Sewer	5,926
General Fund	Solid Waste	1,160
General Fund	Taos Regional Landfill	7,411
Water and Sewer	1999 Gasoline Tax Acquisition	24,435
Water and Sewer	Capital Projects	16,710
Water and Sewer	Water and Sewer	126,373
Taos Regional Landfill	Solid Waste	97,000
		<u>\$ 296,963</u>

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

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2010 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance June 30, 2009</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 6,051,936	\$ 5,413	\$ 220,460	\$ -	\$ 6,277,809
Construction in progress	8,226,142	(2,026,517)	1,302,019	-	7,501,644
Total capital assets, not depreciated	<u>14,278,078</u>	<u>(2,021,104)</u>	<u>1,522,479</u>	<u>-</u>	<u>13,779,453</u>
Capital assets, depreciated:					
Land improvements	4,608,964	5,344	454,677	-	5,068,985
Buildings and improvements	23,291,085	1,922,686	2,007,785	-	27,221,556
Machinery and equipment	14,251,086	(18,027)	1,078,505	69,291	15,242,273
Infrastructure	46,041,637	81,801	244,006	-	46,367,444
Total capital assets, depreciated	<u>88,192,772</u>	<u>1,991,804</u>	<u>3,784,973</u>	<u>69,291</u>	<u>93,900,258</u>
Less accumulated depreciation:					
Land improvements	(3,108,333)	-	(248,167)	-	(3,356,500)
Buildings and improvements	(9,756,065)	-	(884,234)	-	(10,640,299)
Machinery and equipment	(9,855,659)	29,300	(1,052,758)	(69,198)	(10,809,919)
Infrastructure	(27,555,094)	-	(1,591,862)	-	(29,146,956)
Total accumulated depreciation	<u>(50,275,151)</u>	<u>29,300</u>	<u>(3,777,021)</u>	<u>(69,198)</u>	<u>(53,953,674)</u>
Net book value	<u>\$ 52,195,699</u>	<u>\$ -</u>	<u>\$ 1,530,431</u>	<u>\$ 93</u>	<u>\$ 53,726,037</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 6. Capital Assets

Depreciation expense for the year ended June 30, 2010 was charged to governmental activities as follows:

General government	\$ 844,215
Public safety	623,454
Public works	1,747,086
Culture and recreation	562,266
	<u>\$ 3,777,021</u>

	Balance June 30, 2009	Reclassifications	Additions	Deletions	Balance June 30, 2010
Business-type activities:					
Capital assets, not depreciated:					
Land	\$ 262,422	\$ -	\$ -	\$ -	\$ 262,422
Construction in progress	<u>1,543,776</u>	<u>(1,378,004)</u>	<u>2,469,666</u>	<u>-</u>	<u>2,635,438</u>
Total capital assets, not depreciated	<u>1,806,198</u>	<u>(1,378,004)</u>	<u>2,469,666</u>	<u>-</u>	<u>2,897,860</u>
Capital assets, depreciated:					
Land improvements	104,895	-	-	-	104,895
Buildings and improvements	4,001,908	24,394	279,678	-	4,305,980
Machinery and equipment	8,348,630	-	283,392	-	8,632,022
Infrastructure	<u>18,455,132</u>	<u>1,353,610</u>	<u>299,786</u>	<u>-</u>	<u>20,108,528</u>
Total capital assets, depreciated	<u>30,910,565</u>	<u>1,378,004</u>	<u>862,856</u>	<u>-</u>	<u>33,151,425</u>
Less accumulated depreciation:					
Land improvements	(76,794)	-	(3,484)	-	(80,278)
Buildings and improvements	(1,671,755)	-	(148,571)	-	(1,820,326)
Machinery and equipment	(5,492,534)	-	(305,172)	-	(5,797,706)
Infrastructure	<u>(5,663,991)</u>	<u>-</u>	<u>(724,155)</u>	<u>-</u>	<u>(6,388,146)</u>
Total accumulated depreciation	<u>(12,905,074)</u>	<u>-</u>	<u>(1,181,382)</u>	<u>-</u>	<u>(14,086,456)</u>
Net book value	<u>\$ 19,811,689</u>	<u>\$ -</u>	<u>\$ 2,151,140</u>	<u>\$ -</u>	<u>\$ 21,962,829</u>

Depreciation expense for the year ended June 30, 2010 was charged to business-type activities as follows:

Water and sewer	\$ 1,027,085
Solid waste	2,647
Landfill	150,221
	<u>\$ 1,179,953</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
Revenue Bonds	\$ 6,945,000	\$ -	\$ 400,000	\$ 6,545,000	\$ 415,000
NMFA Loans	793,672	2,213,469	139,159	2,867,982	217,296
USDA Contract Payable	90,000	-	18,000	72,000	18,000
Compensated Absences	681,424	376,722	411,536	646,610	411,536
Total Long-Term Debt	\$ 8,510,096	\$ 2,590,191	\$ 968,695	\$ 10,131,592	\$ 1,061,832

Revenue Bonds

At June 30, 2010, the Town had two revenue bonds outstanding. For the Series 1999 Gasoline Tax Revenue Bonds, the Town pledged revenues from the General and Municipal Road Gasoline Tax revenues. For the Series 2008 Gross Receipts Tax Revenue Bonds, the Town pledged revenues from the State-Shared Gross Receipts Tax revenues. The revenue bonds are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue
Series 1999 Gasoline Tax	03/01/99	10/01/12	3.60-4.75%	\$1,955,000
Series 2008 Gross Receipts Tax	01/30/08	06/01/26	4.00-5.00%	6,395,000
Total Revenue Bonds				

The annual requirements to amortize the revenue bonds as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 415,000	\$ 265,278	\$ 680,278
2012	435,000	247,755	682,755
2013	450,000	229,188	679,188
2014	280,000	209,800	489,800
2015	290,000	198,600	488,600
2016-2020	1,815,000	1,013,650	2,828,650
2021-2025	1,345,000	117,260	1,462,260
2026-2030	1,515,000	63,630	1,578,630
	\$ 6,545,000	\$ 2,345,161	\$ 8,890,161

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

NMFA Loan

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

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>
NMFA Land Purchase Loan	04/13/07	05/01/17	3.32-3.73%	\$ 954,000
NMFA Phase I Multi-Phase Eco Park	11/25/09	05/01/25	0.62-3.67%	2,213,469
Total NMFA Loans				

The annual requirements to amortize the NMFA loans as of June 30, 2010, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 217,296	\$ 75,420	\$ 292,716
2012	221,078	71,874	292,952
2013	225,410	67,785	293,195
2014	230,226	63,220	293,446
2015	235,585	58,119	293,704
2016-2020	922,970	207,513	1,130,483
2021-2025	815,417	88,362	903,779
	<u>\$ 2,867,982</u>	<u>\$ 632,293</u>	<u>\$ 3,500,275</u>

USDA Contract Payable

At June 30, 2010, the Town had the following USDA contract payable:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>
USDA Contract Payable	02/01/95	06/30/14	0.00%	\$ 360,000

The annual requirements to amortize the USDA contract payable as of June 30, 2010, including interest payments, are as follows:

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 18,000	\$ -	\$ 18,000
2012	18,000	-	18,000
2013	18,000	-	18,000
2014	18,000	-	18,000
	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ 72,000</u>

In prior years, the debt service funds have typically been used to liquidate long-term liabilities other than debt associated with the USDA contract payable which is liquidated by the facilities improvements capital projects fund. Employees of the Town are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2010, compensated absences decreased \$34,814 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

Proprietary Funds

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2010:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
Revenue Bonds	\$ 2,179,600	\$ -	\$ 40,000	\$ 2,139,600	\$ 41,000
NMFA and RUS Loans	2,117,806	1,730,000	233,902	3,613,904	296,568
Landfill Closure Liability	325,853	154,337	-	480,190	-
Compensated Absences	63,995	51,335	50,940	64,390	50,940
Total Long-Term Debt	<u>\$ 4,687,254</u>	<u>\$ 1,935,672</u>	<u>\$ 324,842</u>	<u>\$ 6,298,084</u>	<u>\$ 388,508</u>

Revenue Bonds

At June 30, 2010, the Town had the following revenue bonds outstanding:

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the revenue bonds as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 41,000	\$ 111,382	\$ 152,382
2012	43,000	109,235	152,235
2013	46,000	106,982	152,982
2014	49,000	104,572	153,572
2015	52,000	102,003	154,003
2016-2020	300,000	466,502	766,502
2021-2025	389,000	378,951	767,951
2026-2030	503,000	265,742	768,742
2031-2035	558,600	120,777	679,377
2036-2040	158,000	12,175	170,175
	<u>\$ 2,139,600</u>	<u>\$ 1,778,321</u>	<u>\$ 3,917,921</u>

NMFA and USDA Loans

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

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue
RUS Series 2000A Water & Sewer	12/18/00	12/18/40	5.00%	\$ 250,000
NMFA Series 2001A Water & Sewer	05/11/01	05/01/21	4.16-5.41%	950,391
NMFA Taos Regional Landfill	04/23/04	05/01/14	.79-3.34%	1,372,684
NMFA Series 2008A Landfill	04/11/08	05/01/18	2.72-3.58%	1,000,000
NMFA/WTB Water Project Fund Loan	09/11/09	06/01/29	0.00%	130,000
NMFA/WTB Water Project Fund Loan	09/11/09	06/01/29	0.00%	600,000
NMED/ARRA Water State Revolving Fund Loan	11/23/09	06/30/30	0.00%	1,000,000
Total Loans				

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirement to amortize the loans as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 296,568	\$ 65,728	\$ 362,296
2012	302,663	59,921	362,584
2013	309,252	53,597	362,849
2014	317,268	46,765	364,033
2015	251,666	39,438	291,104
2016-2020	1,100,015	115,433	1,215,448
2021-2025	477,504	45,297	522,801
2026-2030	432,968	36,950	469,918
2031-2035	46,000	27,150	73,150
2036-2040	59,000	14,350	73,350
2041-2045	21,000	1,050	22,050
	<u>\$ 3,613,904</u>	<u>\$ 505,679</u>	<u>\$ 4,119,583</u>

NOTE 8. Risk Management

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

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

At June 30, 2010, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Town of Taos.

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. There were no funds with a deficit fund balance as of June 30, 2010.
- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary level is fund level. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2010:
- C. Designated cash appropriations in excess of available balances. There were no funds that had designated cash appropriations in excess of available balances for the year ended June 30, 2010.

NOTE 10. PERA Pension Plan

Plan Description. Substantially all of the Town of Taos's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 9.15% for law enforcement, fire protection and municipal employees. The Town is required to contribute the following percentages of the gross covered salary: 25.65% for law enforcement employees, 28.30% for fire protection employees, and 13.15% for municipal employees. The contribution requirements of plan members and the Town are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town's contributions to PERA for the years ending June 30, 2010, 2009 and 2008 were \$1,050,500, \$964,168 and \$640,410, respectively, which equals the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

(1)

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 11	1.666%	.833%
FY12	1.834%	.917%
FY 13	2.000%	1.000%

(2)

For employees who are members of an enhanced retirement (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 11	2.084%	1.042%
FY12	2.292%	1.146%
FY 13	2.500%	1.250%

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

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

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

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

The Town's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$83,627, \$76,488 and \$75,902, respectively, which equal the required contribution for each year.

NOTE 12. Contingent Liabilities

There is not any pending litigation that would warrant disclosure in the notes to the financial statements.

NOTE 13. Federal and State Grants

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

NOTE 14. Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require that the Town place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$480,190 as of June 30, 2010, which is based on 31 percent usage (filled) of the landfill. It is estimated that an additional \$1,058,820 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is currently expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care (\$1,549,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2010. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In addition, the Town is required by State and Federal laws and regulations to make annual contributions to finance closure and postclosure care. The Town is in compliance with these requirements, and at June 30, 2010, cash of \$915,816 is part of the pooled funds held by the Town and is presented as restricted cash on the statement of net assets.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 15. Construction and Other Significant Commitments

The Town has committed to pay for several construction contracts that were not completed at June 30, 2010 in the amount of \$10,820,805 as follows:

<u>Project Description</u>	<u>Contract Amount Remaining</u>	<u>Contractor</u>
Eco Park	\$ 2,179,594	Lone Mountain Construction and Living Designs
NM 68 Enhancement	287,060	Advantage Asphalt
Wastewater Treatment Plant Upgrades	<u>8,354,151</u>	AUI, Inc., Zenon, and Souder, Miller & Associates
	<u>\$ 10,820,805</u>	

NOTE 16. Subsequent Events

LGIP Investment in the Reserve Primary Fund

The New Mexico State Treasurer's Office invested a portion of the Local Government Investment Pool (LGIP) in the Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, The Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen.

On July 15, 2010, the Reserve announced that it will begin its seventh distribution to Primary Fund shareholders on or about July 16, 2010. The distribution, in the amount of approximately \$215 million, represents approximately 67% of the Fund's remaining asset value of \$323 million as of the close of business on July 9, 2010. Including this seventh distribution, \$50.7 billion of Fund assets as of the close of business on September 15, 2008, will have been returned to investors. There is \$108 million still remaining with the Reserve at this time and the State Treasurer's Office has no information about timing nor amounts of potential future distributions. As a result, the State Treasurer's Office cannot anticipate what the actual loss to the LGIP from The Reserve Primary Fund may be or when the actual loss may be realized. No actual loss has been realized to date.

NOTE 17. Restricted Net Assets

The government-wide statement of net assets reports \$7,362,097 of restricted net assets, all of which is restricted by enabling legislation. See pages 68 to 71 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 18. Utility Revenues Pledged

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$635,600 in Series 1993A Water & Sewer Revenue Bonds, issued in 1993. The bonds are payable solely from utility customer net revenues and are payable through March 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$516,600 and \$417,646, respectively. Principal and interest paid for the current year and total customer net revenues were \$40,678 and \$1,348,652, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$123,000 in Series 1993B Water & Sewer Revenue Bonds, issued in 1993. The bonds are payable solely from utility customer net revenues and are payable through March 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$101,000 and \$84,095, respectively. Principal and interest paid for the current year and total customer net revenues were \$7,665 and \$1,348,652, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$1,315,000 in Series 1995A Utility Bonds, issued in 1995. The bonds are payable solely from utility customer net revenues and are payable through December 2035. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$1,106,000 and \$920,557, respectively. Principal and interest paid for the current year and total customer net revenues were \$77,708 and \$1,348,652, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$475,000 in Series 1998A Water & Sewer Revenue Bonds, issued in 1999. The bonds are payable solely from utility customer net revenues and are payable through January 2038. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$416,000 and \$356,023, respectively. Principal and interest paid for the current year and total customer net revenues were \$27,426 and \$1,348,652, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 18. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$250,000 in RUS Series 2000A Water & Sewer Loan, issued in 2000. The loans are payable solely from utility customer net revenues and are payable through December 2040. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$228,000 and \$230,250, respectively. Principal and interest paid for the current year and total customer net revenues were \$14,550 and \$1,348,652, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$950,391 in NMFA Series 2001A Water & Sewer Loan, issued in 2001. The loans are payable solely from utility customer net revenues and are payable through May 2021. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$553,947 and \$144,402, respectively. Principal and interest paid for the current year and total customer net revenues were \$67,967 and \$1,348,652, respectively.

The Town of Taos has pledged future revenues from the distribution of the Municipal Environmental Services Gross Receipts Tax revenue, to repay \$1,372,684 in NMFA Taos Regional Landfill Loan, issued in 2004. The loans are payable solely from the Municipal Environmental Services GRT revenue and are payable through May 2014. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$302,334 and \$24,399, respectively. Principal and interest paid for the current year and total customer net revenues were \$81,162 and \$167,037, respectively.

The Town of Taos has pledged future revenues from the Taos Regional Landfill system, net of operation and maintenance expenses, to repay \$1,000,000 in NMFA Series 2008A Landfill Loan, issued in 2008. The loans are payable solely from utility customer net revenues and are payable through May 2018. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$828,734 and \$106,628, respectively. Principal and interest paid for the current year and total customer net revenues were \$112,126 and \$167,037, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$130,000 in NMFA/WTB Water Project, issued in 2010. The loans are payable solely from utility customer net revenues and are payable through May 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal to be paid on the loan is \$124,815 with no interest due. Principal and for the current year and total customer net revenues were \$23,926 and \$1,348,652, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2010

NOTE 18. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$130,000 in NMFA/WTB Water Project, issued in 2010. The loans are payable solely from utility customer net revenues and are payable through May 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal to be paid on the loan is \$576,074 with no interest due. Principal and for the current year and total customer net revenues were \$5,185 and \$1,348,652, respectively.

NOTE 19. Related Parties

The Town conducted transactions with several entities which are considered related parties. These related party transactions are as follows:

<u>Vendor</u>	<u>Related Party</u>	<u>Amount</u>
DMC Broadcasting	Mayor Darren Cordova	\$ 29,841
Abeyta Engineering	Councilmember Rudy Abeyta's brother	40,199
In & Out Plumbing	Assistant Town Manager – Abigail Adame's father	13,612
MS Quick Stop	Finance Director – Marietta Fambro's brother	3,061
Dave's Digital	IT Manager – Reuben Martinez's brother	1,333
Northern NM Job & Drug Screening	CEDD – Matt Sprigg's wife	1,763
Vallecito Courier	Cust. Serv. Mgr. – Debbie Medina-Vigil's husband	4,170
Toop Toops	Bldg & Grounds Dir. – Manuel Pacheco's sister-in-law	1,575
Jireh Electric	Paralegal – Cyndee Perez's husband	1,302
Torres Auto Body	Police Admin. Assis. – Valerie Torres' sister	966

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
June 30, 2010

Special Revenue Funds

Fire Protection

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

Recreation

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

Lodger's Tax

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

Local Government Correction

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

Law Enforcement Protection

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

Civic Center

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

Domestic Violence Shelter

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

Public Transportation

To account for the portion of Lodger's Tax receipts allocated for the purpose of providing transportation to the public. Authority is Town Council resolution.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
June 30, 2010

Special Revenue Funds (continued)

Community Grants

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

Municipal Road Gasoline Tax

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

¼ Cent Municipal Gross Receipts Tax

To account for proceeds from a supplemental municipal gross receipts tax, a portion of which is pledged toward payment of principal and interest on Series 1988 Gross Receipts Tax Revenue Bonds. After required debt service transfers have been made, the remaining income of this fund is restricted for capital improvement purposes. NMSA 1978 Chapter 7, Article 20E-1 to 22.

Communications

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
June 30, 2010

Debt Service Funds

2001 Gross Receipts Tax Revenue Bond Retirement

This fund was created with transfers from Gross Receipts Tax revenues for the purpose of accumulating monies for payment of principal and interest on Series 2001 Gross Receipts Tax Revenue Bonds. Authority is Town Council resolution.

2008 Gross Receipts Tax Revenue Bond Retirement

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

1999 Gasoline Tax Revenue Bond Retirement

This fund was created with transfers from the Gas Tax Fund for the purpose of repayment of the Series 1999 Gasoline Tax Revenue Bonds. Authority is Town Council resolution.

1999 Gasoline Tax Revenue Bond Reserve

This fund was created with transfers from the Gas Tax Fund for the purpose of accumulating monies for the payment of principal and interest on Series 1999 Gasoline Tax Revenue Bonds. Authority is Town Council resolution.

2007 NMFA Land Purchase

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
June 30, 2010

Capital Projects Funds

Facilities Improvements

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

Airport Construction

This fund was created to receive proceeds from federal and state grants for the purpose of financing improvements to the Taos Municipal Airport. Authority is Town Council resolution.

Enhanced 911

This fund was created to receive grants and transfers for the purpose of expanding benefits of the basic 911 emergency telephone number to achieve faster response time. Authority is Town Council resolution.

Vehicle Replacement

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

1994 Gross Receipts Tax Revenue Bond Acquisition

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

1999 Gasoline Tax Acquisition

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue			
	Fire Protection	Recreation	Lodger's Tax	Local Government Correction
<i>Assets</i>				
Unrestricted cash and cash equivalents	\$ 58,369	\$ 1,972	\$ 111,794	\$ 23,449
Restricted cash and cash equivalents	-	-	-	-
Investments	377,220	40,000	40,000	7,000
Receivables:				
Other taxes	-	-	147,898	-
Other	-	-	-	-
<i>Total assets</i>	\$ 435,589	\$ 41,972	\$ 299,692	\$ 30,449
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 495	\$ 5,950	\$ 8,255
Accrued payroll	-	-	2,178	-
Deposits held in trust for others	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	495	8,128	8,255
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	-	-
Unreserved				
Special revenue	435,589	41,477	291,564	22,194
Capital projects	-	-	-	-
<i>Total fund balances</i>	435,589	41,477	291,564	22,194
<i>Total liabilities and fund balances</i>	\$ 435,589	\$ 41,972	\$ 299,692	\$ 30,449

The accompanying notes are an integral part of these financial statements

Special Revenue

Law Enforcement Protection	Civic Center	Domestic Violence Shelter	Public Transportation	Community Grants	Municipal Road Gasoline Tax
\$ 977	\$ 43,438	\$ 1	\$ -	\$ 1,998	\$ -
-	1,853	-	-	-	-
-	25,000	-	-	180,000	-
-	-	-	-	-	8,318
-	-	-	26,228	32,075	-
<u>\$ 977</u>	<u>\$ 70,291</u>	<u>\$ 1</u>	<u>\$ 26,228</u>	<u>\$ 214,073</u>	<u>\$ 8,318</u>
\$ 464	\$ 3,359	\$ -	\$ 3,828	\$ 2,962	\$ -
-	3,788	-	3,945	697	-
-	4,853	-	-	-	-
-	-	-	15,496	-	-
<u>464</u>	<u>12,000</u>	<u>-</u>	<u>23,269</u>	<u>3,659</u>	<u>-</u>
-	-	-	-	-	-
513	58,291	1	2,959	210,414	8,318
-	-	-	-	-	-
<u>513</u>	<u>58,291</u>	<u>1</u>	<u>2,959</u>	<u>210,414</u>	<u>8,318</u>
<u>\$ 977</u>	<u>\$ 70,291</u>	<u>\$ 1</u>	<u>\$ 26,228</u>	<u>\$ 214,073</u>	<u>\$ 8,318</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue		Debt Service	
	1/4 Cent Municipal Gross Receipts Tax	Communications	2001 Gross Receipts Tax Revenue Bond Retirement	2008 Gross Receipts Tax Revenue Bond Retirement
<i>Assets</i>				
Unrestricted cash and cash equivalents	\$ -	\$ 48,905	\$ 73	\$ 230
Restricted cash and cash equivalents	-	-	-	-
Investments	39,038	150,000	-	-
Receivables:				
Other taxes	166,503	-	-	-
Other	-	-	-	-
<i>Total assets</i>	<u>\$ 205,541</u>	<u>\$ 198,905</u>	<u>\$ 73</u>	<u>\$ 230</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 42	\$ -	\$ -
Accrued payroll	-	6,503	-	-
Deposits held in trust for others	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>6,545</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	73	230
Unreserved				
Special revenue	205,541	192,360	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>205,541</u>	<u>192,360</u>	<u>73</u>	<u>230</u>
<i>Total liabilities and fund balances</i>	<u>\$ 205,541</u>	<u>\$ 198,905</u>	<u>\$ 73</u>	<u>\$ 230</u>

The accompanying notes are an integral part of these financial statements

Debt Service			Capital Projects		
1999 Gasoline Tax Revenue Bond Retirement	1999 Gasoline Tax Revenue Bond Reserve	2007 NMFA Land Purchase	Facilities Improvements	Airport Construction	Enhanced 911
\$ 69,426	\$ -	\$ 206	\$ 33,008	\$ -	\$ 309
-	-	21,451	-	-	-
-	195,500	-	-	-	25,000
-	-	-	-	-	-
-	-	-	826,841	23,323	-
<u>\$ 69,426</u>	<u>\$ 195,500</u>	<u>\$ 21,657</u>	<u>\$ 859,849</u>	<u>\$ 23,323</u>	<u>\$ 25,309</u>
\$ -	\$ -	\$ -	\$ 101,592	\$ 2,181	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,452	-
-	-	-	101,592	4,633	-
69,426	195,500	21,657	-	-	-
-	-	-	-	-	-
-	-	-	758,257	18,690	25,309
<u>69,426</u>	<u>195,500</u>	<u>21,657</u>	<u>758,257</u>	<u>18,690</u>	<u>25,309</u>
<u>\$ 69,426</u>	<u>\$ 195,500</u>	<u>\$ 21,657</u>	<u>\$ 859,849</u>	<u>\$ 23,323</u>	<u>\$ 25,309</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Statement A-1
Page 3 of 3

	Capital Projects			Total Nonmajor Governmental Funds
	Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	1999 Gasoline Tax Acquisition	
<i>Assets</i>				
Unrestricted cash and cash equivalents	\$ 460	\$ 8,353	\$ 274,663	\$ 677,631
Restricted cash and cash equivalents	-	-	-	23,304
Investments	47,000	652,438	58,382	1,836,578
Receivables:				
Other taxes	-	-	-	322,719
Other	60,503	-	90,999	1,059,969
<i>Total assets</i>	\$ 107,963	\$ 660,791	\$ 424,044	\$ 3,920,201
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 4,469	\$ 190,731	\$ 324,328
Accrued payroll	-	-	-	17,111
Deposits held in trust for others	-	-	-	4,853
Due to other funds	-	-	24,435	42,383
<i>Total liabilities</i>	-	4,469	215,166	388,675
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	-	286,886
Unreserved				
Special revenue	-	-	-	1,469,221
Capital projects	107,963	656,322	208,878	1,775,419
<i>Total fund balances</i>	107,963	656,322	208,878	3,531,526
<i>Total liabilities and fund balances</i>	\$ 107,963	\$ 660,791	\$ 424,044	\$ 3,920,201

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	Fire Protection	Recreation	Lodger's Tax	Local Governmental Correction
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	15,757	922,117	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	236,430	-	-	-
State capital grants	-	-	-	-
Charges for services	-	15,494	36,552	-
Licenses and fees	-	-	-	36,532
Interest income	-	-	-	-
Miscellaneous	-	-	16,141	-
<i>Total revenues</i>	<u>236,430</u>	<u>31,251</u>	<u>974,810</u>	<u>36,532</u>
<i>Expenditures</i>				
Current				
General government	-	-	638,066	-
Public safety	71,350	-	-	103,166
Public works	-	-	-	-
Culture and recreation	-	76,880	-	-
Health and welfare	-	-	-	-
Capital outlay	37,770	-	4,405	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>109,120</u>	<u>76,880</u>	<u>642,471</u>	<u>103,166</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>127,310</u>	<u>(45,629)</u>	<u>332,339</u>	<u>(66,634)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	660,473	86,000
Transfers out	-	-	(777,283)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(116,810)</u>	<u>86,000</u>
<i>Net change in fund balances</i>	127,310	(45,629)	215,529	19,366
<i>Fund balances - beginning of year</i>	<u>308,279</u>	<u>87,106</u>	<u>76,035</u>	<u>2,828</u>
<i>Fund balances - end of year</i>	<u>\$ 435,589</u>	<u>\$ 41,477</u>	<u>\$ 291,564</u>	<u>\$ 22,194</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Law Enforcement Protection</u>	<u>Civic Center</u>	<u>Domestic Violence Shelter</u>	<u>Public Transportation</u>	<u>Community Grants</u>	<u>Municipal Road Gasoline Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	81,355
-	-	-	-	-	-
-	-	149,549	-	-	-
-	-	-	-	-	-
-	-	-	300,976	346,941	-
-	-	-	-	-	-
-	47,518	-	54,575	-	-
-	500	-	-	-	-
-	-	-	-	-	-
-	300	-	1,380	47	-
-	<u>48,318</u>	<u>149,549</u>	<u>356,931</u>	<u>346,988</u>	<u>81,355</u>
-	-	-	-	436,486	-
36,516	-	-	-	-	-
-	-	-	-	-	-
-	408,881	-	-	-	-
-	-	150,000	496,369	-	-
-	-	-	42,707	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>36,516</u>	<u>408,881</u>	<u>150,000</u>	<u>539,076</u>	<u>436,486</u>	<u>-</u>
<u>(36,516)</u>	<u>(360,563)</u>	<u>(451)</u>	<u>(182,145)</u>	<u>(89,498)</u>	<u>81,355</u>
-	385,482	-	181,375	-	-
-	-	-	-	-	(76,774)
-	<u>385,482</u>	-	<u>181,375</u>	-	<u>(76,774)</u>
(36,516)	24,919	(451)	(770)	(89,498)	4,581
<u>37,029</u>	<u>33,372</u>	<u>452</u>	<u>3,729</u>	<u>299,912</u>	<u>3,737</u>
<u>\$ 513</u>	<u>\$ 58,291</u>	<u>\$ 1</u>	<u>\$ 2,959</u>	<u>\$ 210,414</u>	<u>\$ 8,318</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue		Debt Service	
	1/4 Cent Municipal Gross Receipts Tax	Communications	2001 Gross Receipts Tax Revenue Bond Retirement	2008 Gross Receipts Tax Revenue Bond Retirement
<i>Revenues</i>				
Taxes				
Gross receipts	\$ 1,005,317	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	294,592	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	823	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,005,317	294,592	823	-
<i>Expenditures</i>				
Current				
General government	-	545,266	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	49,866	235,000
Interest	-	-	24,105	255,825
Bond issuance costs	-	-	32,712	-
<i>Total expenditures</i>	-	545,266	106,683	490,825
<i>Excess (deficiency) of revenues over expenditures</i>	1,005,317	(250,674)	(105,860)	(490,825)
<i>Other financing sources (uses)</i>				
Transfers in	-	258,948	105,860	490,825
Transfers out	(869,878)	-	-	-
<i>Total other financing sources (uses)</i>	(869,878)	258,948	105,860	490,825
<i>Net change in fund balances</i>	135,439	8,274	-	-
<i>Fund balances - beginning of year</i>	70,102	184,086	73	230
<i>Fund balances - end of year</i>	\$ 205,541	\$ 192,360	\$ 73	\$ 230

The accompanying notes are an integral part of these financial statements

Debt Service			Capital Projects		
1999 Gasoline Tax Revenue Bond Retirement	1999 Gasoline Tax Revenue Bond Reserve	2007 NMFA Land Purchase	Facilities Improvements	Airport Construction	Enhanced 911
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	852,690	-
-	-	-	19,620	-	-
-	-	-	1,000,181	78,692	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,374	72	-	-	-
-	-	-	61,349	-	-
-	<u>3,374</u>	<u>72</u>	<u>1,081,150</u>	<u>931,382</u>	<u>-</u>
500	-	1,978	-	-	-
-	-	-	-	-	-
-	-	-	128,392	194,908	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,099,770	731,907	-
165,000	-	89,293	18,000	-	-
28,947	-	22,436	-	-	-
-	-	-	-	-	-
<u>194,447</u>	<u>-</u>	<u>113,707</u>	<u>1,246,162</u>	<u>926,815</u>	<u>-</u>
<u>(194,447)</u>	<u>3,374</u>	<u>(113,635)</u>	<u>(165,012)</u>	<u>4,567</u>	<u>-</u>
237,259	-	110,838	846,604	16,000	-
-	(3,374)	(337)	(5,000)	-	-
<u>237,259</u>	<u>(3,374)</u>	<u>110,501</u>	<u>841,604</u>	<u>16,000</u>	<u>-</u>
42,812	-	(3,134)	676,592	20,567	-
26,614	195,500	24,791	81,665	(1,877)	25,309
<u>\$ 69,426</u>	<u>\$ 195,500</u>	<u>\$ 21,657</u>	<u>\$ 758,257</u>	<u>\$ 18,690</u>	<u>\$ 25,309</u>

STATE OF NEW MEXICO

Statement A-2

Town of Taos

Page 3 of 3

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2010

	Capital Projects			Total Nonmajor Governmental Funds
	Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	1999 Gasoline Tax Acquisition	
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ 1,005,317
Gasoline and motor vehicle taxes	-	-	-	81,355
Other	-	-	-	937,874
Intergovernmental income				
Federal operating grants	-	-	-	149,549
Federal capital grants	30,149	-	-	882,839
State operating grants	-	-	-	903,967
State capital grants	30,353	-	547,354	1,656,580
Charges for services	-	-	7,500	456,231
Licenses and fees	-	-	-	37,032
Interest income	-	1,209	509	5,987
Miscellaneous	-	4,000	-	83,217
<i>Total revenues</i>	<u>60,502</u>	<u>5,209</u>	<u>555,363</u>	<u>6,199,948</u>
<i>Expenditures</i>				
Current				
General government	6,183	-	-	1,628,479
Public safety	-	-	-	211,032
Public works	-	122,332	-	445,632
Culture and recreation	-	-	-	485,761
Health and welfare	-	-	-	646,369
Capital outlay	149,384	-	975,649	3,041,592
Debt service				
Principal	-	-	-	557,159
Interest	-	-	-	331,313
Bond issuance costs	-	-	-	32,712
<i>Total expenditures</i>	<u>155,567</u>	<u>122,332</u>	<u>975,649</u>	<u>7,380,049</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(95,065)</u>	<u>(117,123)</u>	<u>(420,286)</u>	<u>(1,180,101)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	35,000	3,414,664
Transfers out	-	-	(38,051)	(1,770,697)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(3,051)</u>	<u>1,643,967</u>
<i>Net change in fund balances</i>	(95,065)	(117,123)	(423,337)	463,866
<i>Fund balances - beginning of year</i>	<u>203,028</u>	<u>773,445</u>	<u>632,215</u>	<u>3,067,660</u>
<i>Fund balances - end of year</i>	<u>\$ 107,963</u>	<u>\$ 656,322</u>	<u>\$ 208,878</u>	<u>\$ 3,531,526</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 1

Town of Taos

Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	178,836	236,430	236,430	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>178,836</u>	<u>236,430</u>	<u>236,430</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	392,115	449,709	71,350	378,359
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	95,000	95,000	37,770	57,230
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>487,115</u>	<u>544,709</u>	<u>109,120</u>	<u>435,589</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(308,279)</u>	<u>(308,279)</u>	<u>127,310</u>	<u>435,589</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	308,279	308,279	-	(308,279)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>308,279</u>	<u>308,279</u>	<u>-</u>	<u>(308,279)</u>
<i>Net change in fund balance</i>	-	-	127,310	127,310
<i>Fund balance - beginning of year</i>	-	-	308,279	308,279
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,589</u>	<u>\$ 435,589</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 2

Town of Taos

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	19,250	19,250	15,757	(3,493)
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	12,179	12,179	15,494	3,315
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>31,429</u>	<u>31,429</u>	<u>31,251</u>	<u>(178)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	76,895	76,895	76,880	15
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>76,895</u>	<u>76,895</u>	<u>76,880</u>	<u>15</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(45,466)</u>	<u>(45,466)</u>	<u>(45,629)</u>	<u>(163)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	45,466	45,466	-	(45,466)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>45,466</u>	<u>45,466</u>	<u>-</u>	<u>(45,466)</u>
<i>Net change in fund balance</i>	-	-	(45,629)	(45,629)
<i>Fund balance - beginning of year</i>	-	-	87,106	87,106
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,477</u>	<u>\$ 41,477</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 3

Town of Taos

Lodger's Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	887,574	856,657	922,117	65,460
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	19,200	19,200	36,552	17,352
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	4,350	4,350	16,141	11,791
<i>Total revenues</i>	<u>911,124</u>	<u>880,207</u>	<u>974,810</u>	<u>94,603</u>
<i>Expenditures</i>				
Current				
General government	676,102	728,187	638,066	90,121
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	10,000	4,406	4,405	1
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>686,102</u>	<u>732,593</u>	<u>642,471</u>	<u>90,122</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>225,022</u>	<u>147,614</u>	<u>332,339</u>	<u>184,725</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	35,908	35,908	-	(35,908)
Transfers in	613,982	660,473	660,473	-
Transfers out	(874,912)	(843,995)	(777,283)	66,712
<i>Total other financing sources (uses)</i>	<u>(225,022)</u>	<u>(147,614)</u>	<u>(116,810)</u>	<u>30,804</u>
<i>Net change in fund balance</i>	-	-	215,529	215,529
<i>Fund balance - beginning of year</i>	-	-	76,035	76,035
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,564</u>	<u>\$ 291,564</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 4

Town of Taos

Local Government Correction Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	52,140	52,140	36,532	(15,608)
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,140</u>	<u>52,140</u>	<u>36,532</u>	<u>(15,608)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	94,000	131,000	103,166	27,834
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>94,000</u>	<u>131,000</u>	<u>103,166</u>	<u>27,834</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(41,860)</u>	<u>(78,860)</u>	<u>(66,634)</u>	<u>12,226</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	7,860	7,860	-	(7,860)
Transfers in	34,000	71,000	86,000	15,000
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>41,860</u>	<u>78,860</u>	<u>86,000</u>	<u>7,140</u>
<i>Net change in fund balance</i>	-	-	19,366	19,366
<i>Fund balance - beginning of year</i>	-	-	2,828	2,828
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,194</u>	<u>\$ 22,194</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 5

Town of Taos

Law Enforcement Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	32,000	32,000	-	(32,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>32,000</u>	<u>32,000</u>	<u>-</u>	<u>(32,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	32,000	37,209	36,516	693
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,000</u>	<u>37,209</u>	<u>36,516</u>	<u>693</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(5,209)</u>	<u>(36,516)</u>	<u>(31,307)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	5,209	-	(5,209)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>5,209</u>	<u>-</u>	<u>(5,209)</u>
<i>Net change in fund balance</i>	-	-	(36,516)	(36,516)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>37,029</u>	<u>37,029</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 513</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 6

Town of Taos

Civic Center Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	64,645	47,200	47,518	318
Licenses and fees	200	200	500	300
Interest income	-	-	-	-
Miscellaneous	200	200	300	100
<i>Total revenues</i>	<u>65,045</u>	<u>47,600</u>	<u>48,318</u>	<u>718</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	490,498	455,793	408,881	46,912
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>490,498</u>	<u>455,793</u>	<u>408,881</u>	<u>46,912</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(425,453)</u>	<u>(408,193)</u>	<u>(360,563)</u>	<u>47,630</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	16,119	17,119	-	(17,119)
Transfers in	409,334	391,074	385,482	(5,592)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>425,453</u>	<u>408,193</u>	<u>385,482</u>	<u>(22,711)</u>
<i>Net change in fund balance</i>	-	-	24,919	24,919
<i>Fund balance - beginning of year</i>	-	-	33,372	33,372
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,291</u>	<u>\$ 58,291</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 7

Town of Taos

Domestic Violence Shelter Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	150,000	150,000	149,549	(451)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>149,549</u>	<u>(451)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	150,000	150,000	150,000	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(451)</u>	<u>(451)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(451)	(451)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>452</u>	<u>452</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 8

Town of Taos

Public Transportation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	327,552	329,382	300,976	(28,406)
State capital grants	-	-	-	-
Charges for services	55,000	55,000	54,575	(425)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	1,380	1,380
<i>Total revenues</i>	<u>382,552</u>	<u>384,382</u>	<u>356,931</u>	<u>(27,451)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	508,832	497,740	496,369	1,371
Capital outlay	40,213	42,706	42,707	(1)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>549,045</u>	<u>540,446</u>	<u>539,076</u>	<u>1,370</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(166,493)</u>	<u>(156,064)</u>	<u>(182,145)</u>	<u>(26,081)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(7,150)	(48,431)	-	48,431
Transfers in	173,643	204,495	181,375	(23,120)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>166,493</u>	<u>156,064</u>	<u>181,375</u>	<u>25,311</u>
<i>Net change in fund balance</i>	-	-	(770)	(770)
<i>Fund balance - beginning of year</i>	-	-	3,729	3,729
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 2,959</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 9

Town of Taos

Community Grants Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	481,445	657,221	346,941	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	47	47
<i>Total revenues</i>	<u>481,445</u>	<u>657,221</u>	<u>346,988</u>	<u>47</u>
<i>Expenditures</i>				
Current				
General government	689,888	889,360	436,486	452,874
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	78,460	64,764	-	64,764
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>768,348</u>	<u>954,124</u>	<u>436,486</u>	<u>517,638</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(286,903)</u>	<u>(296,903)</u>	<u>(89,498)</u>	<u>517,685</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	241,903	241,903	-	(241,903)
Transfers in	45,000	55,000	-	(55,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>286,903</u>	<u>296,903</u>	<u>-</u>	<u>(296,903)</u>
<i>Net change in fund balance</i>	-	-	(89,498)	220,782
<i>Fund balance - beginning of year</i>	-	-	299,912	299,912
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,414</u>	<u>\$ 520,694</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 10

Town of Taos

Municipal Road Gasoline Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	56,226	88,605	81,355	(7,250)
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>56,226</u>	<u>88,605</u>	<u>81,355</u>	<u>(7,250)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>56,226</u>	<u>88,605</u>	<u>81,355</u>	<u>(7,250)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(56,226)	(88,605)	(76,774)	11,831
<i>Total other financing sources (uses)</i>	<u>(56,226)</u>	<u>(88,605)</u>	<u>(76,774)</u>	<u>11,831</u>
<i>Net change in fund balance</i>	-	-	4,581	4,581
<i>Fund balance - beginning of year</i>	-	-	3,737	3,737
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,318</u>	<u>\$ 8,318</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 11

Town of Taos

1/4 Cent Municipal Gross Receipts Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	954,698	911,770	1,005,317	93,547
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>954,698</u>	<u>911,770</u>	<u>1,005,317</u>	<u>93,547</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>954,698</u>	<u>911,770</u>	<u>1,005,317</u>	<u>93,547</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(954,698)	(911,770)	(869,878)	41,892
<i>Total other financing sources (uses)</i>	<u>(954,698)</u>	<u>(911,770)</u>	<u>(869,878)</u>	<u>41,892</u>
<i>Net change in fund balance</i>	-	-	135,439	135,439
<i>Fund balance - beginning of year</i>	-	-	70,102	70,102
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,541</u>	<u>\$ 205,541</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 12

Town of Taos

Communications Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	329,611	315,963	294,592	(21,371)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>329,611</u>	<u>315,963</u>	<u>294,592</u>	<u>(21,371)</u>
<i>Expenditures</i>				
Current				
General government	605,575	578,279	545,266	33,013
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>605,575</u>	<u>578,279</u>	<u>545,266</u>	<u>33,013</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(275,964)</u>	<u>(262,316)</u>	<u>(250,674)</u>	<u>11,642</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,368	3,368	-	(3,368)
Transfers in	272,596	258,948	258,948	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>275,964</u>	<u>262,316</u>	<u>258,948</u>	<u>(3,368)</u>
<i>Net change in fund balance</i>	-	-	8,274	8,274
<i>Fund balance - beginning of year</i>	-	-	184,086	184,086
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,360</u>	<u>\$ 192,360</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 13

Town of Taos

2001 Gross Receipts Tax Revenue Bond Retirement Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	823	823
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>823</u>	<u>823</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	105,065	75,874	49,866	26,008
Interest	65,602	51,865	24,105	27,760
<i>Total expenditures</i>	<u>170,667</u>	<u>127,739</u>	<u>73,971</u>	<u>53,768</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(170,667)</u>	<u>(127,739)</u>	<u>(73,148)</u>	<u>54,591</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(333)	(333)	-	333
Transfers in	171,000	128,072	105,860	(22,212)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>170,667</u>	<u>127,739</u>	<u>105,860</u>	<u>(21,879)</u>
<i>Net change in fund balance</i>	-	-	32,712	32,712
<i>Fund balance - beginning of year</i>	-	-	73	73
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,785</u>	<u>\$ 32,785</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 14

Town of Taos

2008 Gross Receipts Tax Revenue Bond Retirement Debt Service Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	235,000	235,000	235,000	-
Interest	255,825	255,825	255,825	-
<i>Total expenditures</i>	<u>490,825</u>	<u>490,825</u>	<u>490,825</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(490,825)</u>	<u>(490,825)</u>	<u>(490,825)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	490,825	490,825	490,825	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>490,825</u>	<u>490,825</u>	<u>490,825</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	230	230
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ 230</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 15

Town of Taos

1999 Gasoline Tax Revenue Bond Retirement Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	750	750	500	250
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	165,000	165,000	165,000	-
Interest	32,743	32,743	28,947	3,796
<i>Total expenditures</i>	<u>198,493</u>	<u>198,493</u>	<u>194,447</u>	<u>4,046</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(198,493)</u>	<u>(198,493)</u>	<u>(194,447)</u>	<u>4,046</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	21,739	(52,352)	-	52,352
Transfers in	176,754	250,845	237,259	(13,586)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>198,493</u>	<u>198,493</u>	<u>237,259</u>	<u>38,766</u>
<i>Net change in fund balance</i>	-	-	42,812	42,812
<i>Fund balance - beginning of year</i>	-	-	26,614	26,614
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,426</u>	<u>\$ 69,426</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 16

Town of Taos

1999 Gasoline Tax Revenue Bond Reserve Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	3,840	3,840	3,374	(466)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,840</u>	<u>3,840</u>	<u>3,374</u>	<u>(466)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,840</u>	<u>3,840</u>	<u>3,374</u>	<u>(466)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(3,840)	(3,840)	(3,374)	466
<i>Total other financing sources (uses)</i>	<u>(3,840)</u>	<u>(3,840)</u>	<u>(3,374)</u>	<u>466</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>195,500</u>	<u>195,500</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,500</u>	<u>\$ 195,500</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 17

Town of Taos

2007 NMFA Land Purchase Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	72	72
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>
<i>Expenditures</i>				
Current				
General government	1,945	1,945	1,978	(33)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	89,721	89,721	89,293	428
Interest	22,048	22,048	22,436	(388)
<i>Total expenditures</i>	<u>113,714</u>	<u>113,714</u>	<u>113,707</u>	<u>7</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(113,714)</u>	<u>(113,714)</u>	<u>(113,635)</u>	<u>79</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,214	3,214	-	(3,214)
Transfers in	110,500	110,500	110,838	338
Transfers out	-	-	(337)	(337)
<i>Total other financing sources (uses)</i>	<u>113,714</u>	<u>113,714</u>	<u>110,501</u>	<u>(3,213)</u>
<i>Net change in fund balance</i>	-	-	(3,134)	(3,134)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,791</u>	<u>24,791</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,657</u>	<u>\$ 21,657</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 18

Town of Taos

Facilities Improvements Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	27,000	19,620	(7,380)
State capital grants	1,011,182	1,011,182	1,000,181	(11,001)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	22,350	61,349	38,999
<i>Total revenues</i>	<u>1,011,182</u>	<u>1,060,532</u>	<u>1,081,150</u>	<u>20,618</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	300,543	259,824	128,392	131,432
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,035,114	1,093,183	1,099,770	(6,587)
Debt service				
Principal	18,000	18,000	18,000	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,353,657</u>	<u>1,371,007</u>	<u>1,246,162</u>	<u>124,845</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(342,475)</u>	<u>(310,475)</u>	<u>(165,012)</u>	<u>145,463</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	80,871	(548,129)	-	548,129
Transfers in	261,604	887,354	846,604	(40,750)
Transfers out	-	(28,750)	(5,000)	23,750
<i>Total other financing sources (uses)</i>	<u>342,475</u>	<u>310,475</u>	<u>841,604</u>	<u>531,129</u>
<i>Net change in fund balance</i>	-	-	676,592	676,592
<i>Fund balance - beginning of year</i>	-	-	81,665	81,665
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 758,257</u>	<u>\$ 758,257</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 19

Town of Taos

Airport Construction Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	1,270,941	1,350,233	852,690	(497,543)
State operating grants	-	-	-	-
State capital grants	179,669	181,781	78,692	(103,089)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,450,610</u>	<u>1,532,014</u>	<u>931,382</u>	<u>(600,632)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	688,847	726,500	194,908	531,592
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	815,183	858,992	731,907	127,085
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,504,030</u>	<u>1,585,492</u>	<u>926,815</u>	<u>658,677</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(53,420)</u>	<u>(53,478)</u>	<u>4,567</u>	<u>58,045</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	37,420	37,478	-	(37,478)
Transfers in	16,000	16,000	16,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>53,420</u>	<u>53,478</u>	<u>16,000</u>	<u>(37,478)</u>
<i>Net change in fund balance</i>	-	-	20,567	20,567
<i>Fund balance - beginning of year</i>	-	-	(1,877)	(1,877)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,690</u>	<u>\$ 18,690</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 20

Town of Taos

Enhanced 911 Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	25,309	25,309
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,309</u>	<u>\$ 25,309</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 21

Town of Taos

Vehicle Replacement Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	30,153	30,153	30,149	-
State operating grants	-	-	-	-
State capital grants	31,792	31,792	30,353	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>61,945</u>	<u>61,945</u>	<u>60,502</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	4,624	6,183	(1,559)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	169,945	165,321	149,384	15,937
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>169,945</u>	<u>169,945</u>	<u>155,567</u>	<u>14,378</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(108,000)</u>	<u>(108,000)</u>	<u>(95,065)</u>	<u>14,378</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	108,000	108,000	-	(108,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>108,000</u>	<u>108,000</u>	<u>-</u>	<u>(108,000)</u>
<i>Net change in fund balance</i>	-	-	(95,065)	(93,622)
<i>Fund balance - beginning of year</i>	-	-	203,028	203,028
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,963</u>	<u>\$ 109,406</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 22

Town of Taos

1994 Gross Receipts Tax Revenue Bond Acquisition Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	15,000	15,000	-	(15,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	12,258	12,258	1,209	(11,049)
Miscellaneous	-	-	4,000	4,000
<i>Total revenues</i>	<u>27,258</u>	<u>27,258</u>	<u>5,209</u>	<u>(22,049)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	216,240	222,740	122,332	100,408
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	129,109	129,109	-	129,109
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>345,349</u>	<u>351,849</u>	<u>122,332</u>	<u>229,517</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(318,091)</u>	<u>(324,591)</u>	<u>(117,123)</u>	<u>207,468</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	318,091	324,591	-	(324,591)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>318,091</u>	<u>324,591</u>	<u>-</u>	<u>(324,591)</u>
<i>Net change in fund balance</i>	-	-	(117,123)	(117,123)
<i>Fund balance - beginning of year</i>	-	-	773,445	773,445
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,322</u>	<u>\$ 656,322</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 23

Town of Taos

1999 Gasoline Tax Acquisition Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	2,041,959	2,041,959	547,354	-
Charges for services	-	7,000	7,500	500
Licenses and fees	-	-	-	-
Interest income	-	-	509	509
Miscellaneous	5,887	5,887	-	(5,887)
<i>Total revenues</i>	<u>2,047,846</u>	<u>2,054,846</u>	<u>555,363</u>	<u>(4,878)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,711,522	2,694,087	975,649	1,718,438
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,711,522</u>	<u>2,694,087</u>	<u>975,649</u>	<u>1,718,438</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(663,676)</u>	<u>(639,241)</u>	<u>(420,286)</u>	<u>1,713,560</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	628,676	628,676	-	(628,676)
Transfers in	35,000	35,000	35,000	-
Transfers out	-	(24,435)	(38,051)	(13,616)
<i>Total other financing sources (uses)</i>	<u>663,676</u>	<u>639,241</u>	<u>(3,051)</u>	<u>(642,292)</u>
<i>Net change in fund balance</i>	-	-	(423,337)	1,071,268
<i>Fund balance - beginning of year</i>	-	-	632,215	632,215
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,878</u>	<u>\$ 1,703,483</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B- 24

Town of Taos

Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	716,024	683,828	753,987	70,159
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	507,500	507,500	412,737	(94,763)
State operating grants	-	-	-	-
State capital grants	933,531	941,531	308,550	(632,981)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	2,570	2,570
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,157,055</u>	<u>2,132,859</u>	<u>1,477,844</u>	<u>(655,015)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	119,297	168,137	43,712	124,425
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,688,674	4,952,015	2,265,860	2,686,155
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,807,971</u>	<u>5,120,152</u>	<u>2,309,572</u>	<u>2,810,580</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,650,916)</u>	<u>(2,987,293)</u>	<u>(831,728)</u>	<u>2,155,565</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,154,647	1,910,788	-	(1,910,788)
Transfers in	182,373	211,123	164,457	(46,666)
Transfers out	(686,104)	(1,134,618)	(1,090,748)	43,870
Proceeds from issuance of bonds	2,000,000	2,000,000	2,213,469	213,469
<i>Total other financing sources (uses)</i>	<u>3,650,916</u>	<u>2,987,293</u>	<u>1,287,178</u>	<u>(1,913,584)</u>
<i>Net change in fund balance</i>	-	-	455,450	241,981
<i>Fund balance - beginning of year</i>	-	-	2,146,858	2,146,858
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,602,308</u>	<u>\$ 2,388,839</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

Town of Taos

Water and Sewer Fund

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 2,202,388	\$ 2,202,388	\$ 2,094,498	\$ (107,890)
<i>Total operating revenues</i>	<u>2,202,388</u>	<u>2,202,388</u>	<u>2,094,498</u>	<u>(107,890)</u>
<i>Operating expenses:</i>				
Personnel services	679,145	669,140	658,611	10,529
Contractual services	1,052,637	1,160,668	1,209,435	(48,767)
Supplies	80,770	88,513	86,049	2,464
Maintenance and materials	102,900	101,466	85,961	15,505
Utilities	335,550	326,534	296,395	30,139
Equipment	5,722,325	11,658,711	(1)	11,658,712
Depreciation	-	-	1,027,085	(1,027,085)
Miscellaneous	543,291	171,259	40,774	130,485
<i>Total operating expenses</i>	<u>8,516,618</u>	<u>14,176,291</u>	<u>3,404,309</u>	<u>10,771,982</u>
<i>Operating income (loss)</i>	<u>(6,314,230)</u>	<u>(11,973,903)</u>	<u>(1,309,811)</u>	<u>10,664,092</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	477,349	477,349	544,611	67,262
Interest expense	(168,283)	(167,911)	(148,259)	19,652
Interest income	64,020	64,020	25,336	(38,684)
Government contributions	4,457,700	8,947,941	1,283,005	(7,664,936)
Miscellaneous income	730,000	1,734,189	4,311	(1,729,878)
<i>Total non-operating revenues (expenses)</i>	<u>5,560,786</u>	<u>11,055,588</u>	<u>1,709,004</u>	<u>(9,346,584)</u>
Transfers	-	33,350	76,930	43,580
<i>Change in net assets</i>	<u>\$ (753,444)</u>	<u>\$ (884,965)</u>	<u>476,123</u>	<u>\$ 1,361,088</u>
<i>Total net assets, beginning of year</i>			<u>16,713,956</u>	
<i>Total net assets, end of year</i>			<u>\$ 17,190,079</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

Town of Taos

Solid Waste Fund

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 1,176,407	\$ 1,176,407	\$ 1,179,800	\$ 3,393
<i>Total operating revenues</i>	<u>1,176,407</u>	<u>1,176,407</u>	<u>1,179,800</u>	<u>3,393</u>
<i>Operating expenses:</i>				
Personnel services	134,399	89,406	85,887	3,519
Contractual services	729,950	793,383	793,380	3
Supplies	6,090	7,690	7,691	(1)
Maintenance and materials	26,800	23,290	23,288	2
Utilities	291,770	243,684	243,367	317
Equipment	8,000	248,000	-	248,000
Depreciation	-	-	2,647	(2,647)
Miscellaneous	1,600	176	179	(3)
<i>Total operating expenses</i>	<u>1,198,609</u>	<u>1,405,629</u>	<u>1,156,439</u>	<u>249,190</u>
<i>Operating income (loss)</i>	<u>(22,202)</u>	<u>(229,222)</u>	<u>23,361</u>	<u>252,583</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	-	-	-	-
Interest expense	-	-	-	-
Interest income	-	-	-	-
Government contributions	-	-	-	-
Miscellaneous income	15,286	15,286	24,765	9,479
<i>Total non-operating revenues (expenses)</i>	<u>15,286</u>	<u>15,286</u>	<u>24,765</u>	<u>9,479</u>
Transfers	-	-	-	-
<i>Change in net assets</i>	<u>\$ (6,916)</u>	<u>\$ (213,936)</u>	48,126	<u>\$ 262,062</u>
<i>Total net assets, beginning of year</i>			<u>1,064,427</u>	
<i>Total net assets, end of year</i>			<u>\$ 1,112,553</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

Town of Taos

Taos Regional Landfill Fund

Statement of Revenues, Expenses and Changes in Net Assets
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 1,651,943	\$ 1,226,524	\$ 1,029,633	\$ (196,891)
<i>Total operating revenues</i>	<u>1,651,943</u>	<u>1,226,524</u>	<u>1,029,633</u>	<u>(196,891)</u>
<i>Operating expenses:</i>				
Personnel services	350,557	347,894	325,291	22,603
Contractual services	336,344	305,314	388,390	(83,076)
Supplies	12,100	7,537	6,593	944
Maintenance and materials	118,921	138,687	136,437	2,250
Utilities	8,123	8,123	6,710	1,413
Equipment	766,647	766,647	-	766,647
Depreciation	-	-	150,221	(150,221)
Miscellaneous	168,272	163,716	3,291	160,425
<i>Total operating expenses</i>	<u>1,760,964</u>	<u>1,737,918</u>	<u>1,016,933</u>	<u>720,985</u>
<i>Operating income (loss)</i>	<u>(109,021)</u>	<u>(511,394)</u>	<u>12,700</u>	<u>524,094</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	-	-	-	-
Interest expense	(32,413)	(33,969)	(33,334)	635
Interest income	5,000	5,000	4,038	(962)
Government contributions	366,073	366,073	-	(366,073)
Miscellaneous income	-	-	91,192	91,192
<i>Total non-operating revenues (expenses)</i>	<u>338,660</u>	<u>337,104</u>	<u>61,896</u>	<u>(275,208)</u>
Transfers	-	150,000	-	(150,000)
<i>Change in net assets</i>	<u>\$ 229,639</u>	<u>\$ (24,290)</u>	<u>74,596</u>	<u>\$ 98,886</u>
<i>Total net assets, beginning of year</i>			<u>3,159,685</u>	
<i>Total net assets, end of year</i>			<u>\$ 3,234,281</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Town of Taos
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2010

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First Community Bank					
Clearing Account	Checking	\$ 350,817	\$ 376,540	\$ 727,230	\$ 127
Judicial Bond Fund Municipal Court	Checking	2,499	-	827	1,672
Utility Construction Fund	Checking	39,530	-	-	39,530
Water & Sewer System Income Fund	Checking	3,221,824	55,104	51,454	3,225,474
Certificate of Deposit - Investment	CD	170,500	-	-	170,500
Certificate of Deposit - Investment	CD	195,500	-	-	195,500
Total First Community Bank		<u>3,980,670</u>	<u>431,644</u>	<u>779,511</u>	<u>3,632,803</u>
Centinel Bank					
General Fund	Checking	1,322,147	105,329	326,363	1,101,113
Water/Wastewater Improvement Fund	Checking	129,859	-	67,364	62,495
Payroll Clearing	Checking	11	-	-	11
1994 GRT Revenue Bond Acquisition Fund	Checking	27,853	-	19,500	8,353
HUD Account - Domestic Violence Shelter	Checking	11,215	-	11,213	2
ACH Transfer Account	Checking	48,725	-	48,626	99
Total Centinel Bank		<u>1,539,810</u>	<u>105,329</u>	<u>473,066</u>	<u>1,172,073</u>
Bank of Albuquerque - Investments					
2001A Water & Sewer Revenue Bond Retirement	U.S. Treasury Mutual Fund	61,837	-	-	61,837
2004 Taos Regional Landfill Revenue Bond Reserve	U.S. Treasury Mutual Fund	137,509	-	-	137,509
2008A Taos Regional Landfill Debt Service	U.S. Treasury Mutual Fund	100,175	-	-	100,175
2004 Taos Regional Landfill Acquisition	Fund	142,052	-	-	142,052
Total Bank of Albuquerque		<u>441,573</u>	<u>-</u>	<u>-</u>	<u>441,573</u>
New Mexico Finance Authority - Investments					
2007 NMFA Land Purchase	State Treasurer Debt Service	21,451	-	-	21,451
2001A Water & Sewer Revenue Bond Retirement	State Treasurer Debt Service	11,925	-	-	11,925
2004 Taos Regional Landfill Revenue Bond Reserve	State Treasurer Debt Service	20,599	-	-	20,599
2008A Taos Regional Landfill Debt Service	State Treasurer Debt Service	21,020	-	-	21,020
2010 Phase II Wastewater Treatment Plant Rehab	State Treasurer Debt Service	557,483	-	-	557,483
2010 Phase I Multi-phased Rec. Park	Service	1,957,972	-	-	1,957,972
Total New Mexico Finance Authority		<u>2,590,450</u>	<u>-</u>	<u>-</u>	<u>2,590,450</u>
Total		<u>\$8,552,503</u>	<u>\$ 536,973</u>	<u>\$1,252,577</u>	7,836,899
New Mexico State Treasurer Local Government Investment Pool					4,790,089
Add: petty cash					1,500
Total deposits and investments					<u>\$12,628,488</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 4,250,420
Investments - Exhibit A-1					5,093,589
Restricted cash and cash equivalents - Exhibit A-1					3,216,485
Fiduciary funds cash and cash equivalents and investments - Exhibit E-1					67,994
Total deposits and investments					<u>\$12,628,488</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO

Schedule II

Town of Taos

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2010

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Type of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2010</u>	<u>Location of Safekeeper</u>
First Community Bank	GNR2009-84	Loan	10/15/2020	38374XD77	<u>\$ 241,630</u>	Federal Home Loan Bank, Dallas, TX

See accompanying independent auditors' report

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STATE OF NEW MEXICO

Schedule III

Town of Taos

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<i>Assets</i>				
Cash	\$ 863	\$ 28,114	\$ 23,483	\$ 5,494
Investments	68,500	-	6,000	62,500
Total assets	<u>\$ 69,363</u>	<u>\$ 28,114</u>	<u>\$ 29,483</u>	<u>\$ 67,994</u>
<i>Liabilities</i>				
Deposits payable	\$ 68,260	\$ 7,780	\$ 9,310	\$ 66,730
Due to other entities	1,103	14,334	14,173	1,264
Total liabilities	<u>\$ 69,363</u>	<u>\$ 22,114</u>	<u>\$ 23,483</u>	<u>\$ 67,994</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Joint Powers Agreements
June 30, 2010

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

See accompanying independent auditors' report

Period	Cost to Town	Town Contributions	Audit Responsibility
40 Years from 2009, with option to renew	\$2,140,012 for Phase I; unknown for other phases	None to date	Taos Municipal School District
November 20, 2007 to January 31, 2028	Indeterminate	Indeterminate	County of Taos
July 6, 1998 until terminated	Estimated \$219,494 per year	\$243,694	Town of Taos
50 years from November 2, 2000	Dependent on landfill expenses	\$900,867 during 2009	Town of Taos

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the General Fund and the aggregate remaining fund information of the Town of Taos (“the Town”), New Mexico, as of and for the year ended June 30, 2010, which collectively comprise the Town’s basic financial statements as listed in the table of contents, and have issued our report thereon dated November 22, 2010. We also have audited the financial statements of each of the Town’s nonmajor governmental funds and budgetary comparisons for the proprietary funds, Capital Projects Fund, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 as items FS 2007-01, FS 2009-03, and FS 2010-01, to be material weaknesses.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the audit committee management, others within the organization, Town Commission, the Office of the State Auditor, New Mexico Legislature, the New Mexico Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 22, 2010

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

Compliance

We have audited the compliance of Town of Taos, New Mexico (“the Town”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town’s major federal programs for the year ended June 30, 2010. The Town’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town’s management. Our responsibility is to express an opinion on the Town’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town’s compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA 2009-01 and FA 2010-01.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items FA 2009-01 and FA 2010-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiency, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 22, 2010

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Schedule V
(Page 1 of 2)

Funding Source/Grant or Contact Name	CFDA Number	Federal Grantors Number	Expenditures
U.S. Department of Justice			
Enforcement Assistance	16.580	2005-DD-BX-1109	\$ 66,101
Recovery Act Jag Program- ARRA	16.804	2009-SB-B9-0068	30,353
Total U.S. Department of Justice			96,454
U.S. Department of Housing & Urban Development Passed Through the State of New Mexico, Department of Finance & Administration			
Community Against Violence	14.235	NM02B601005	150,451
Community Development Block Grant - Sustainable Building Ordinance (1)	14.228	07-C-NR-I-06-G-56	430,000
Total U.S. Department of Housing & Urban Development			580,451
U.S. Department of Transportation			
Federal Aviation Administration (FAA)			
Airport Improvements Program - PAPI (1)	20.106	3-35-0041-016-2006	295,831
Airport Improvements Program - Equipment (1)	20.106	3-35-0041-019-2008	179,778
Airport Improvements Program - EIS (1)	20.106	3-35-0041-017-2007	375,015
Federal Transportation Administration (FTA) Federal Assistance (1)	20.500	NM-03-0041	32,750
Federal Transportation Administration (FTA) Federal Assistance-ARRA (1)	20.507		412,625
Total U.S. Department of Transportation			1,295,999
U.S. Department of Agriculture			
RUS - Police Equipment	10.766		36,324
U.S. Environmental Protection Agency Passed Through the State of New Mexico Environment Department			
EPA- Clean Water State Revolving Fund- ARRA (1)	66.458	CWSRF 15	1,433,573
Total Federal Financial Assistance			\$ 3,442,801

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Schedule V
(Page 2 of 2)

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Town of Taos and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the governmental fund financial statements, except for the proprietary funds. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

2. Subrecipients

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,442,801
Total expenditures funded by other sources	<u>21,642,367</u>
Total expenditures	<u><u>\$ 25,085,168</u></u>

STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
14.228	Community Development Block Grant
20.106	Airport Improvements Program
20.500 and 20.507	FTA- Federal Assistance Program
66.458	EPA- Clean Water State Revolving Fund

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under the requirements set forth by OMB Circular A-133 section 530? | No |

STATE OF NEW MEXICO
 Town of Taos
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

Section II – Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings

		Disposition
2007-01	Bank Reconciliations	Repeated and Revised
2009-01	Stale Dated Checks	Resolved
2009-02	Travel and Per Diem	Resolved
2009-03	Preparation of Financial Statements	Repeated
2009-04	Expenditures in Excess of Budget	Resolved
2009-05	Gross Pay is not Correct	Resolved
2009-06	Salary/Fringe Benefits Not Appropriately Authorized	Resolved
2009-07	Lodger's Tax	Resolved

Federal Awards Findings

2009-01	Davis-Bacon	Repeated
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Section III – Financial Statement Findings and Questioned Costs

FS 2007-01 Bank Reconciliations and Recording of Cash

Condition: The Town did not prepare a bank reconciliation for the ACH transfer account or the payroll clearing account. In addition, the Town did not record \$2,590,450 of restricted cash from New Mexico Finance Authority statements on the Town's general ledger.

Criteria: NMSA 6-10-2 discusses the duty of public officials to balance public money at the close of each business day. Good accounting practices also require that bank reconciliations are prepared and reviewed at least monthly.

Effect: Before the adjustments were made, the Town's cash per the trial balance was understated by \$2,541,824.

Cause: The Town was unaware of the need to reconcile all bank accounts even when there is no activity. Also, the Town did not record cash in NMFA statements.

Auditors' Recommendation: We recommend that the Town prepare monthly bank reconciliations for the accounts mentioned above and that the bank reconciliations are reviewed for accuracy by Management.

Agency's Response: The Town's Finance Department has started and will continue to prepare manual bank reconciliations. The Finance Department will work with the software company to upgrade the system to allow these accounts to be entered into the Town's general ledger and ensure that the preparation occurs monthly and reviewed by Management for accuracy.

FS 2009-03 Preparation of Financial Statements

Condition: The Town does not have adequate internal controls in place to prepare its financial statements and related disclosures.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

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

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

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

The training should include, but not be limited to:

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

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

Agency's Response: The Town has started implementing a plan of action detailing the training for staff, which has included the preparation of the MD&A for the first time, participating and planning the New Mexico Government Finance Officers Association's annual conference with topics associated to financial statements and internal controls, adopting tools, policies and procedures to detect possible misstatements in its financial statements and related footnote disclosures.

FS 2010-01 Design Deficiencies in Internal Control over Financial Reporting

Condition: The Town's internal control structure is inadequate. The Town does not have a comprehensive documented internal control system over financial information. The Town does not maintain proper oversight or monitoring in regards to the Town's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- Periodically, capital asset listings are routed to the appropriate managers to determine whether the assets still physically exist, but have limited success on the completion.
- Purchase orders, (including unused forms) are not pre-numbered.
- Changes to the vendor master file are not periodically reviewed for reasonableness.
- The payroll system master file change log is not reviewed, showing all changes made to payroll information, to ensure it reflects accurate and complete information.
- A current purchasing manual defines restrictions on purchases of goods or services from governing body members, employees, or other suppliers that would create a conflict of interest. Although this exists in the Town's personnel policy, it does not have written acknowledgement by employees, governing board, or management.
- Management does not have internal controls in place to ensure all debt covenants have been reviewed and the Town is in compliance with all requirements of each debt instrument
- Management has not established practices for the identification of risks affecting the entity as well as appropriate fraud risk assessment and monitoring processes.
- Management does not monitor controls over financial reporting through ongoing monitoring, independent evaluations, and remediation of identified deficiencies.

Criteria: NMAC 6.20.2.11 states:

A. Every Town shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

B. Each Town shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

(1) Town management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the Town.

(2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with Town authorization.

(3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered.

(4) The Town shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates.

(5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, the Town shall establish any other criteria applicable to such statements to maintain accountability for assets.

(6) The Town shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports.

FS 2010-01 Design Deficiencies in Internal Control over Financial Reporting (Continued)

C. An internal control structure is required to demonstrate the Town's ability to record, process, summarize and report financial data consistent with the following financial statement assertions:

- (1) rights and ownership;
- (2) existence and occurrence;
- (3) valuation and allocations;
- (4) completeness; and,
- (5) presentation and disclosure.

D. The internal control structure shall demonstrate that the Town identifies applicable laws and regulations, and that procedures are designed to provide reasonable assurance that the Town complies with those laws and regulations. Internal control procedures shall be established, implemented and documented through Town correspondence, manuals, training, and other additional methods. Appropriate internal control procedures shall be adopted by the Council within a Town to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The internal control structure shall address all Town transactions.

The SAS No. 112 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 112 paragraph 19 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Effect: Because certain internal controls have weaknesses in design, key controls are not in place to properly safeguard assets and prevent or detect material misstatements due to errors or fraud.

Cause: The Town has not performed a formalized and documented risk assessment process for those key controls in place to prevent and detect errors or fraud.

Auditors' Recommendations: The Town should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the Town's documented internal control procedures. The Town Council is charged with governance and should provide effective oversight of the internal control and financial reporting process.

Agency's Response: Management agrees with the auditors' recommendations and will prepare a formalized and documented internal control procedures in association with existing practices that are currently followed with the Town's accounting manual and subsequent policies and procedures.

FINDINGS – FEDERAL AWARDS

FA 2009-01 –Davis-Bacon

Federal program information:

Funding agency:	Community Development Block Grant
Title:	CDBG
CFDA number:	14.228
Award period:	July 1, 2009 to June 30, 2010

Condition: The Town did not review payroll reports submitted for prevailing wages with Davis-Bacon in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement.

Criteria: The Town is required to submit certified payroll and use Davis-Bacon wages in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.

Effect: Non-compliance with the reporting requirement of U.S. Office of Management and Budget (OMB) Circular A-133 may affect the Town's federal award future funding.

FA 2009-01 –Davis-Bacon (Continued)

Questioned Costs: None

Cause: The Town did not review the contractor submitted payroll reports for wages in compliance with Davis-Bacon. Although the Town did review the certified payrolls at the latter part of the project to ensure compliance with this requirement, the internal controls over compliance were absent during the beginning of the fiscal year.

Auditors' Recommendation: The Town must ensure that they follow the Davis-Bacon Act for all future federal award funding.

Agency's Response: Management agrees with the auditors' recommendation and will follow the compliance supplements for all future federally awarded funds per the grant agreements along with the Town's created checklist, which describes the proper steps and requirements in following the Davis-Bacon Act.

FA 2010-01 Excluded Parties List

Federal program information:

Funding agency:	All major programs
Title:	All major programs
CFDA number:	All major programs
Award period:	July 1, 2009 to June 30, 2010

Condition: During our review of procurement for all major programs tested, it was noted that the Town does not reference the Excluded Parties List System, for contracts of goods or services in which more than \$25,000 is expended.

Criteria: The OMB A-133 Compliance Supplement Part 3-Compliance Requirements I- Procurement Suspension and Debarment stipulates non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered Transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction that is expected to equal or exceed \$25,000 or meet other certain specified criteria.

Effect: The Town could be contracting with vendors for services or goods that are included on the suspension and debarment listing which could potentially decrease federal funding received since this is considered non-compliance.

Questioned Costs: None

Cause: The Town was unaware the Excluded Parties List System website existed.

Auditors' Recommendation: We recommend that the Town implement procedures to ensure all vendors for services and goods over \$25,000 be verified that they do not exist on the suspension and debarment listing.

Agency's Response: Management agrees with the auditors' recommendation and will follow the compliance of supplement Part-3-Compliance Requirements I – Procurement Suspension and Debarment. The Finance Department will also create a checklist, which describes the proper steps and requirements to follow when federal funding is involved to meet this compliance supplement.

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STATE OF NEW MEXICO
Town of Taos
Other Disclosures
For the Year Ended June 30, 2010

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 22, 2010. In attendance were the following:

Representing the Town of Taos:

Darren Cordova	Mayor
Daniel Miera	Town Manager
Marietta Fambro	Finance Director
Allen Ferguson	Town Attorney

Representing Accounting & Consulting Group, LLP:

Robert Cordova, CPA	Audit Manager
Ray Roberts, CPA	Managing Partner

Auditor Prepared Financial Statements

Although it would be preferred and desirable for the Town to prepare its own financial statements, the Town's personnel did not have the time to prepare them. Accounting & Consulting Group, LLP prepared the financial statements of the Town of Taos from the original books and records provided to them by the management of the Town. Management is responsible for the financial statements.