



State of New Mexico
Town of Taos
Annual Financial Report
June 30, 2013



**Accounting &
Consulting Group, LLP**
Certified Public Accountants



ALAMOGORDO ✕ ALBUQUERQUE ✕ CARLSBAD ✕ CLOVIS ✕ HOBBS ✕ ROSWELL ✕ LUBBOCK, TX

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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Town of Taos
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STATE OF NEW MEXICO

Town of Taos

Official Roster

June 30, 2013

<u>Name</u>	<u>Town Council</u>	<u>Title</u>
Darren Cordova		Mayor
Andrew Gonzales		Mayor Pro Tem
Michael A. Silva		Councilor
Rudy Abeyta		Councilor
Frederick Peralta		Councilor

Administration

Oscar Rodriguez	Town Manager
Abigail Adame	Assistant Town Manager
Marietta Fambro	Finance Director
Renee Lucero	Town Clerk
Richard Chavez	Municipal Judge
C. Brian James	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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Town of Taos (the "Town"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds, and the budgetary comparisons for the proprietary funds, the major capital projects fund, and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taos, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of each nonmajor governmental fund as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the proprietary funds, major capital projects fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Town's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations* and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are fairly stated, in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 15, 2013

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2013

We are pleased to present the Town of Taos's financial statements for the fiscal year ended June 30, 2013. Management's discussion and analysis of these statements is also provided to help the reader fully understand the Town's financial condition.

FINANCIAL HIGHLIGHTS

- The Town of Taos' total assets exceeded its total liabilities at the close of the fiscal year by \$79,033,767 (*net position*). Of this amount, \$6,187,493 (*unrestricted net position*) is available to meet the government's ongoing obligations to its citizens and creditors.
- The Town's total net position increased by \$1,509,891 during the fiscal year. The majority of this overall increase is due to charges for services, operating and capital grants and a decrease in overall expenses.
- As of June 30, 2013, the Town's governmental funds reported combined ending net position balances of \$49,017,580. Of this total, \$3,904,751 is designated for debt service and capital projects.
- At the close of the current fiscal year, the unreserved fund balance for the general fund was \$926,270, amounting to 10 percent or 30 days of total general government expenditures.
- The Town of Taos' total debt decreased during the year due to greater principal payments being paid. The Town acquired additional debt in the amount of \$397,390. Compensated absences have decreased from the prior year. The Town paid \$1,587,685 towards the principal of various of its government loans, bonds, compensated absences and contracts payable

Overview of the Financial Statements

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

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

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

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

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

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

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

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2013

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-64 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 70-81 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, the net of assets over liabilities, otherwise known as net position, may serve over time as a useful indicator of a government's financial position. In the case of the Town of Taos, assets exceeded liabilities by \$79,033,767 at the close of the current fiscal year.

The significant portion of the Town of Taos' net position represents the Town's investment of \$64,628,128 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The Town of Taos uses these capital assets to provide services to its citizens, so these assets are *not* available for future spending. Although the Town of Taos' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current and other assets	\$ 7,284,040	\$ 5,538,502	\$ 12,822,542
Restricted cash, cash equivalents & investments	1,518,544	3,284,810	4,803,354
Bond issuance costs and discount	155,527	-	155,527
Capital assets, net of accumulated depreciation	49,979,191	28,796,847	78,776,038
Total assets	58,937,302	37,620,159	96,557,461
<u>Liabilities</u>			
Current Liabilities	\$ 1,452,800	\$ 1,015,670	\$ 2,468,470
Non-current liabilities	8,466,922	6,588,302	15,055,224
Total liabilities	9,919,722	7,603,972	17,523,694
<u>Net Position</u>			
Net investment in capital assets	41,096,710	23,531,418	64,628,128
Restricted	4,933,336	3,284,810	8,218,146
Unrestricted	2,987,534	3,199,959	6,187,493
Total net position	\$ 49,017,580	\$ 30,016,187	\$ 79,033,767
 <i>Total Liabilities and Net Position</i>	 \$ 58,937,302	 \$ 37,620,159	 \$ 96,557,461

A portion of the Town of Taos' governmental restricted net position of \$4,933,336 (10 percent) represents resources that are subject to restrictions related to covenants arising from the Town's long-term debt issuance and capital projects. The remaining balance of *unrestricted net position*, \$2,987,534 may be used to meet the government's ongoing obligations to citizens and creditors.

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

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Analysis of Changes in Net Position

The Town's net position increased by \$1,509,891 during the fiscal year. This increase is primarily the result of a increased charge for services, grant revenues and other taxes during the fiscal year

Changes in Net Assets
For the Year Ended June 30, 2013

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 1,209,168	\$ 5,308,620	\$ 6,517,788
Operating grants and contributions	1,287,932	-	1,287,932
Capital grants and contributions	1,564,921	1,624,150	3,189,071
General revenues:			
Property taxes, levied for general purposes	978,102	-	978,102
Gross receipts taxes	9,537,350	449,504	9,986,854
Gasoline and auto distribution taxes	387,416	-	387,416
Other taxes	1,341,373	-	1,341,373
Interest income (loss)	8,095	26,826	34,921
Miscellaneous income	452,306	19,554	471,860
Transfers	13,616	(13,616)	-
	<u>16,780,279</u>	<u>7,415,038</u>	<u>24,195,317</u>
Program expenses:			
General government	\$ 7,004,998	\$ -	\$ 7,004,998
Public safety	3,135,666	-	3,135,666
Public works	3,443,767	-	3,443,767
Culture and recreation	2,227,516	-	2,227,516
Health and welfare	728,283	-	728,283
Interest on long-term debt	310,125	-	310,125
Joint water and sewer	-	4,004,257	4,004,257
Solid waste	-	1,156,585	1,156,585
Taos Regional Landfill	-	674,229	674,229
Total Expenses	<u>16,850,355</u>	<u>5,835,071</u>	<u>22,685,426</u>
Change in net position	(70,076)	1,579,967	1,509,891
Net Position, beginning	<u>49,087,656</u>	<u>28,436,220</u>	<u>77,523,876</u>
Net Position, ending	<u>\$ 49,017,580</u>	<u>\$ 30,016,187</u>	<u>\$ 79,033,767</u>

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Governmental activities. Governmental activities decreased the Town of Taos' net position by \$70,076, primarily as the result of increase in grant revenues and revenues over expenditures was at a much better position than last year with net position of a \$2,852,916 decrease.

Tax revenues account for \$12,244,241 or 73 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 \$416,384 or 3 percent of total governmental revenues. The primary recipients of these revenues are general government, public works and public safety.

The Town's direct charges to users of governmental services made up \$1,209,168 or 7 percent of total governmental revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

Business-type activities. Business-type activities increased the Town's net position by \$1,579,967.

The Town's direct charges to users of business-type services made up \$5,308,620 or 72 percent of total business-type revenues. These charges are for water and sewer services, and water and sewer connection fees. These direct charges for service increased by \$289,243 from the previous year due to the third year of a 5-year rate adjustment for water and sewer services.

The Town received \$1.6 million in capital grant revenues along with an increase in charges for services and increased expenditures which contributed to the overall increase in net position by \$1,579,967. This is a decrease from the previous year in the amount of \$524,537.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental funds. The focus of the Town of Taos' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Taos' financing requirements. In particular, *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 \$16,831,229 in the fiscal year ended June 30, 2013, which represents an increase of \$2,023,489 from the fiscal year ended June 30, 2012. This is largely due to the increase in property taxes, state operating and capital grants, and miscellaneous insurance claim payments. Expenditures for governmental functions, totaling \$17,104,178 decreased by approximately \$1,570,970 from the fiscal year ended June 30, 2012. This is largely due to the decrease in expenditures across the governmental functions with the exception of public safety. In the fiscal year ended June 30, 2013, expenditures for governmental functions exceeded revenues by approximately \$(272,949).

The General Fund is the chief operating fund of the Town of Taos. It is from here that the Town pays for the public safety and other basic services it provides to its citizens. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$926,270.

The fund balance of the Town of Taos' general fund increased by \$178,557 during the current fiscal year, due to an increase in revenue particularly property taxes and a decrease in expenditures. Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2013 of \$922,959 an increase of \$519,321 over the comparable figure from the prior year of \$403,638. The Town's overall financial position improved with a mid-course adjustment to budgeted expenditures in anticipation of declining gross receipt taxes. These taxes improved at the end of the exercise leaving the Town in a better position than originally projected.

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

At the end of the fiscal year, the unrestricted net position for enterprise funds were \$3,199,959. The total increase in net position for the enterprise funds was \$1,579,967. Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

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

General Fund Budgetary Highlights

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

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

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2013. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund found at Exhibit C-1. The Town's final budget differs from the original budget due to amendments that were made during the fiscal year and the reduction of expenditures. Actual general fund expenditures were \$627,826 less than budgeted. This was primarily due to general governmental favorable variance of \$411,857. The difference between actual expenditures and budgeted expenditures is due to various across-the-board cuts made in anticipation of lower than actual gross receipts tax over the course of the fiscal year.

	Budget Amounts		Actual (GAAP Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 4,923,885	\$ 4,779,165	\$ 4,367,308	\$ 411,857
Public safety	3,047,334	2,928,145	2,857,546	70,599
Public works	1,003,156	994,629	926,527	68,102
Culture and recreation	1,516,901	1,467,990	1,395,617	72,373
Capital outlay	6,000	4,895	-	4,895
<i>Total Expenditures</i>	<u>\$ 10,497,276</u>	<u>\$ 10,174,824</u>	<u>\$ 9,546,998</u>	<u>\$ 627,826</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, 2013 amount to \$78,776,038 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. The Town's capital assets for the current fiscal year decreased \$406,743 for governmental activities and \$991,976 for business-type activities (net of accumulated depreciation).

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

- \$2,242,018 of additions to governmental infrastructure and equipment for completion and/or purchase of the following: 1) Fire Department – 2013 Pierce International Pumper with equipment and 2013 Pierce Saber Pumper with equipment, 2) Public Works – Genie Z Boom Lift, Del Norte Lane and Tomas Court Street Improvements, Chamisa Phase II Construction, and (3) 2013 Eldorado Elite busses for Transportation.
- \$10,443,534 of additions to business-type infrastructure were from reallocating construction in progress for upgrades to the Wastewater Treatment Plant and the Recycle Center Shed Expansion into service. Total amount of the Wastewater Treatment Plant project after final completion cost was \$10,186,347.

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June 30, 2013

Capital Asset and Debt Administration (continued)

**Town of Taos's Capital Assets, Net of Depreciation
June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
Land	\$ 6,277,809	\$ 262,422	\$ 6,540,231
Constuction in progress	1,164,072	709,901	1,873,973
Land improvements	7,377,460	104,895	7,482,355
Buildings and improvements	33,838,446	4,656,981	38,495,427
Machinery and Equipment	16,477,088	8,911,845	25,388,933
Infrastructure	50,723,971	32,264,584	82,988,555
Total capital assets	<u>115,858,846</u>	<u>46,910,628</u>	<u>162,769,474</u>
Less: accumulated depreciation	<u>(65,879,655)</u>	<u>(18,113,781)</u>	<u>(83,993,436)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 49,979,191</u>	<u>\$ 28,796,847</u>	<u>\$ 78,776,038</u>

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

Debt Administration. At the end of the current fiscal year, the Town of Taos had total long-term obligations outstanding of \$16,475,071. There were no additions to long term debt during the year.

**Town of Taos's Outstanding Debt
June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenue Bonds	\$ 5,245,000	\$ 2,009,600	\$ 7,254,600
NMFA amd RUS Loans	3,619,481	3,255,829	6,875,310
USDA Contract Payable	18,000	-	18,000
Compensated absences	594,635	55,505	650,140
Landfill Closure Liability	<u>-</u>	<u>1,677,021</u>	<u>1,677,021</u>
Total long-term liabilities	<u>\$ 9,477,116</u>	<u>\$ 6,997,955</u>	<u>\$ 16,475,071</u>

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

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

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2013

REQUESTS FOR INFORMATION

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

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Town of Taos

Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,341,076	\$ 3,006,511	\$ 5,347,587
Investments	2,632,280	1,636,951	4,269,231
Receivables:			
Property taxes	181,051	-	181,051
Other taxes	1,835,823	-	1,835,823
Due from other governments	291,316	42,975	334,291
Customer receivables, net	-	854,559	854,559
Internal balances	2,494	(2,494)	-
Total current assets	<u>7,284,040</u>	<u>5,538,502</u>	<u>12,822,542</u>
Noncurrent assets			
Restricted cash and cash equivalents	1,518,544	3,284,810	4,803,354
Bond issuance costs, net of accumulated amortization of \$61,902	155,527	-	155,527
Capital assets	115,858,846	46,910,628	162,769,474
Less: accumulated depreciation	<u>(65,879,655)</u>	<u>(18,113,781)</u>	<u>(83,993,436)</u>
Total noncurrent assets	<u>51,653,262</u>	<u>32,081,657</u>	<u>83,734,919</u>
Total assets	<u>\$ 58,937,302</u>	<u>\$ 37,620,159</u>	<u>\$ 96,557,461</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	\$ 203,416	\$ 273,289	\$ 476,705
Accrued payroll	152,202	18,373	170,575
Deposits held in trust for others	5,103	261,088	266,191
Accrued compensated absences	389,502	23,802	413,304
Accrued interest	31,973	53,267	85,240
Current portion of bonds payable	280,000	49,000	329,000
Current portion of loans and contracts payable	390,604	336,851	727,455
Total current liabilities	<u>1,452,800</u>	<u>1,015,670</u>	<u>2,468,470</u>
Noncurrent liabilities			
Accrued compensated absences	205,133	31,703	236,836
Accrued landfill closure costs	-	1,677,021	1,677,021
Bond premiums, net of accumulated amortization of \$20,930	49,912	-	49,912
Bonds payable	4,965,000	1,960,600	6,925,600
Loans and contracts payable	3,246,877	2,918,978	6,165,855
Total noncurrent liabilities	<u>8,466,922</u>	<u>6,588,302</u>	<u>15,055,224</u>
Total liabilities	<u>9,919,722</u>	<u>7,603,972</u>	<u>17,523,694</u>
Net Position			
Net investment in capital assets	41,096,710	23,531,418	64,628,128
Restricted for:			
Debt service	457,298	2,300,740	2,758,038
Capital projects	3,447,453	-	3,447,453
Special revenue	1,028,585	-	1,028,585
Landfill	-	984,070	984,070
Unrestricted	2,987,534	3,199,959	6,187,493
Total net position	<u>49,017,580</u>	<u>30,016,187</u>	<u>79,033,767</u>
Total liabilities and net position	<u>\$ 58,937,302</u>	<u>\$ 37,620,159</u>	<u>\$ 96,557,461</u>

STATE OF NEW MEXICO
Town of Taos
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 7,004,998	\$ 1,101,025	\$ 274,578	\$ -
Public safety	3,135,666	-	250,960	-
Public works	3,443,767	-	-	1,564,921
Culture and recreation	2,227,516	43,313	-	-
Health and welfare	728,283	64,830	762,394	-
Interest on long-term debt	310,125	-	-	-
<i>Total governmental activities</i>	<u>16,850,355</u>	<u>1,209,168</u>	<u>1,287,932</u>	<u>1,564,921</u>
Business-type Activities:				
Water and sewer	4,004,257	3,073,949	-	1,624,150
Solid waste	1,156,585	1,247,203	-	-
Taos regional landfill	674,229	987,468	-	-
<i>Total business-type activities</i>	<u>5,835,071</u>	<u>5,308,620</u>	<u>-</u>	<u>1,624,150</u>
<i>Total primary government</i>	<u>\$ 22,685,426</u>	<u>\$ 6,517,788</u>	<u>\$ 1,287,932</u>	<u>\$ 3,189,071</u>

General Revenues:

Taxes:
Property taxes, levied for general purposes
Gross receipts taxes
Gasoline and motor vehicle taxes
Franchise taxes
Lodger's taxes
Investment income (loss)
Miscellaneous income
Transfers
 Total general revenues
 Change in net position
 Net position, beginning
 Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,629,395)	\$ -	\$ (5,629,395)
(2,884,706)	-	(2,884,706)
(1,878,846)	-	(1,878,846)
(2,184,203)	-	(2,184,203)
98,941	-	98,941
(310,125)	-	(310,125)
<u>(12,788,334)</u>	<u>-</u>	<u>(12,788,334)</u>
-	693,842	693,842
-	90,618	90,618
-	313,239	313,239
<u>-</u>	<u>1,097,699</u>	<u>1,097,699</u>
(12,788,334)	1,097,699	(11,690,635)
978,102	-	978,102
9,537,350	449,504	9,986,854
387,416	-	387,416
419,334	-	419,334
922,039	-	922,039
8,095	26,826	34,921
452,306	19,554	471,860
13,616	(13,616)	-
<u>12,718,258</u>	<u>482,268</u>	<u>13,200,526</u>
(70,076)	1,579,967	1,509,891
<u>49,087,656</u>	<u>28,436,220</u>	<u>77,523,876</u>
<u>\$ 49,017,580</u>	<u>\$ 30,016,187</u>	<u>\$ 79,033,767</u>

STATE OF NEW MEXICO

Town of Taos
Balance Sheet
Governmental Funds
June 30, 2013Exhibit B-1
Page 1 of 2

	General Fund	1999 Gasoline Tax Acquisition	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 786,591	\$ 1,589,841	\$ 1,483,188	\$ 3,859,620
Investments	1,266,874	150	1,365,256	2,632,280
Receivables:				
Property taxes	181,051	-	-	181,051
Other taxes	1,443,340	-	392,483	1,835,823
Due from other governments	42,507	-	248,809	291,316
Due from other funds	2,494	-	-	2,494
<i>Total assets</i>	<u>\$ 3,722,857</u>	<u>\$ 1,589,991</u>	<u>\$ 3,489,736</u>	<u>\$ 8,802,584</u>
<i>Liabilities</i>				
Accounts payable	\$ 129,977	\$ -	\$ 73,439	\$ 203,416
Accrued payroll	130,939	-	21,263	152,202
Deposits held in trust for others	-	-	5,103	5,103
Unearned revenue	135,791	-	33,244	169,035
<i>Total liabilities</i>	<u>396,707</u>	<u>-</u>	<u>133,049</u>	<u>529,756</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	331,758	331,758
Public safety	-	-	63,539	63,539
Culture and recreation	-	-	305,109	305,109
Public works	-	-	16,329	16,329
Fire protection	-	-	265,265	265,265
Health and welfare	-	-	68,249	68,249
Debt service expenditures	-	-	449,619	449,619
Capital projects	-	1,589,991	1,856,819	3,446,810
Committed for:				
Minimum fund balance	795,583	-	-	795,583
Subsequent year's expenditures	1,604,297	-	-	1,604,297
Unassigned	926,270	-	-	926,270
<i>Total fund balances</i>	<u>3,326,150</u>	<u>1,589,991</u>	<u>3,356,687</u>	<u>8,272,828</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,722,857</u>	<u>\$ 1,589,991</u>	<u>\$ 3,489,736</u>	<u>\$ 8,802,584</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Town of Taos

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2013

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	8,272,828
Bond issuance costs net of accumulated amortization are not a current financial resource and, therefore, are not reported in the funds.		155,527
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		49,979,191
Delinquent property taxes and lodger's tax settlement not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities.		169,035
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:		
Accrued interest		(31,973)
Some liabilities, including bonds payable, loans and contracts are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(594,635)
Bond premiums		(49,912)
Bonds payable		(5,245,000)
Loans payable		(3,619,481)
Contracts payable		(18,000)
		(9,526,028)
Total net position of governmental activities	\$	49,017,580

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, 2013

Exhibit B-2
Page 1 of 2

	General Fund	1999 Gasoline Tax Acquisition	Other Governmental Funds	Total
<i>Revenues</i>				
<i>Taxes</i>				
Property	\$ 1,022,135	\$ -	\$ -	\$ 1,022,135
Gross receipts	7,982,179	-	1,555,171	9,537,350
Gasoline and motor vehicle taxes	267,450	-	119,966	387,416
Lodger's Tax	-	-	942,572	942,572
Other	419,334	-	-	419,334
<i>Intergovernmental income</i>				
Federal operating grants	-	-	150,000	150,000
Federal capital grants	-	480,000	919,202	1,399,202
State operating grants	47,740	-	1,090,192	1,137,932
State capital grants	-	-	165,719	165,719
Charges for services	368,644	-	522,593	891,237
Licenses and fees	296,100	-	21,831	317,931
Investment income (loss)	3,952	1,310	2,833	8,095
Miscellaneous	62,423	-	389,883	452,306
<i>Total revenues</i>	<u>10,469,957</u>	<u>481,310</u>	<u>5,879,962</u>	<u>16,831,229</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	4,367,308	-	949,720	5,317,028
Public safety	2,857,546	-	192,511	3,050,057
Public works	926,527	-	457,144	1,383,671
Culture and recreation	1,395,617	-	853,464	2,249,081
Health and welfare	-	-	694,874	694,874
Capital outlay	-	966,798	2,475,413	3,442,211
<i>Debt service</i>				
Principal	-	-	648,809	648,809
Interest	-	-	318,447	318,447
<i>Total expenditures</i>	<u>9,546,998</u>	<u>966,798</u>	<u>6,590,382</u>	<u>17,104,178</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>922,959</u>	<u>(485,488)</u>	<u>(710,420)</u>	<u>(272,949)</u>
<i>Other financing sources (uses)</i>				
Transfers in	4,602,220	183,210	3,713,332	8,498,762
Transfers out	(5,346,622)	-	(3,152,140)	(8,498,762)
<i>Total other financing sources (uses)</i>	<u>(744,402)</u>	<u>183,210</u>	<u>561,192</u>	<u>-</u>
<i>Net change in fund balances</i>	178,557	(302,278)	(149,228)	(272,949)
<i>Fund balance - beginning of year</i>	<u>3,147,593</u>	<u>1,892,269</u>	<u>3,505,915</u>	<u>8,545,777</u>
<i>Fund balance - end of year</i>	<u>\$ 3,326,150</u>	<u>\$ 1,589,991</u>	<u>\$ 3,356,687</u>	<u>\$ 8,272,828</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Town of Taos

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

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	\$ (272,949)
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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	3,442,211
Depreciation expense	(3,862,570)
Capital assets reclassification from enterprise funds to governmental funds	13,616

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	(44,033)
Decrease in lodger's tax settlement revenue not received within the period of availability	(20,533)

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	(12,120)
Decrease in accrued interest	8,322
Decrease in accrued compensated absences	25,307
Amortization of bond premiums	3,864
Principal payments on bonds payable	265,000
Principal payments on loans payable	365,809
Payments on contracts payable	18,000
	18,000

Change in net position of governmental activities	\$ <u><u>(70,076)</u></u>
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The accompanying notes are an integral part of these financial statements

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, 2013

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
<i>Taxes</i>				
Property taxes	\$ 925,019	\$ 925,019	\$ 1,022,135	\$ 97,116
Gross receipts	8,154,705	7,864,126	7,982,179	118,053
Gas and motor vehicle	241,897	255,932	267,450	11,518
Other	370,650	370,650	419,334	48,684
<i>Intergovernmental income</i>				
Federal operating grants	10,000	10,000	-	(10,000)
Federal capital grants	-	-	-	-
State operating grants	54,680	54,680	47,740	(6,940)
State capital grants	-	-	-	-
Charges for services	371,243	368,380	368,644	264
Licenses and fees	248,018	248,018	296,100	48,082
Interest income	5,184	5,184	3,952	(1,232)
Miscellaneous	33,933	57,748	62,423	4,675
<i>Total revenues</i>	<u>10,415,329</u>	<u>10,159,737</u>	<u>10,469,957</u>	<u>310,220</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	4,923,885	4,779,165	4,367,308	411,857
Public safety	3,047,334	2,928,145	2,857,546	70,599
Public works	1,003,156	994,629	926,527	68,102
Culture and recreation	1,516,901	1,467,990	1,395,617	72,373
Health and welfare	-	-	-	-
Capital outlay	6,000	4,895	-	4,895
<i>Total expenditures</i>	<u>10,497,276</u>	<u>10,174,824</u>	<u>9,546,998</u>	<u>627,826</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(81,947)</u>	<u>(15,087)</u>	<u>922,959</u>	<u>938,046</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	708,299	759,489	-	(759,489)
Transfers in	4,663,843	4,602,221	4,602,220	(1)
Transfers out	(5,290,195)	(5,346,623)	(5,346,622)	1
<i>Total other financing sources (uses)</i>	<u>81,947</u>	<u>15,087</u>	<u>(744,402)</u>	<u>(759,489)</u>
<i>Net change in fund balance</i>	-	-	178,557	178,557
<i>Fund balance - beginning of year</i>	-	-	3,147,593	3,147,593
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,326,150</u>	<u>\$ 3,326,150</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

Town of Taos
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 1,798,058	\$ 571,169	\$ 637,284	\$ 3,006,511
Investments	1,312,450	249,100	75,401	1,636,951
Due from other governments	42,975	-	-	42,975
Customer receivables, net	642,596	157,077	54,886	854,559
<i>Total current assets</i>	<u>3,796,079</u>	<u>977,346</u>	<u>767,571</u>	<u>5,540,996</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	2,300,740	-	984,070	3,284,810
Capital assets	41,612,747	1,073,986	4,223,895	46,910,628
Less: accumulated depreciation	(16,296,437)	(416,568)	(1,400,776)	(18,113,781)
<i>Total noncurrent assets</i>	<u>27,617,050</u>	<u>657,418</u>	<u>3,807,189</u>	<u>32,081,657</u>
<i>Total assets</i>	<u>\$ 31,413,129</u>	<u>\$ 1,634,764</u>	<u>\$ 4,574,760</u>	<u>\$ 37,622,653</u>
<i>Liabilities and net position</i>				
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 159,703	\$ 95,050	\$ 18,536	\$ 273,289
Accrued payroll	10,971	2,270	5,132	18,373
Meter deposits payable	261,088	-	-	261,088
Accrued compensated absences	21,253	2,549	-	23,802
Interfund payable	870	-	1,624	2,494
Accrued interest payable	50,307	-	2,960	53,267
Current portion of bonds payable	49,000	-	-	49,000
Current portion of loans and contracts payable	160,464	-	176,387	336,851
<i>Total current liabilities</i>	<u>713,656</u>	<u>99,869</u>	<u>204,639</u>	<u>1,018,164</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	14,211	-	17,492	31,703
Accrued landfill closure costs	-	-	1,677,021	1,677,021
Bonds payable	1,960,600	-	-	1,960,600
Loans payable	2,465,174	-	453,804	2,918,978
<i>Total noncurrent liabilities</i>	<u>4,439,985</u>	<u>-</u>	<u>2,148,317</u>	<u>6,588,302</u>
<i>Total liabilities</i>	<u>5,153,641</u>	<u>99,869</u>	<u>2,352,956</u>	<u>7,606,466</u>
<i>Net position</i>				
Net investment in capital assets	20,681,072	657,418	2,192,928	23,531,418
Restricted for:				
Landfill	-	-	984,070	984,070
Debt service	2,300,740	-	-	2,300,740
Unrestricted	3,277,676	877,477	(955,194)	3,199,959
<i>Total net position</i>	<u>26,259,488</u>	<u>1,534,895</u>	<u>2,221,804</u>	<u>30,016,187</u>
<i>Total liabilities and net position</i>	<u>\$ 31,413,129</u>	<u>\$ 1,634,764</u>	<u>\$ 4,574,760</u>	<u>\$ 37,622,653</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Taos
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

Exhibit D-2

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Operating revenues</i>				
Charges for services	\$ 3,073,949	\$ 1,247,203	\$ 987,468	\$ 5,308,620
<i>Total operating revenues</i>	3,073,949	1,247,203	987,468	5,308,620
<i>Operating expenses</i>				
Personnel services	658,499	95,435	291,297	1,045,231
Contractual services	1,224,201	720,665	59,866	2,004,732
Supplies	137,894	6,213	7,520	151,627
Repairs and maintenance	58,642	61,339	97,021	217,002
Utilities	394,568	226,726	6,941	628,235
Depreciation	1,362,718	41,218	182,355	1,586,291
Other costs	31,236	4,989	7,462	43,687
<i>Total operating expenses</i>	3,867,758	1,156,585	652,462	5,676,805
<i>Operating income (loss)</i>	(793,809)	90,618	335,006	(368,185)
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	449,504	-	-	449,504
Interest expense	(136,499)	-	(21,767)	(158,266)
Interest income	4,037	-	22,789	26,826
Miscellaneous income	3,465	15,963	126	19,554
<i>Total non-operating revenues (expenses)</i>	320,507	15,963	1,148	337,618
<i>Income (loss) before transfers and grants</i>	(473,302)	106,581	336,154	(30,567)
State capital grants	1,624,150	-	-	1,624,150
Transfers in	2,651,830	-	369,464	3,021,294
Transfers out	(2,665,446)	-	(369,464)	(3,034,910)
<i>Change in net position</i>	1,137,232	106,581	336,154	1,579,967
<i>Net position, beginning of year</i>	25,122,256	1,428,314	1,885,650	28,436,220
<i>Net position, end of year</i>	\$ 26,259,488	\$ 1,534,895	\$ 2,221,804	\$ 30,016,187

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Taos
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

Exhibit D-3

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 3,075,907	\$ 1,248,646	\$ 937,336	\$ 5,261,889
Cash payments to employees for services	(676,897)	(108,401)	(293,528)	(1,078,826)
Cash payments to suppliers for goods and services	(1,878,942)	(1,060,939)	(410,915)	(3,350,796)
<i>Net cash provided by operating activities</i>	<u>520,068</u>	<u>79,306</u>	<u>232,893</u>	<u>832,267</u>
<i>Cash flows from noncapital financing activities</i>				
Gross receipts taxes	449,504	-	-	449,504
Miscellaneous income	3,465	15,963	126	19,554
Payments for noncurrent accrued compensated absences	3,053	(2,414)	17,492	18,131
Interfund advances (payments)	(13,442)	-	3,316	(10,126)
<i>Net cash provided by noncapital financing activities</i>	<u>442,580</u>	<u>13,549</u>	<u>20,934</u>	<u>477,063</u>
<i>Cash flows from capital and related financing activities</i>				
State and federal capital grants	1,624,150	-	-	1,624,150
Interest paid	(137,699)	-	(22,570)	(160,269)
Proceeds from issuance of long-term debt	397,390	-	-	397,390
Principal payments on long-term debt	(133,790)	-	(171,462)	(305,252)
Acquisition of capital assets	(289,000)	(305,315)	-	(594,315)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>1,461,051</u>	<u>(305,315)</u>	<u>(194,032)</u>	<u>961,704</u>
<i>Cash flows from investing activities</i>				
Purchases of investments	(2,449)	-	-	(2,449)
Interest on investments	4,037	-	22,789	26,826
<i>Net cash provided by investing activities</i>	<u>1,588</u>	<u>-</u>	<u>22,789</u>	<u>24,377</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	2,425,287	(212,460)	82,584	2,295,411
<i>Cash and cash equivalents - beginning of year</i>	<u>1,673,511</u>	<u>783,629</u>	<u>1,538,770</u>	<u>3,995,910</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 4,098,798</u>	<u>\$ 571,169</u>	<u>\$ 1,621,354</u>	<u>\$ 6,291,321</u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>				
Operating income (loss)	\$ (793,809)	\$ 90,618	\$ 335,006	\$ (368,185)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,362,718	41,218	182,355	1,586,291
Changes in assets and liabilities				
Receivables	1,958	1,443	(50,132)	(46,731)
Accounts payable	(42,652)	(41,010)	(11,785)	(95,447)
Accrued payroll expenses	(2,809)	475	171	(2,163)
Current accrued compensated absences	(15,589)	(13,438)	(2,402)	(31,429)
Meter deposits	10,251	-	-	10,251
<i>Net cash provided by operating activities</i>	<u>\$ 520,068</u>	<u>\$ 79,306</u>	<u>\$ 232,893</u>	<u>\$ 832,267</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit E-1

Town of Taos

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2013

Assets

Cash	\$	9,985
Investments		<u>60,000</u>
Total assets	\$	<u><u>69,985</u></u>

Liabilities

Deposits payable	\$	69,342
Due to other entities		<u>643</u>
Total liabilities	\$	<u><u>69,985</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, 2013

NOTE 1. Summary of Significant Accounting Policies

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

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

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

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

During the year ended June 30, 2013, the Town adopted Governmental Accounting Standards Board (GASB) Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Town does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources

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 Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

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

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

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

B. *Government-wide and fund financial statements*

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

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

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

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

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

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

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.

Miscellaneous income associated with the current fiscal period is revenue from a insurance proceeds for settlement of litigation. These amounts are from construction projects in which the contractor has defaulted and through mediation a settlement was agreed upon. The amount received as a settlement for the year end June 30, 2013 was \$272,000.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

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. This fund includes state shared gross receipts tax income fund and state shared gas tax income funds.

The *1999 Gasoline Tax Acquisition Capital Projects Funds* was created to receive bond proceeds and to account for the capital outlay associated with the bond issue. Authority is the Town Council resolution.

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

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

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

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

Additionally, the Town reports the following fund type:

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 and restricted for future debt service payments.

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

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Revenues: There are two sets of circumstances in which the Town accrues deferred revenue.

- *Unearned revenue* - Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for *deferred revenue*.
- *Unavailable revenue* – Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual (it must be both measureable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for unearned revenue. The Town has recorded \$135,791 in deferred revenue related to property taxes as well as \$33,244 for delinquent lodger’s tax considered “unavailable.”

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

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

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Nonspendable Fund Balance: At June 30, 2013, the Town did not have any fund balances in nonspendable form.

Restricted and Committed Fund Balance: At June 30, 2013, the Town has presented restricted fund balance on the governmental funds balance sheet in the amount of \$331,758 for various general government operations as restricted by enabling legislation, \$63,539 for public safety, \$305,109 for culture and recreation, \$16,329 for public works, \$265,265 for fire protection, \$68,249 for health and welfare, \$449,619 for debt service expenditures, and \$3,446,810 for capital projects. The Town has committed fund balance of the general fund for subsequent year's expenditures in the amount of \$1,604,297. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 26.

Minimum Fund Balance Policy: The Town's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Town holds cash reserves of 1/12th the General Fund expenditures. The amount at June 30, 2013 for the Town is \$795,583.

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service and capital projects" are described on pages 66-69.
- c. Unrestricted net position: Net position that does not meet the definition of "restricted" or "Net Investment in Capital Assets."

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

	<u>Excess (deficiency)</u> <u>of revenues over expenditures</u>	
	<u>Original</u>	<u>Final</u>
	<u>Budget</u>	<u>Budget</u>
Budgeted Funds:		
General Fund	\$ (81,947)	\$ (15,087)
1999 Gasoline Tax Acquisition		
Capital Projects Fund	\$ (1,915,019)	\$ (1,915,019)
Nonmajor Governmental Funds	\$ (2,325,629)	\$ (2,890,045)
 <u>Change in net position</u>		
Budgeted Funds:		
Water and Sewer	\$ (631,487)	\$ (956,221)
Solid Waste	\$ (226,176)	\$ (260,275)
Taos Regional Landfill	\$ 50,950	\$ 69,365

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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

NOTE 3. Deposits and Investments

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Town is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2013.

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

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

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

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

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, 2013, \$6,609,646 of the Town's deposits of \$7,359,646 was exposed to custodial credit risk. \$5,523,705 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Town's name, and \$1,085,940 was uninsured and uncollateralized.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

	<u>US Bank</u>	<u>Centinel Bank</u>	<u>Total</u>
Amount of deposits	\$ 4,784,655	\$ 2,574,991	\$ 7,359,646
FDIC Coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	<u>4,284,655</u>	<u>2,324,991</u>	<u>6,609,646</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name			
	<u>4,284,655</u>	<u>1,239,051</u>	<u>5,523,706</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 1,085,940</u>	<u>\$ 1,085,940</u>
Collateral requirement (50% of uninsured funds)			
	\$ 2,142,328	\$ 1,162,496	\$ 3,304,824
Pledged Collateral	<u>4,475,471</u>	<u>1,239,051</u>	<u>5,714,522</u>
Over (Under) collateralized	<u>\$ 2,333,143</u>	<u>\$ 76,555</u>	<u>\$ 2,409,698</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.

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 5,347,587
Restricted cash and cash equivalents per Exhibit A-1	4,803,354
Agency funds cash per Exhibit E-1	9,985
Certificates of deposits (maturity > 3 months)	170,500
Plus outstanding checks	1,360,067
Less deposits in transit	(541,553)
Less U.S. Treasury Money Market Mutual Funds	(3,785,012)
Less New Mexico State Treasurer Debt Service	(3,732)
Less petty cash	<u>(1,550)</u>
Bank balance of deposits	<u>\$ 7,359,646</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

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, 2013, 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, 2013 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
New MexicoGROW Local Government Investment Pool	AAAm	59 Days	\$ 4,153,336
Reserve Contingency Fund	Unrated	Does not earn interest	5,395
U.S. Treasury Money Market Mutual Funds *	AA+ **	>365 Days	3,785,012
New Mexico State Treasurer Debt Service *	AA+ **	>365 Days	3,732
			<u>\$ 7,947,475</u>

*Restricted investments per Exhibit A-1

** Based off Standards & Poor's rating

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

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Town. The investments in the New MexiGROW LGIP and U.S Treasury Money Market Mutual Funds represent 53% and 48%, respectively, of the investment portfolio. Since the Town only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the Town. The Town's policy related to concentration 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, 2013

NOTE 4. Receivables

Receivables as of June 30, 2013, are as follows:

Governmental Activities:	General	Other Governmental Funds	Total
Property taxes receivable	\$ 181,051	\$ -	\$ 181,051
Other taxes receivable:			
Gross receipts	1,327,122	247,071	1,574,193
Gasoline and motor vehicle	38,022	16,328	54,350
Franchise taxes	78,196	-	78,196
Lodger's taxes	-	129,084	129,084
Due from other governments:			
Intergovernmental:			
Federal grants	-	62,059	62,059
State grants	42,507	186,750	229,257
Total receivables	<u>\$1,666,898</u>	<u>\$ 641,292</u>	<u>\$2,308,190</u>

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

Governmental funds report *unearned 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. Unearned revenue related to property taxes receivable for the Town for the year ended June 30, 2013 was \$135,791. In addition, the Town also deferred revenue related to a lodger's tax settlement that has not been received within the period of availability in the amount of \$33,244.

Business-type Activities:	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
Customer receivables	\$1,014,209	\$ 227,315	\$ 110,138	\$ 1,351,662
Other receivables:				
Intergovernmental:				
State grants	42,975	-	-	42,975
Total gross receivables	<u>1,057,184</u>	<u>227,315</u>	<u>110,138</u>	<u>1,394,637</u>
Less: allowance for doubtful accounts	371,613	70,238	55,252	497,103
Total net receivables	<u>\$ 685,571</u>	<u>\$ 157,077</u>	<u>\$ 54,886</u>	<u>\$ 897,534</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 5. Transfers and Interfund Receivables

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

Governmental Activities:

Transfers In	Transfers Out	Amount
General Fund	General Fund	\$ 4,405,143
General Fund	Civic Center	136,136
General Fund	1/4 GRT Capital Improvements Fund	60,942
Lodger's Tax	General Fund	161,625
Local Government Correction	General Fund	104,048
Public Transportation	General Fund	25,000
Community Grants	General Fund	117,884
General Fund	General Fund	185,313
Communication Fund	General Fund	262,691
Facilities Improvement	General Fund	15,205
Airport Construction	General Fund	20,000
Civic Center	Lodger's Tax	96,225
Lodger's Tax	Lodger's Tax	628,535
Public Transportation	Lodger's Tax	182,421
2011 NMFA PPRF Street Improvement	Municipal Road Gasoline Tax	112,362
2008 Gross Receipts Tax Revenue		
Bond Retirement	1/4 GRT Capital Improvements Fund	491,425
2009 NMFA PPRF Disadvantage		
Program- Eco Park	1/4 GRT Capital Improvements Fund	180,755
2007 NMFA Land Purchase	1/4 GRT Capital Improvements Fund	113,734
Facilities Improvement	1/4 GRT Capital Improvements Fund	13,000
Capital Projects	1/4 GRT Capital Improvements Fund	39,152
Capital Projects	Communication Fund	133,271
2011 PPRF Street Improvement	1999 Gasoline Tax Acquisition	183,210
Lodger's Tax	Capital Projects	21,247
Public Transportation	Capital Projects	35,193
Facilities Improvement	Capital Projects	433,976
Airport Construction	Capital Projects	75,246
Vehicle Replacement	Capital Projects	190,000
Communication Fund	Enhanced 911	25,309
Capital Projects	General Fund	49,714
		\$ 8,498,762

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 5. Transfers and Interfund Receivables (continued)

Business-Type Activities:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Water and Sewer	Water and Sewer	\$ 2,651,830
Taos Regional Landfill	Taos Regional Landfill	369,464
		<u>\$ 3,021,294</u>

During the year end June 30, 2013, there was a transfer in the amount of \$13,616 from an asset being recorded in Enterprise activity capital assets which was reclassified to governmental activity capital assets.

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2013 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Water and Sewer	<u>\$ 2,494</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, 2013 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2012</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 6,277,809	\$ -	\$ -	\$ -	\$ 6,277,809
Construction in progress	358,224	-	1,004,173	198,325	1,164,072
Total capital assets, not depreciated	<u>6,636,033</u>	<u>-</u>	<u>1,004,173</u>	<u>198,325</u>	<u>7,441,881</u>
Capital assets, depreciated:					
Land improvements	7,377,460	-	-	-	7,377,460
Buildings and improvements	33,444,101	-	394,345	-	33,838,446
Machinery and equipment	15,237,169	-	1,239,919	-	16,477,088
Infrastructure	49,708,256	13,616	1,002,099	-	50,723,971
Total capital assets, depreciated	<u>105,766,986</u>	<u>13,616</u>	<u>2,636,363</u>	<u>-</u>	<u>108,416,965</u>
Less accumulated depreciation:					
Land improvements	(3,843,541)	-	(187,052)	-	(4,030,593)
Buildings and improvements	(13,419,101)	-	(1,169,747)	-	(14,588,848)
Machinery and equipment	(12,192,286)	-	(827,013)	-	(13,019,299)
Infrastructure	(32,562,157)	-	(1,678,758)	-	(34,240,915)
Total accumulated depreciation	<u>(62,017,085)</u>	<u>-</u>	<u>(3,862,570)</u>	<u>-</u>	<u>(65,879,655)</u>
Net book value	<u>\$ 50,385,934</u>	<u>\$ 13,616</u>	<u>\$ (222,034)</u>	<u>\$ 198,325</u>	<u>\$ 49,979,191</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2013 was charged to governmental activities as follows:

General government	\$ 1,711,710
Public safety	72,871
Public works	2,042,223
Culture and recreation	2,054
Health and welfare	33,712
	<u>\$ 3,862,570</u>

Business-type activities:	Balance June 30, 2012	Reclassifications	Additions	Deletions	Balance June 30, 2013
Capital assets, not depreciated:					
Land	\$ 262,422	\$ -	\$ -	\$ -	\$ 262,422
Construction in progress	10,994,117	(13,616)	-	10,270,600	709,901
Total capital assets, not depreciated	<u>11,256,539</u>	<u>(13,616)</u>	<u>-</u>	<u>10,270,600</u>	<u>972,323</u>
Capital assets, depreciated:					
Land improvements	104,895	-	-	-	104,895
Buildings and improvements	4,392,921	-	264,060	-	4,656,981
Machinery and equipment	8,740,908	-	170,937	-	8,911,845
Infrastructure	21,821,050	-	10,443,534	-	32,264,584
Total capital assets, depreciated	<u>35,059,774</u>	<u>-</u>	<u>10,878,531</u>	<u>-</u>	<u>45,938,305</u>
Less accumulated depreciation:					
Land improvements	(85,758)	-	(2,564)	-	(88,322)
Buildings and improvements	(2,130,001)	-	(149,712)	-	(2,279,713)
Machinery and equipment	(6,342,906)	-	(335,609)	-	(6,678,515)
Infrastructure	(7,968,825)	-	(1,098,406)	-	(9,067,231)
Total accumulated depreciation	<u>(16,527,490)</u>	<u>-</u>	<u>(1,586,291)</u>	<u>-</u>	<u>(18,113,781)</u>
Net book value	<u>\$ 29,788,823</u>	<u>\$ (13,616)</u>	<u>\$ 9,292,240</u>	<u>\$10,270,600</u>	<u>\$ 28,796,847</u>

Depreciation expense for the year ended June 30, 2013 was charged to business-type activities as follows:

Enterprise activities:	
Water and sewer	\$ 1,362,718
Solid waste	41,218
Landfill	182,355
	<u>\$ 1,586,291</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Revenue Bonds	\$ 5,510,000	\$ -	\$ 265,000	\$ 5,245,000	\$ 280,000
NMFA Loans	3,985,290	-	365,809	3,619,481	372,604
USDA Contract Payable	36,000	-	18,000	18,000	18,000
Compensated Absences	619,942	364,195	389,502	594,635	389,502
Total Long-Term Debt	\$ 10,151,232	\$ 364,195	\$ 1,038,311	\$ 9,477,116	\$ 1,060,106

Revenue Bonds

At June 30, 2013, the Town had one revenue bond outstanding. For the Series 2008 Gross Receipts Tax Revenue Bonds, the Town pledged revenues from the State-Shared Gross Receipts Tax revenues. The revenue bonds are as follows:

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

The annual requirements to amortize the revenue bonds as of June 30, 2013, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 280,000	\$ 209,800	\$ 489,800
2015	290,000	198,600	488,600
2016	300,000	187,000	487,000
2017	315,000	386,250	701,250
2018	385,000	162,400	547,400
2019-2023	2,160,000	395,260	2,555,260
2024-2026	1,515,000	63,630	1,578,630
	\$ 5,245,000	\$ 1,602,940	\$ 6,847,940

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

NMFA Loans

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

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>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
NMFA Revolving Loan Fund Road Projects	11/04/11	05/01/22	1.895%	1,694,457

The annual requirements to amortize the NMFA loans as of June 30, 2013, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 372,604	\$ 86,937	\$ 459,541
2015	380,341	81,081	461,422
2016	389,203	74,281	463,484
2017	399,053	66,568	465,621
2018	296,227	57,870	354,097
2019-2023	1,439,410	179,668	1,619,078
2024-2025	342,643	18,870	361,513
	<u>\$ 3,619,481</u>	<u>\$ 565,275</u>	<u>\$ 4,184,756</u>

USDA Contract Payable

At June 30, 2013, 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>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, 2013, including interest payments, are as follows:

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

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.

Compensated Absences- Employees of the Town are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2013, compensated absences decreased \$25,307 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, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Revenue Bonds	\$ 2,055,600	\$ -	\$ 46,000	\$ 2,009,600	\$ 49,000
NMFA and RUS Loans	3,117,691	397,390	259,252	3,255,829	336,851
Landfill Closure Liability	1,897,341	-	220,320	1,677,021	-
Compensated Absences	68,803	10,504	23,802	55,505	23,802
Total Long-Term Debt	\$ 7,139,435	\$ 407,894	\$ 549,374	\$ 6,997,955	\$ 409,653

Revenue Bonds

At June 30, 2013, the Town had the following revenue bonds outstanding:

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the revenue bonds as of June 30, 2013, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 49,000	\$ 104,572	\$ 153,572
2015	52,000	102,033	154,033
2016	54,000	99,279	153,279
2017	57,000	96,448	153,448
2018	60,000	93,457	153,457
2019-2023	351,000	416,722	767,722
2024-2028	452,000	314,514	766,514
2029-2033	595,600	182,292	777,892
2034-2038	339,000	41,435	380,435
	<u>\$ 2,009,600</u>	<u>\$ 1,450,752</u>	<u>\$ 3,460,352</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	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%	1,200,000
NMFA/WTB Water Project Fund Loan	04/19/13	06/01/33	0.25%	197,390

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirement to amortize the loans as of June 30, 2013, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 336,851	\$ 47,316	\$ 384,167
2015	271,330	39,908	311,238
2016	276,870	34,674	311,544
2017	282,775	29,094	311,869
2018	289,074	23,132	312,206
2019-2023	700,059	59,749	759,808
2024-2028	569,692	41,202	610,894
2029-2033	429,178	31,778	460,956
2034-2038	54,000	19,850	73,850
2039-2041	46,000	5,050	51,050
	\$ 3,255,829	\$ 331,753	\$ 3,587,582

Compensated Absences- Employees of the Town are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2013, compensated absences decreased \$13,798 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

NOTE 8. Risk Management

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

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

At June 30, 2013, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The Town is not aware of any major lawsuits that have been filed.

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

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, 2013.
- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2013.
- C. Designated cash appropriations in excess of available balances. There were no funds in which designated cash appropriations were in excess of available balances.

NOTE 10. Pension Plan- Public Employees Retirement Association

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 Employees 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 <http://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, 2013, 2012 and 2011 were \$956,567, \$921,212, and \$941,139, respectively, which equal the amount of the required contributions for each fiscal year.

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

Plan Description. 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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

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

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

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

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

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

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

The Town's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$123,302, \$109,884 and \$106,634, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 12. Contingent Liabilities

The Town is party to various claims and lawsuits arising in the normal course of business. The Town is insured through the New Mexico Self Insurers Fund. The maximum exposure of the Town is not estimable as of June 30, 2013.

NOTE 13. Federal and State Grants

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

NOTE 14. Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require that the Town place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post closure care costs is \$1,677,021 as of June 30, 2013, which is based on 29.4 percent usage (filled) of the landfill. This is a decrease of \$220,320. The Town has contracted with engineers in the current year in which the calculation used to determine the closure and post closure differed from those in the prior year. In prior year the estimate was determined by using calculations spreadsheet provided by the New Mexico Environment Department, Solid Waste Bureau. The estimate incorporates estimates and assumptions in calculating capacity that likely makes it less accurate. The estimate that is used currently is deemed more accurate and therefore caused changes in the liability and percent usage from 33% to 29.4%. The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2013. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In addition, the Town is required by State and Federal laws and regulations to make annual contributions to finance closure and postclosure care. The Town is in compliance with these requirements, and at June 30, 2013, cash of \$744,541 and investments of \$74,500 is part of the pooled funds held by the Town and is presented as restricted cash on the statement of net position.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 15. Construction and Other Significant Commitments

The Town has committed to pay for several construction contracts that were not completed at June 30, 2013 in the amount of \$3,600,413 as follows:

<u>Project Description</u>	<u>Contract Amount Remaining</u>	<u>Estimated Date of Completion</u>	<u>Contractor</u>
Old Talpa Canon Road Improvements	\$ 531,807	November 2013	Northern Mountain Constructors, Inc.
Aiport Overflight Stipulators	1,013,000	October 2013	Advanced Naigation and Positioning Corp
Airport Runway Design Phase 1	151,077	February 2014	Amstrong Consultants
Airport Runway Design Phase 2	836,058	February 2014	Armstrong Consultants
International 7500 Truck	85,100	November 2013	Roberts Truck Company
Dump truck body, spreader and plow	54,518	November 2013	Construction Truck Equipment
2013 Brush Fire Apparatus F550	125,000	September 2013	Chastang Enterprise
Sleuth Software System Upgrade	21,110	November 2013	ETS Development Group LLC
Camino de la Placita Engineering Design	38,948	October 2013	Abeyta Engineering, Inc.
TCA Roof Replacement	109,500	September 2013	The Garland Co. Inc.
Relocation of Central Dispatch	50,000	August 2013	CDI Infrastructure/LR Kimball
Relocation of Central Dispatch	70,789	August 2013	Advanced Communications & Electronics
Affordable Housing for Artists Plan	100,000	October 2013	Taos Housing Trust
Downtown Masterplan	75,000	October 2014	Community by Design
Chamisa Verde Phase II Development	49,999	September 2013	David Paul Rosen
Camino del Medio Engineering Design	54,039	TBD	JM Consulting
Landfill Engineering/Reporting Services	163,719	December 2013	Souder, Miller & Associates
Hrydrological Services	70,749	November 2013	Daniel B. Stephens & Associates
	<u>\$3,600,413</u>		

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 15, 2013, which is the date on which the financial statements were issued.

NOTE 17. Concentrations

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

NOTE 18. Restricted Net Position

The government-wide statement of net position reports \$4,933,336 of restricted net position, all of which is restricted by enabling legislation. See pages 39 and 66 to 69 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, 2013

NOTE 19. Utility Revenues Pledged

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$635,600 in Series 1993A Water & Sewer Revenue Bonds, issued in 1993. The bonds are payable solely from utility customer net revenues and are payable through March 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$480,600 and \$332,381, respectively. Principal and interest paid for the current year and total customer net revenues were \$40,765 and \$3,073,949, 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 \$95,000 and \$67,760, respectively. Principal and interest paid for the current year and total customer net revenues were \$7,335 and \$3,073,949, 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 \$1,040,000 and \$753,789, respectively. Principal and interest paid for the current year and total customer net revenues were \$77,479 and \$3,073,949, 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 \$394,000 and \$296,821, respectively. Principal and interest paid for the current year and total customer net revenues were \$27,403 and \$3,073,949, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$250,000 in RUS Series 2000A Water & Sewer Loan, issued in 2000. The loans are payable solely from utility customer net revenues and are payable through December 2040. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$219,000 and \$196,500, respectively. Principal and interest paid for the current year and total customer net revenues were \$14,100 and \$3,073,949, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 19. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$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 \$414,270 and \$79,521, respectively. Principal and interest paid for the current year and total customer net revenues were \$68,318 and \$3,073,949, 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 \$79,239 and \$2,647, respectively. Principal and interest paid for the current year and total customer net revenues were \$81,795 and \$987,468, 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 \$550,952 and \$47,801, respectively. Principal and interest paid for the current year and total customer net revenues were \$112,236 and \$987,468, 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 2009. The loans are payable solely from utility customer net revenues and are payable through June 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$105,955 with no interest due. Principal for the current year and total customer net revenues were \$6,482 and \$3,073,949, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$600,000 in NMFA/WTB Water Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$489,023 with no interest due. Principal for the current year and total customer net revenues were \$29,919 and \$3,073,949, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 19. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$1,200,000 in NMED Clean Water State Revolving Fund Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2030. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMED or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. Principal and interest to be paid on the loan is not due and payable until completion of the project.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$197,390 in NMFA/WTB Water Project, issued in 2013. The loans are payable solely from utility customer net revenues and are payable through June 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. No interest or principal is due until 2014.

NOTE 20. 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	\$ 23,899
Abeyta Engineering	Council member	69,986
MS Quick Stop	Finance Director	544
Dave's Digital	IT Manager	1,169
Northern Fire Suppression	Town Clerk	2,101
Jim Fambro	Finance Director	2,000

NOTE 21. Subsequent Pronouncements

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The Town will implement this standard during fiscal year June 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The Town will implement this standard during fiscal year June 30, 2014.

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the Town in upcoming years.

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The Town will implement this standard during the fiscal year June 30, 2016.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2013

NOTE 21. Subsequent Pronouncements (continued)

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The Town is still evaluating how this standard will affect the Town.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The Town is still evaluating how this reporting standard will affect the Town.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2013

Special Revenue Funds

Fire Protection

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

Recreation

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

Lodger's Tax

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

Local Government Correction

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

Law Enforcement Protection

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

Civic Center

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

Domestic Violence Shelter

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

Public Transportation

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2013

Special Revenue Funds (continued)

Community Grants

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

Municipal Road Gasoline Tax

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

¼ Cent Municipal Gross Receipts Tax

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

Communications

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2013

Debt Service Funds

2009 NMFA PPRF Disadvantage Program- Eco Park

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

2008 Gross Receipts Tax Revenue Bond Retirement

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

NMFA Debt Service Reserve Eco Park

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

2007 NMFA Land Purchase

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

2011 PPRF Street Improvement

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

2011 PPRF Street Improvement Reserve

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2013

Capital Projects Funds

Facilities Improvements

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

Capital Projects

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

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

1994 Gross Receipts Tax Revenue Bond Acquisition

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	Fire Protection	Recreation	Lodger's Tax
<i>Assets</i>			
Cash and cash equivalents	\$ 6,341	\$ 708	\$ 209,272
Investments	263,258	10,000	-
Receivables:			
Other taxes	-	-	129,084
Due from other governments	-	-	-
	<u>\$ 269,599</u>	<u>\$ 10,708</u>	<u>\$ 338,356</u>
<i>Liabilities</i>			
Accounts payable	\$ 4,334	\$ 148	\$ 8,910
Accrued payroll	-	-	4,130
Deposits held in trust for others	-	-	-
Unearned revenue	-	-	33,244
	<u>4,334</u>	<u>148</u>	<u>46,284</u>
<i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	10,560	292,072
Public works	-	-	-
Fire protection	265,265	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	-
	<u>265,265</u>	<u>10,560</u>	<u>292,072</u>
<i>Total fund balances</i>	<u>\$ 265,265</u>	<u>\$ 10,560</u>	<u>\$ 292,072</u>
<i>Total liabilities and fund balances</i>	<u>\$ 269,599</u>	<u>\$ 10,708</u>	<u>\$ 338,356</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Local Government Correction	Law Enforcement Protection	Civic Center	Domestic Violence Shelter	Public Transportation	Community Grants
\$ 66,861	\$ 6,016	\$ 4,652	\$ 1	\$ 27,319	\$ 30,577
-	-	3,000	-	-	25,000
-	-	-	-	-	-
-	-	-	2,879	54,031	58,583
<u>\$ 66,861</u>	<u>\$ 6,016</u>	<u>\$ 7,652</u>	<u>\$ 2,880</u>	<u>\$ 81,350</u>	<u>\$ 114,160</u>
\$ 7,340	\$ 1,998	\$ 72	\$ 2,879	\$ 6,855	\$ 1,519
-	-	-	-	6,247	-
-	-	5,103	-	-	-
-	-	-	-	-	-
<u>7,340</u>	<u>1,998</u>	<u>5,175</u>	<u>2,879</u>	<u>13,102</u>	<u>1,519</u>
-	-	-	-	-	112,641
59,521	4,018	-	-	-	-
-	-	2,477	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	68,248	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>59,521</u>	<u>4,018</u>	<u>2,477</u>	<u>1</u>	<u>68,248</u>	<u>112,641</u>
<u>\$ 66,861</u>	<u>\$ 6,016</u>	<u>\$ 7,652</u>	<u>\$ 2,880</u>	<u>\$ 81,350</u>	<u>\$ 114,160</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	Municipal Road Gasoline Tax	1/4 Cent Municipal Gross Receipts Tax	Communications
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 19,282
Investments	-	-	-
Receivables:			
Other taxes	16,329	141,183	-
Due from other governments	-	-	71,257
	-	-	71,257
<i>Total assets</i>	\$ 16,329	\$ 141,183	\$ 90,539
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 1,719
Accrued payroll	-	-	10,886
Deposits held in trust for others	-	-	-
Unearned revenue	-	-	-
	-	-	-
<i>Total liabilities</i>	-	-	12,605
<i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	141,183	77,934
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	16,329	-	-
Fire protection	-	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	-
	16,329	141,183	77,934
<i>Total fund balances</i>	16,329	141,183	77,934
<i>Total liabilities and fund balances</i>	\$ 16,329	\$ 141,183	\$ 90,539

The accompanying notes are an integral part of these financial statements

Debt Service

2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase	2011 PPRF Street Improvement	2011 PPRF Street Improvement Reserve
\$ -	\$ 1	\$ 182,445	\$ 41	\$ 97,270	\$ 169,862
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 182,445</u>	<u>\$ 41</u>	<u>\$ 97,270</u>	<u>\$ 169,862</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	182,445	41	97,270	169,862
-	-	-	-	-	-
<u>-</u>	<u>1</u>	<u>182,445</u>	<u>41</u>	<u>97,270</u>	<u>169,862</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 182,445</u>	<u>\$ 41</u>	<u>\$ 97,270</u>	<u>\$ 169,862</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Capital Projects		
	Facilities Improvements	Capital Projects	Airport Construction
<i>Assets</i>			
Cash and cash equivalents	\$ 242,933	\$ 139,253	\$ 5,073
Investments	27,000	482,198	-
Receivables:			
Other taxes	-	105,887	-
Due from other governments	-	-	62,059
	<u>\$ 269,933</u>	<u>\$ 727,338</u>	<u>\$ 67,132</u>
<i>Total assets</i>			
<i>Liabilities</i>			
Accounts payable	\$ 8,226	\$ 21,391	\$ 49
Accrued payroll	-	-	-
Deposits held in trust for others	-	-	-
Unearned revenue	-	-	-
	<u>8,226</u>	<u>21,391</u>	<u>49</u>
<i>Total liabilities</i>			
<i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Fire protection	-	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	-
Capital projects	261,707	705,947	67,083
	<u>261,707</u>	<u>705,947</u>	<u>67,083</u>
<i>Total fund balances</i>			
	<u>\$ 269,933</u>	<u>\$ 727,338</u>	<u>\$ 67,132</u>
<i>Total liabilities and fund balances</i>			

The accompanying notes are an integral part of these financial statements

Capital Projects

<u>Enhanced 911</u>	<u>Vehicle Replacement</u>	<u>1994 Gross Receipts Tax Revenue Bond Acquisition</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 190,426	\$ 84,855	\$ 1,483,188
-	34,000	520,800	1,365,256
-	-	-	392,483
-	-	-	248,809
<u>\$ -</u>	<u>\$ 224,426</u>	<u>\$ 605,655</u>	<u>\$ 3,489,736</u>
\$ -	\$ -	\$ 7,999	\$ 73,439
-	-	-	21,263
-	-	-	5,103
-	-	-	33,244
<u>-</u>	<u>-</u>	<u>7,999</u>	<u>133,049</u>
-	-	-	331,758
-	-	-	63,539
-	-	-	305,109
-	-	-	16,329
-	-	-	265,265
-	-	-	68,249
-	-	-	449,619
-	224,426	597,656	1,856,819
<u>-</u>	<u>224,426</u>	<u>597,656</u>	<u>3,356,687</u>
<u>\$ -</u>	<u>\$ 224,426</u>	<u>\$ 605,655</u>	<u>\$ 3,489,736</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, 2013

	Special Revenue		
	Fire Protection	Recreation	Lodger's Tax
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-
Lodger's taxes	-	-	942,572
Other	-	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	221,960	-	-
State capital grants	-	-	-
Charges for services	-	4,307	70,931
Licenses and fees	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	-	815	5,289
<i>Total revenues</i>	221,960	5,122	1,018,792
<i>Expenditures</i>			
Current			
General government	-	-	-
Public safety	81,076	-	-
Public works	-	-	-
Culture and recreation	-	33,271	814,993
Health and welfare	-	-	-
Capital outlay	474,850	-	22,070
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	555,926	33,271	837,063
<i>Excess (deficiency) of revenues over expenditures</i>	(333,966)	(28,149)	181,729
<i>Other financing sources (uses)</i>			
Transfers in	-	-	811,407
Transfers out	-	-	(907,181)
<i>Total other financing sources (uses)</i>	-	-	(95,774)
<i>Net change in fund balances</i>	(333,966)	(28,149)	85,955
<i>Fund balances - beginning of year</i>	599,231	38,709	206,117
<i>Fund balances - end of year</i>	\$ 265,265	\$ 10,560	\$ 292,072

The accompanying notes are an integral part of these financial statements

Special Revenue

Local Governmental Correction	Law Enforcement Protection	Civic Center	Domestic Violence Shelter	Public Transportation	Community Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	150,000	-	-
-	29,000	-	-	574,585	264,647
-	-	-	-	-	-
-	-	39,006	-	64,830	-
21,531	-	300	-	-	-
-	-	-	-	-	-
-	-	6,475	-	6,296	-
<u>21,531</u>	<u>29,000</u>	<u>45,781</u>	<u>150,000</u>	<u>645,711</u>	<u>264,647</u>
-	-	-	-	-	327,678
82,632	28,803	-	-	-	-
-	-	-	-	-	-
-	-	5,200	-	-	-
-	-	-	150,000	544,874	-
-	-	-	-	305,796	47,212
-	-	-	-	-	-
-	-	-	-	-	-
<u>82,632</u>	<u>28,803</u>	<u>5,200</u>	<u>150,000</u>	<u>850,670</u>	<u>374,890</u>
<u>(61,101)</u>	<u>197</u>	<u>40,581</u>	<u>-</u>	<u>(204,959)</u>	<u>(110,243)</u>
104,048	-	96,225	-	242,614	117,884
-	-	(136,136)	-	-	-
<u>104,048</u>	<u>-</u>	<u>(39,911)</u>	<u>-</u>	<u>242,614</u>	<u>117,884</u>
42,947	197	670	-	37,655	7,641
16,574	3,821	1,807	1	30,593	105,000
<u>\$ 59,521</u>	<u>\$ 4,018</u>	<u>\$ 2,477</u>	<u>\$ 1</u>	<u>\$ 68,248</u>	<u>\$ 112,641</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, 2013

	Special Revenue		
	Municipal Road Gasoline Tax	1/4 Cent Municipal Gross Receipts Tax	Communications
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ 888,669	\$ -
Gasoline and motor vehicle taxes	119,966	-	-
Lodger's taxes	-	-	-
Other	-	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	315,520
Licenses and fees	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	119,966	888,669	315,520
<i>Expenditures</i>			
Current			
General government	-	-	608,762
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	17,372
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	-	-	626,134
<i>Excess (deficiency) of revenues over expenditures</i>	119,966	888,669	(310,614)
<i>Other financing sources (uses)</i>			
Transfers in	-	-	288,000
Transfers out	(112,362)	(899,009)	(133,271)
<i>Total other financing sources (uses)</i>	(112,362)	(899,009)	154,729
<i>Net change in fund balances</i>	7,604	(10,340)	(155,885)
<i>Fund balances - beginning of year</i>	8,725	151,523	233,819
<i>Fund balances - end of year</i>	\$ 16,329	\$ 141,183	\$ 77,934

The accompanying notes are an integral part of these financial statements

Debt Service

2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase	2011 PPRF Street Improvement	2011 PPRF Street Improvement Reserve
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	643	9	340	263
-	-	-	-	-	-
-	-	643	9	340	263
-	-	-	1,295	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128,048	265,000	-	97,362	140,399	-
52,708	226,425	-	15,077	24,237	-
180,756	491,425	-	113,734	164,636	-
(180,756)	(491,425)	643	(113,725)	(164,296)	263
180,756	491,425	-	113,734	297,675	-
-	-	-	-	(183,210)	-
180,756	491,425	-	113,734	114,465	-
-	-	643	9	(49,831)	263
-	1	181,802	32	147,101	169,599
\$ -	\$ 1	\$ 182,445	\$ 41	\$ 97,270	\$ 169,862

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, 2013

	Capital Projects		
	Facilities Improvements	Capital Projects	Airport Construction
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ 666,502	\$ -
Gasoline and motor vehicle taxes	-	-	-
Lodger's taxes	-	-	-
Other	-	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	919,202
State operating grants	-	-	-
State capital grants	-	115,041	50,678
Charges for services	27,999	-	-
Licenses and fees	-	-	-
Investment income (loss)	-	780	-
Miscellaneous	22,300	272,000	-
<i>Total revenues</i>	50,299	1,054,323	969,880
<i>Expenditures</i>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	325,829	-	117,260
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	210,503	446,306	907,486
Debt service			
Principal	18,000	-	-
Interest	-	-	-
<i>Total expenditures</i>	554,332	446,306	1,024,746
<i>Excess (deficiency) of revenues over expenditures</i>	(504,033)	608,017	(54,866)
<i>Other financing sources (uses)</i>			
Transfers in	462,181	222,137	95,246
Transfers out	-	(755,662)	-
<i>Total other financing sources (uses)</i>	462,181	(533,525)	95,246
<i>Net change in fund balances</i>	(41,852)	74,492	40,380
<i>Fund balances - beginning of year</i>	303,559	631,455	26,703
<i>Fund balances - end of year</i>	\$ 261,707	\$ 705,947	\$ 67,083

The accompanying notes are an integral part of these financial statements

Capital Projects			
Enhanced 911	Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,555,171
-	-	-	119,966
-	-	-	942,572
-	-	-	-
-	-	-	150,000
-	-	-	919,202
-	-	-	1,090,192
-	-	-	165,719
-	-	-	522,593
-	-	-	21,831
-	-	798	2,833
-	12,575	64,133	389,883
-	12,575	64,931	5,879,962
-	11,985	-	949,720
-	-	-	192,511
-	-	14,055	457,144
-	-	-	853,464
-	-	-	694,874
-	43,818	-	2,475,413
-	-	-	648,809
-	-	-	318,447
-	55,803	14,055	6,590,382
-	(43,228)	50,876	(710,420)
-	190,000	-	3,713,332
(25,309)	-	-	(3,152,140)
(25,309)	190,000	-	561,192
(25,309)	146,772	50,876	(149,228)
25,309	77,654	546,780	3,505,915
\$ -	\$ 224,426	\$ 597,656	\$ 3,356,687

STATE OF NEW MEXICO
Town of Taos
Fire Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2013

Statement B-1

	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	225,842	221,960	221,960	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>225,842</u>	<u>221,960</u>	<u>221,960</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	183,173	179,291	81,076	98,215
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	641,900	641,900	474,850	167,050
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>825,073</u>	<u>821,191</u>	<u>555,926</u>	<u>265,265</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(599,231)</u>	<u>(599,231)</u>	<u>(333,966)</u>	<u>265,265</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	599,231	599,231	-	(599,231)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>599,231</u>	<u>599,231</u>	<u>-</u>	<u>(599,231)</u>
<i>Net change in fund balance</i>	-	-	(333,966)	(333,966)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>599,231</u>	<u>599,231</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,265</u>	<u>\$ 265,265</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Town of Taos
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2013

Statement B-2

	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	6,983	8,264	4,307	(3,957)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	815	815	-
<i>Total revenues</i>	<u>6,983</u>	<u>9,079</u>	<u>5,122</u>	<u>(3,957)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	45,666	45,666	33,271	12,395
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>45,666</u>	<u>45,666</u>	<u>33,271</u>	<u>12,395</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,683)</u>	<u>(36,587)</u>	<u>(28,149)</u>	<u>8,438</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	38,683	36,587	-	(36,587)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>38,683</u>	<u>36,587</u>	<u>-</u>	<u>(36,587)</u>
<i>Net change in fund balance</i>	-	-	(28,149)	(28,149)
<i>Fund balance - beginning of year</i>	-	-	38,709	38,709
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,560</u>	<u>\$ 10,560</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, 2013

	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	875,000	905,931	942,572	36,641
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	38,000	61,036	70,931	9,895
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	7,200	8,064	5,289	(2,775)
<i>Total revenues</i>	<u>920,200</u>	<u>975,031</u>	<u>1,018,792</u>	<u>43,761</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	925,112	873,571	814,993	58,578
Health and welfare	-	-	-	-
Capital outlay	23,100	23,100	22,070	1,030
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>948,212</u>	<u>896,671</u>	<u>837,063</u>	<u>59,608</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,012)</u>	<u>78,360</u>	<u>181,729</u>	<u>103,369</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	106,515	17,414	-	(17,414)
Transfers in	792,747	811,407	811,407	-
Transfers out	(871,250)	(907,181)	(907,181)	-
<i>Total other financing sources (uses)</i>	<u>28,012</u>	<u>(78,360)</u>	<u>(95,774)</u>	<u>(17,414)</u>
<i>Net change in fund balance</i>	-	-	85,955	85,955
<i>Fund balance - beginning of year</i>	-	-	206,117	206,117
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,072</u>	<u>\$ 292,072</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	21,325	21,325	21,531	206
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>21,325</u>	<u>21,325</u>	<u>21,531</u>	<u>206</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	135,000	135,000	82,632	52,368
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>135,000</u>	<u>135,000</u>	<u>82,632</u>	<u>52,368</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(113,675)</u>	<u>(113,675)</u>	<u>(61,101)</u>	<u>52,574</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	9,627	9,627	-	(9,627)
Transfers in	104,048	104,048	104,048	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>113,675</u>	<u>113,675</u>	<u>104,048</u>	<u>(9,627)</u>
<i>Net change in fund balance</i>	-	-	42,947	42,947
<i>Fund balance - beginning of year</i>	-	-	16,574	16,574
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,521</u>	<u>\$ 59,521</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, 2013

	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	29,000	29,000	29,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	29,000	32,821	28,803	4,018
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>29,000</u>	<u>32,821</u>	<u>28,803</u>	<u>4,018</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,821)</u>	<u>197</u>	<u>4,018</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	3,821	-	(3,821)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,821</u>	<u>-</u>	<u>(3,821)</u>
<i>Net change in fund balance</i>	-	-	197	197
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,821</u>	<u>3,821</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,018</u>	<u>\$ 4,018</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	24,407	39,006	39,006	-
Licenses and fees	-	300	300	-
Investment income (loss)	-	-	-	-
Miscellaneous	1,700	6,475	6,475	-
<i>Total revenues</i>	<u>26,107</u>	<u>45,781</u>	<u>45,781</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	5,910	5,910	5,200	710
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,910</u>	<u>5,910</u>	<u>5,200</u>	<u>710</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>20,197</u>	<u>39,871</u>	<u>40,581</u>	<u>710</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,910	40	-	(40)
Transfers in	87,125	96,225	96,225	-
Transfers out	(113,232)	(136,136)	(136,136)	-
<i>Total other financing sources (uses)</i>	<u>(20,197)</u>	<u>(39,871)</u>	<u>(39,911)</u>	<u>(40)</u>
<i>Net change in fund balance</i>	-	-	670	670
<i>Fund balance - beginning of year</i>	-	-	1,807	1,807
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,477</u>	<u>\$ 2,477</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, 2013

	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	150,000	150,000	150,000	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</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>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Town of Taos

Public Transportation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	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	616,083	606,055	574,585	(31,470)
State capital grants	-	-	-	-
Charges for services	55,000	55,000	64,830	9,830
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	6,296	6,296	-
<i>Total revenues</i>	<u>671,083</u>	<u>667,351</u>	<u>645,711</u>	<u>(21,640)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	579,237	570,954	544,874	26,080
Capital outlay	323,400	323,400	305,796	17,604
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>902,637</u>	<u>894,354</u>	<u>850,670</u>	<u>43,684</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(231,554)</u>	<u>(227,003)</u>	<u>(204,959)</u>	<u>22,044</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	22,111	(15,611)	-	15,611
Transfers in	209,443	242,614	242,614	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>231,554</u>	<u>227,003</u>	<u>242,614</u>	<u>15,611</u>
<i>Net change in fund balance</i>	-	-	37,655	37,655
<i>Fund balance - beginning of year</i>	-	-	30,593	30,593
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,248</u>	<u>\$ 68,248</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, 2013

	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	355,403	408,103	264,647	(143,456)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>355,403</u>	<u>408,103</u>	<u>264,647</u>	<u>(143,456)</u>
<i>Expenditures</i>				
Current				
General government	518,947	575,347	327,678	247,669
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	35,613	48,913	47,212	1,701
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>554,560</u>	<u>624,260</u>	<u>374,890</u>	<u>249,370</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(199,157)</u>	<u>(216,157)</u>	<u>(110,243)</u>	<u>105,914</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	98,273	98,273	-	(98,273)
Transfers in	100,884	117,884	117,884	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>199,157</u>	<u>216,157</u>	<u>117,884</u>	<u>(98,273)</u>
<i>Net change in fund balance</i>	-	-	7,641	7,641
<i>Fund balance - beginning of year</i>	-	-	105,000	105,000
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,641</u>	<u>\$ 112,641</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, 2013

	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	80,923	112,362	119,966	7,604
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>80,923</u>	<u>112,362</u>	<u>119,966</u>	<u>7,604</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>80,923</u>	<u>112,362</u>	<u>119,966</u>	<u>7,604</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(80,923)	(112,362)	(112,362)	-
<i>Total other financing sources (uses)</i>	<u>(80,923)</u>	<u>(112,362)</u>	<u>(112,362)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	7,604	7,604
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,725</u>	<u>8,725</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,329</u>	<u>\$ 16,329</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, 2013

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	916,259	916,259	888,669	(27,590)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>916,259</u>	<u>916,259</u>	<u>888,669</u>	<u>(27,590)</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>916,259</u>	<u>916,259</u>	<u>888,669</u>	<u>(27,590)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(266)	(266)	-	266
Transfers in	-	-	-	-
Transfers out	(915,993)	(915,993)	(899,009)	16,984
<i>Total other financing sources (uses)</i>	<u>(916,259)</u>	<u>(916,259)</u>	<u>(899,009)</u>	<u>17,250</u>
<i>Net change in fund balance</i>	-	-	(10,340)	(10,340)
<i>Fund balance - beginning of year</i>	-	-	151,523	151,523
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,183</u>	<u>\$ 141,183</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	315,400	315,400	315,520	120
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>315,400</u>	<u>315,400</u>	<u>315,520</u>	<u>120</u>
<i>Expenditures</i>				
Current				
General government	627,783	631,900	608,762	23,138
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	37,500	17,372	17,372	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>665,283</u>	<u>649,272</u>	<u>626,134</u>	<u>23,138</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(349,883)</u>	<u>(333,872)</u>	<u>(310,614)</u>	<u>23,258</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	61,883	179,143	-	(179,143)
Transfers in	288,000	288,000	288,000	-
Transfers out	-	(133,271)	(133,271)	-
<i>Total other financing sources (uses)</i>	<u>349,883</u>	<u>333,872</u>	<u>154,729</u>	<u>(179,143)</u>
<i>Net change in fund balance</i>	-	-	(155,885)	(155,885)
<i>Fund balance - beginning of year</i>	-	-	233,819	233,819
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,934</u>	<u>\$ 77,934</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Town of Taos

2009 NMFA PPRF Disadvantage Program- Eco Park Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variences
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	128,048	128,048	128,048	-
Interest	52,708	52,708	52,708	-
<i>Total expenditures</i>	<u>180,756</u>	<u>180,756</u>	<u>180,756</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(180,756)</u>	<u>(180,756)</u>	<u>(180,756)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	180,756	180,756	180,756	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>180,756</u>	<u>180,756</u>	<u>180,756</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-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, 2013

	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	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	265,000	265,000	265,000	-
Interest	226,425	226,425	226,425	-
<i>Total expenditures</i>	<u>491,425</u>	<u>491,425</u>	<u>491,425</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(491,425)</u>	<u>(491,425)</u>	<u>(491,425)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	491,425	491,425	491,425	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>491,425</u>	<u>491,425</u>	<u>491,425</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Town of Taos

NMFA Debt Service Reserve Eco Park Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2013

	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	-	-	-	-
Investment income (loss)	-	631	643	12
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>631</u>	<u>643</u>	<u>12</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>631</u>	<u>643</u>	<u>12</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(631)	-	631
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(631)</u>	<u>-</u>	<u>631</u>
<i>Net change in fund balance</i>	-	-	643	643
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>181,802</u>	<u>181,802</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,445</u>	<u>\$ 182,445</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	9	9
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
<i>Expenditures</i>				
Current				
General government	1,295	1,295	1,295	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	97,362	97,362	97,362	-
Interest	15,077	15,077	15,077	-
<i>Total expenditures</i>	<u>113,734</u>	<u>113,734</u>	<u>113,734</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(113,734)</u>	<u>(113,734)</u>	<u>(113,725)</u>	<u>9</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	113,734	113,734	113,734	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>113,734</u>	<u>113,734</u>	<u>113,734</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	9	9
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

Town of Taos

2011 PPRF Street Improvement Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	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	-	-	-	-
Investment income (loss)	-	-	340	340
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>340</u>	<u>340</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	140,399	140,399	140,399	-
Interest	24,237	24,237	24,237	-
<i>Total expenditures</i>	<u>164,636</u>	<u>164,636</u>	<u>164,636</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(164,636)</u>	<u>(164,636)</u>	<u>(164,296)</u>	<u>340</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	95,645	50,171	-	(50,171)
Transfers in	252,201	297,675	297,675	-
Transfers out	(183,210)	(183,210)	(183,210)	-
<i>Total other financing sources (uses)</i>	<u>164,636</u>	<u>164,636</u>	<u>114,465</u>	<u>(50,171)</u>
<i>Net change in fund balance</i>	-	-	(49,831)	(49,831)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>147,101</u>	<u>147,101</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,270</u>	<u>\$ 97,270</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

Town of Taos

2011 PPRF Street Improvement Reserve Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2013

	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	-	-	-	-
Investment income (loss)	-	590	263	(327)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>590</u>	<u>263</u>	<u>(327)</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>590</u>	<u>263</u>	<u>(327)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(590)	-	590
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(590)</u>	<u>-</u>	<u>590</u>
<i>Net change in fund balance</i>	-	-	263	263
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>169,599</u>	<u>169,599</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,862</u>	<u>\$ 169,862</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2013

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	50,000	50,000	-	(50,000)
Charges for services	-	27,999	27,999	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	22,300	22,300	-
<i>Total revenues</i>	<u>50,000</u>	<u>100,299</u>	<u>50,299</u>	<u>(50,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	385,800	341,352	325,829	15,523
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	387,634	474,452	210,503	263,949
Debt service				
Principal	18,000	18,000	18,000	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>791,434</u>	<u>833,804</u>	<u>554,332</u>	<u>279,472</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(741,434)</u>	<u>(733,505)</u>	<u>(504,033)</u>	<u>229,472</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	294,458	294,458	-	(294,458)
Transfers in	446,976	462,181	462,181	-
Transfers out	-	(23,134)	-	23,134
<i>Total other financing sources (uses)</i>	<u>741,434</u>	<u>733,505</u>	<u>462,181</u>	<u>(271,324)</u>
<i>Net change in fund balance</i>	-	-	(41,852)	(41,852)
<i>Fund balance - beginning of year</i>	-	-	303,559	303,559
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,707</u>	<u>\$ 261,707</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

Town of Taos

Capital Projects Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	694,696	694,696	666,502	(28,194)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	75,000	75,000	-	(75,000)
Federal capital grants	-	-	-	-
State operating grants	138,967	138,967	-	(138,967)
State capital grants	290,395	290,395	115,041	(175,354)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	780	780	-
Miscellaneous	6,000	278,000	272,000	(6,000)
<i>Total revenues</i>	<u>1,205,058</u>	<u>1,477,838</u>	<u>1,054,323</u>	<u>(423,515)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	100,000	100,000	-	100,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	833,035	1,351,524	446,306	905,218
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>933,035</u>	<u>1,451,524</u>	<u>446,306</u>	<u>1,005,218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>272,023</u>	<u>26,314</u>	<u>608,017</u>	<u>581,703</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	427,502	467,092	-	(467,092)
Transfers in	56,137	262,256	222,137	(40,119)
Transfers out	(755,662)	(755,662)	(755,662)	-
Proceeds from issuance of bonds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(272,023)</u>	<u>(26,314)</u>	<u>(533,525)</u>	<u>(507,211)</u>
<i>Net change in fund balance</i>	-	-	74,492	74,492
<i>Fund balance - beginning of year</i>	-	-	631,455	631,455
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705,947</u>	<u>\$ 705,947</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	1,769,846	1,914,959	919,202	(995,757)
State operating grants	-	-	-	-
State capital grants	95,884	165,273	50,678	(114,595)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,865,730</u>	<u>2,080,232</u>	<u>969,880</u>	<u>(1,110,352)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	513,180	118,688	117,260	1,428
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,450,000	2,028,881	907,486	1,121,395
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,963,180</u>	<u>2,147,569</u>	<u>1,024,746</u>	<u>1,122,823</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(97,450)</u>	<u>(67,337)</u>	<u>(54,866)</u>	<u>12,471</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	22,204	(27,909)	-	27,909
Transfers in	75,246	95,246	95,246	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>97,450</u>	<u>67,337</u>	<u>95,246</u>	<u>27,909</u>
<i>Net change in fund balance</i>	-	-	40,380	40,380
<i>Fund balance - beginning of year</i>	-	-	26,703	26,703
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,083</u>	<u>\$ 67,083</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

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, 2013

	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	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
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)	25,309	25,309	-	(25,309)
Transfers in	-	-	-	-
Transfers out	(25,309)	(25,309)	(25,309)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(25,309)</u>	<u>(25,309)</u>
<i>Net change in fund balance</i>	-	-	(25,309)	(25,309)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>25,309</u>	<u>25,309</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

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, 2013

	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	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	12,575	12,575	-
<i>Total revenues</i>	<u>-</u>	<u>12,575</u>	<u>12,575</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	12,401	12,401	11,985	416
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	190,000	190,000	43,818	146,182
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>202,401</u>	<u>202,401</u>	<u>55,803</u>	<u>146,598</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(202,401)</u>	<u>(189,826)</u>	<u>(43,228)</u>	<u>146,598</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	12,401	(174)	-	174
Transfers in	190,000	190,000	190,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>202,401</u>	<u>189,826</u>	<u>190,000</u>	<u>174</u>
<i>Net change in fund balance</i>	-	-	146,772	146,772
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>77,654</u>	<u>77,654</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,426</u>	<u>\$ 224,426</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	600,000	600,000	-	(600,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	798	(1,202)
Miscellaneous	-	64,133	64,133	-
<i>Total revenues</i>	<u>602,000</u>	<u>666,133</u>	<u>64,931</u>	<u>(601,202)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	665,000	715,000	14,055	700,945
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>665,000</u>	<u>715,000</u>	<u>14,055</u>	<u>700,945</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(63,000)</u>	<u>(48,867)</u>	<u>50,876</u>	<u>99,743</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	63,000	48,867	-	(48,867)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>63,000</u>	<u>48,867</u>	<u>-</u>	<u>(48,867)</u>
<i>Net change in fund balance</i>	-	-	50,876	50,876
<i>Fund balance - beginning of year</i>	-	-	546,780	546,780
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,656</u>	<u>\$ 597,656</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

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, 2013

	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	1,000,000	1,000,000	480,000	(520,000)
State operating grants	-	-	-	-
State capital grants	354,302	354,302	-	(354,302)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	1,310	(690)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,356,302</u>	<u>1,356,302</u>	<u>481,310</u>	<u>(874,992)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,271,321	3,271,321	966,798	2,304,523
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,271,321</u>	<u>3,271,321</u>	<u>966,798</u>	<u>2,304,523</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,915,019)</u>	<u>(1,915,019)</u>	<u>(485,488)</u>	<u>1,429,531</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,731,809	1,731,809	-	(1,731,809)
Transfers in	183,210	183,210	183,210	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,915,019</u>	<u>1,915,019</u>	<u>183,210</u>	<u>(1,731,809)</u>
<i>Net change in fund balance</i>	-	-	(302,278)	(302,278)
<i>Fund balance - beginning of year</i>	-	-	1,892,269	1,892,269
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589,991</u>	<u>\$ 1,589,991</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

Town of Taos

Water and Sewer Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 2,898,882	\$ 2,878,042	\$ 3,073,949	\$ 195,907
<i>Total operating revenues</i>	<u>2,898,882</u>	<u>2,878,042</u>	<u>3,073,949</u>	<u>195,907</u>
<i>Operating expenses</i>				
Personnel services	689,168	707,646	658,499	49,147
Contractual services	1,300,514	1,370,073	1,224,201	145,872
Supplies	199,431	161,858	137,894	23,964
Maintenance and materials	76,965	65,259	58,642	6,617
Utilities	335,970	405,430	394,568	10,862
Equipment	3,172,804	3,392,130	-	3,392,130
Depreciation	-	-	1,362,718	(1,362,718)
Miscellaneous	249,607	250,974	31,236	219,738
<i>Total operating expenses</i>	<u>6,024,459</u>	<u>6,353,370</u>	<u>3,867,758</u>	<u>2,485,612</u>
<i>Operating income (loss)</i>	<u>(3,125,577)</u>	<u>(3,475,328)</u>	<u>(793,809)</u>	<u>2,681,519</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	458,184	458,184	449,504	(8,680)
Interest expense	(139,767)	(138,196)	(136,499)	1,697
Interest income	4,380	4,692	4,037	(655)
Miscellaneous income	197,390	200,855	3,465	(197,390)
<i>Total non-operating revenues (expenses)</i>	<u>520,187</u>	<u>525,535</u>	<u>320,507</u>	<u>(205,028)</u>
<i>Income (loss) before transfers and grants</i>	<u>(2,605,390)</u>	<u>(2,949,793)</u>	<u>(473,302)</u>	<u>2,476,491</u>
Transfers	-	-	(13,616)	(13,616)
State and federal capital grants	1,973,903	1,993,572	1,624,150	(369,422)
<i>Change in net position</i>	<u>\$ (631,487)</u>	<u>\$ (956,221)</u>	<u>\$ 1,137,232</u>	<u>\$ 2,093,453</u>
<i>Total net position, beginning of year</i>			<u>25,122,256</u>	
<i>Total net position, end of year</i>			<u>\$ 26,259,488</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

Town of Taos

Solid Waste Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,260,314	\$ 1,260,314	\$ 1,247,203	\$ (13,111)
<i>Total operating revenues</i>	<u>1,260,314</u>	<u>1,260,314</u>	<u>1,247,203</u>	<u>(13,111)</u>
<i>Operating expenses</i>				
Personnel services	107,518	111,290	95,435	15,855
Contractual services	759,400	762,759	720,665	42,094
Supplies	8,131	6,213	6,213	-
Maintenance and materials	65,350	61,340	61,339	1
Utilities	267,824	269,235	226,726	42,509
Equipment	298,943	325,714	-	325,714
Depreciation	-	-	41,218	(41,218)
Miscellaneous	275	4,989	4,989	-
<i>Total operating expenses</i>	<u>1,507,441</u>	<u>1,541,540</u>	<u>1,156,585</u>	<u>384,955</u>
<i>Operating income (loss)</i>	<u>(247,127)</u>	<u>(281,226)</u>	<u>90,618</u>	<u>371,844</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	20,951	20,951	15,963	(4,988)
<i>Total non-operating revenues (expenses)</i>	<u>20,951</u>	<u>20,951</u>	<u>15,963</u>	<u>(4,988)</u>
<i>Income (loss) before transfers and grants</i>	<u>(226,176)</u>	<u>(260,275)</u>	<u>106,581</u>	<u>366,856</u>
Transfers	-	-	-	-
State and federal capital grants	-	-	-	-
<i>Change in net position</i>	<u>\$ (226,176)</u>	<u>\$ (260,275)</u>	<u>\$ 106,581</u>	<u>\$ 366,856</u>
<i>Total net position, beginning of year</i>			<u>1,428,314</u>	
<i>Total net position, end of year</i>			<u>\$ 1,534,895</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

Town of Taos

Taos Regional Landfill Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 964,526	\$ 964,551	\$ 987,468	\$ 22,917
<i>Total operating revenues</i>	964,526	964,551	987,468	22,917
<i>Operating expenses</i>				
Personnel services	288,494	276,435	291,297	(14,862)
Contractual services	291,352	287,330	59,866	227,464
Supplies	8,800	8,677	7,520	1,157
Maintenance and materials	123,935	118,263	97,021	21,242
Utilities	6,384	6,941	6,941	-
Depreciation	-	-	182,355	(182,355)
Miscellaneous	174,802	178,996	7,462	171,534
<i>Total operating expenses</i>	893,767	876,642	652,462	224,180
<i>Operating income (loss)</i>	70,759	87,909	335,006	247,097
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	(22,568)	(22,568)	(21,767)	801
Interest income	49	1,188	22,789	21,601
Miscellaneous income	2,710	2,836	126	(2,710)
<i>Total non-operating revenues (expenses)</i>	(19,809)	(18,544)	1,148	19,692
<i>Income (loss) before transfers and grants</i>	50,950	69,365	336,154	266,789
State capital grants	-	-	-	-
Transfers	-	-	-	-
<i>Change in net position</i>	\$ 50,950	\$ 69,365	\$ 336,154	\$ 266,789
<i>Total net position, beginning of year</i>			1,885,650	
<i>Total net position, end of year</i>			\$ 2,221,804	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Town of Taos
Schedule of Deposit and Investment Accounts
June 30, 2013

Schedule I
Page 1 of 2

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
US Bank					
Clearing Account	Checking	\$ 779,289	\$ 438,154	\$ 1,217,443	\$ -
Judicial Bond Fund Municipal Court	Checking	1,544	-	-	1,544
Utility Construction Fund	Checking	39,530	-	-	39,530
Water & Sewer System Income Fund	Checking	3,793,792	77,467	29,937	3,841,322
Certificate of Deposit - Investment	CD	170,500	-	-	170,500
Total US Bank		<u>4,784,655</u>	<u>515,621</u>	<u>1,247,380</u>	<u>4,052,896</u>
Centinel Bank					
General Fund	Checking	2,243,603	25,932	-	2,269,535
Water/Wastewater Improvement Fund	Checking	142,525	-	8,779	133,746
Payroll Clearing	Checking	5	-	5	-
1994 GRT Revenue Bond Acquisition Fund	Checking	84,855	-	-	84,855
HUD Account - Domestic Violence Shelter	Checking	1	-	1	-
ACH Transfer Account	Checking	104,002	-	103,902	100
Total Centinel Bank		<u>2,574,991</u>	<u>25,932</u>	<u>112,687</u>	<u>2,488,236</u>
Bank of Albuquerque- Investments					
2001A Water & Sewer Revenue Bond Retirement	U.S. Treasury Mutual Fund	61,892	-	-	61,892
2004 Taos Regional Landfill Revenue Bond Reserve	U.S. Treasury Mutual Fund	137,630	-	-	137,630
2008A Taos Regional Landfill Debt Service	U.S. Treasury Mutual Fund	100,263	-	-	100,263
2008 Gross Receipts Tax Revenue Bond Reserve	U.S. Treasury Mutual Fund	169,862	-	-	169,862
1999 Gasoline Tax Acquisition	U.S. Treasury Mutual Fund	1,160,230	-	-	1,160,230
2010a Phase I Multi Phased Recreation Park	U.S. Treasury Mutual Fund	181,232	-	-	181,232
Water Systems Improvement Grant	U.S. Treasury Mutual Fund	1,776,513	-	-	1,776,513
WTB Water Systems Improvement Grant	U.S. Treasury Mutual Fund	197,390	-	-	197,390
Total Bank of Albuquerque		<u>3,785,012</u>	<u>-</u>	<u>-</u>	<u>3,785,012</u>
New Mexico Finance Authority - Investments					
2007 NMFA Land Purchase	State Treasurer Debt Service	41	-	-	41
2004 Taos Regional Landfill Revenue Bond Reserve	State Treasurer Debt Service	500	-	-	500
2008A Taos Regional Landfill Debt Service	State Treasurer Debt Service	1,091	-	-	1,091
2010 Phase II Wastewater Treatment Plant Rehab	State Treasurer Debt Service	545	-	-	545
2010 Phase I Multi-phased Rec. Park	State Treasurer Debt Service	1,213	-	-	1,213
1999 Gasoline Tax Acquisition	State Treasurer Debt Service	342	-	-	342
Total New Mexico Finance Authority		<u>3,732</u>	<u>-</u>	<u>-</u>	<u>3,732</u>
Total		<u>\$ 11,148,390</u>	<u>\$ 541,553</u>	<u>\$ 1,360,067</u>	10,329,876
New Mexico State Treasurer Local Government Investment Pool					4,158,731
Add: petty cash					1,550
Total deposits and investments					<u>\$ 14,490,157</u>

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Deposit and Investment Accounts
June 30, 2013

Schedule I
Page 2 of 2

Deposits and investments per financial statements:

Cash and cash equivalents - Exhibit A-1	\$ 5,347,587
Investments - Exhibit A-1	4,269,231
Restricted cash and cash equivalents - Exhibit A-1	4,803,354
Fiduciary funds cash and investments - Exhibit E-1	<u>69,985</u>
Total deposits and investments	<u><u>\$ 14,490,157</u></u>

STATE OF NEW MEXICO

Schedule II

Town of Taos

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2013

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market/Par Value at June 30, 2013	Location of Safekeeper
US Bank					
	FNMA	8/1/2025	31410K7E8	\$ 678,057	Federal Home Loan Bank, Dallas, TX
	FNMA	11/1/2025	31419KG25	3,370,052	Federal Home Loan Bank, Dallas, TX
	FNMA	1/1/2026	3138A35S2	427,362	Federal Home Loan Bank, Dallas, TX
				<u>4,475,471</u>	
Centinel Bank					
	Lea County School	1/15/2017	521513BR1	179,984 *	Independent Bankers Bank, Dallas TX
	San Juan College NM	8/1/2013	798359HY4	375,000 *	Independent Bankers Bank, Dallas TX
	Ruidoso SD GO	8/1/2021	781338HR2	250,000 *	Independent Bankers Bank, Dallas TX
	Pojoaque SCH	8/1/2014	73085PAYS	29,997 *	Independent Bankers Bank, Dallas TX
	FNMA 1612	1/1/2017	3138E5Y1	404,070	Independent Bankers Bank, Dallas TX
				<u>1,239,051</u>	
Total Pledged Collateral				<u>\$ 5,714,522</u>	

* As per NMSA 2.2.2.10 (N) (4), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<i>Assets</i>				
Cash	\$ 7,734	\$ 16,532	\$ 14,281	\$ 9,985
Investments	60,000	-	-	60,000
 Total assets	 <u>\$ 67,734</u>	 <u>\$ 16,532</u>	 <u>\$ 14,281</u>	 <u>\$ 69,985</u>
<i>Liabilities</i>				
Deposits payable	\$ 67,177	\$ 8,665	\$ 6,500	\$ 69,342
Due to other entities	557	7,867	7,781	643
 Total liabilities	 <u>\$ 67,734</u>	 <u>\$ 16,532</u>	 <u>\$ 14,281</u>	 <u>\$ 69,985</u>

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Joint Powers Agreements
June 30, 2013

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

See independent auditors' report

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

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Town of Taos (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town, presented as supplemental information, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items FS 2010-01 and FS 2012-01.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2013-001, FS 2013-002, FS 2013-003, and FS 2013-004.

The Town's Responses to Findings

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

Purpose of this Report

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
October 15, 2013

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Taos (the town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 15, 2013

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Schedule V
Page 1 of 2

Federal Grantor or Pass-Through Grantor/ Program Title	CFDA Number	Federal Grant Number	Federal Expenditures
U.S. Department of Justice			
Taos County Juvenile Justice	16.523	11-690-12421	\$ 130,664
Edward Byrne Memorial- Repeater Site Upgrades	16.728	2012-SS-TO-	13,138
			<u>143,802</u>
U.S. Department of Housing & Urban Development Passed Through the State of New Mexico, Department of Finance & Administration			
Community Development Block Grant (1)	14.228	10-C-NR-I-01-G-	480,000
Community Against Violence	14.235	NM02B601005	150,000
Total U.S. Department of Housing & Urban Development			<u>630,000</u>
U.S. Department of Transportation			
Federal Aviation Administration (FAA)			
Airport Improvements Program - EIS Phase 3A (1)	20.106	3-35-0041-021-	914,071
State of Good Repair Grant	20.525	M01157	260,743
Federal Transit - Capital Investment Grants	20.500	NM-03-0041	115,042
Total U.S. Department of Transportation			<u>1,289,856</u>
Total Federal Financial Assistance			<u><u>\$ 2,063,658</u></u>

(1) Denotes Major Federal Financial Assistance Program

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

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Subrecipients

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

3. Loan amounts

The Town owed \$18,000 to U.S. Department of Agriculture and \$219,000 to the Rural Utilities Service as of June 30, 2013.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,063,658
Total expenditures funded by other sources	<u>23,539,282</u>
Total expenditures	<u><u>\$ 25,602,940</u></u>

STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2013

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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? | No | | | | | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No | | | | | | | | |
| 4. Identification of major programs: | | | | | | | | | |
| <table style="margin: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 0 10px;">CFDA</td> <td style="text-align: center; padding: 0 10px;">Federal Program</td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black; padding: 0 10px;">Number</td> <td style="text-align: center; border-bottom: 1px solid black; padding: 0 10px;"></td> </tr> <tr> <td style="text-align: center; padding: 0 10px;">14.228</td> <td style="text-align: center; padding: 0 10px;">Community Development Block Grant</td> </tr> <tr> <td style="text-align: center; padding: 0 10px;">20.106</td> <td style="text-align: center; padding: 0 10px;">Airport Improvements Program- EIS Phase 3A</td> </tr> </table> | CFDA | Federal Program | Number | | 14.228 | Community Development Block Grant | 20.106 | Airport Improvements Program- EIS Phase 3A | |
| CFDA | Federal Program | | | | | | | | |
| Number | | | | | | | | | |
| 14.228 | Community Development Block Grant | | | | | | | | |
| 20.106 | Airport Improvements Program- EIS Phase 3A | | | | | | | | |
| 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 | | | | | | | | |

Section II – Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings

2010-01	Design Deficiencies in Internal Control over Financial Reporting	Repeated and Modified
2011-01	Noncompliance of Town Policy	Resolved
2012-01	Weakness in Design Related to Internal Control Over Receipts	Repeated
2012-02	Cash Appropriation in Excess of Available Cash Balances	Resolved

Section III – Financial Statement Findings and Questioned Costs

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

Condition: During our internal control evaluations, we noted the following deficiencies:

- During our review of annual leave and timesheet hours, we noted there is not review, oversight, or monitoring process of employees leave cards and leave balances and hours worked.

Criteria: NMAC 6.20.2.11 states:

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.

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 in all departments.

Auditors' Recommendations: The Town should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented for each department. Management should follow and ensure that all staff follows the Town's documented internal control procedures.

Agency's Response: Management agrees with the auditor's observation about the inconsistency among the departments to properly review time sheets for their salaried employees. This year was the first year we implemented the requirement for reviewing the timesheets for salaried employees. As the departments are still adapting to the new procedure, we have not yet attained 100% compliance. To enforce this new policy, the Town Manager has issued a directive that any timesheets that are not properly reviewed and approved will cause the interested employee to miss a paycheck for that period.

FS 2012-01 Weakness in Design Related to Internal Controls Over Receipts (Significant Deficiency)

Condition: During our inquiry and observation of the Town's landfill, it was noted that there was a lack of internal control in regards to cash collection processes.

Criteria: According to NMSA 6-10-2 Public money; cash books; daily balance; public record, it is the duty of every public official or agency of this state the receives or disburses public money to maintain a cash record in which it is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business.

Effect: Because these departments collect public funds in multiple forms including cash, misappropriation of assets can occur.

Cause: Management and those in charge of governance have not developed a formal monitoring or risk assessment process for all departments.

Auditors' Recommendations: We recommend the Town implement a review process of all departments and assess risks associated. Furthermore, develop an internal control process to mitigate the risk of fraud or misappropriation of assets.

Agency's Response: Management agrees with the auditors' observations. After determining that the cash in question does not justify a major investment of equipment in this remote location, we instituted instead a new procedure to conduct frequent random audits on site. We also implemented the practice of issuing duplicate hard copy receipts for each cash transaction.

FS 2013-001 Campaign Contribution Form (Other Matter)

Condition: During our testwork of procurement it was noted that the Town required a campaign disclosure form to be provided with the submittal of the sealed bid. The vendor that was awarded the bid was missing this signed document in one of five instances.

Criteria: According to Town written requirements for request for bid, Section 6 stipulated that a Campaign Contribution Form be submitted for consideration from all vendors submitting a sealed bid.

Effect: Vendor who submitted an incomplete bid package was awarded the bid.

Cause: The form was overlooked as not being provided as this was a requirement in the submission of a complete bid.

Auditors' Recommendations: We recommend the Town follow all requirements put forth by the Town in regards to procurement.

Agency's Response: In this case, the Procurement Officer waived this as a technical irregularity which is allowed under NMSA 13-1-132, stating, 'which does not alter the price, quality or quantity of the services, construction or items of tangible personal property bid or offered'. As part of the contract process this campaign contribution was executed at that time and placed in the purchase order backup documentation.

FS 2013-002 Small Purchases (Other Matter)

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

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

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

Cause: The responsible individual was unaware of the requirement written in the “Town of Taos Purchasing Policy” as this individual is new to the position.

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

Agency’s Response: Management agrees with the auditor’s observation. The responsible individual had been operating under the misunderstanding that he was complying with this section of the procurement policy by simply making detailed notations on a calendar. He has now adopted the proper practice of sending a memo to the Procurement Officer indicating the solicitations made to obtain additional price quotations.

FS 2013-003 Safekeeping of Seized Property Pending Disposition (Other Matter)

Condition: During random site visits at locations maintained by the Town it was noted that seized property was located in an undesignated and non- secured location.

Criteria: According to NMSA 1978 31-27-8 “Safekeeping of seized property pending disposition, A. Seized currency alleged to be subject to forfeiture shall be deposited with the clerk of the district court in an interest-bearing account. B. Seized property other than currency or real property, not required by federal or state law to be destroyed, shall be: (1) placed under seal; and (2) removed to a place designated by the district court; or (3) held in custody of a law enforcement agency. C. Property shall be kept by the custodian in a manner to protect it from theft or damage and, if ordered by the district court, insured against those risks.

Effect: Improper safe guarding of seized property could interfere with possible criminal cases or evidence maintained.

Cause: The seized property was overlooked as being left during a department move to a location.

Auditors’ Recommendations: We recommend the Town follow all requirements of state and federal law in regards to seized property and maintenance and disposition of this property.

Agency’s Response: Management agrees with the auditors’ recommendations and corrective actions have been taken to ensure this does not happen again. All case agents will follow Taos Police Department Policy and Procedure “Property and Evidence Control” ADM.17.01-17.04.

FS 2013-004 Annual Inventory (Other Matter)

Condition: The Town did not perform an annual capital asset inventory of all movable chattels and equipment on the inventory listing.

Criteria: According to State Audit Rule 2.2.2.10 Y Capital Asset Inventory: (2) Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Effect: Items could be present on the capital assets listing that do not exist or items could exist that are not on the listing.

Cause: The Town has not completed an full annual inventory or has requested departments to complete an annual inventory of movable chattels and equipment.

Auditors' Recommendations: We recommend the Town perform an annual inventory and express the importance of this annual inventory to all departments.

Agency's Response: Management agrees with the auditor's observation. In October, we conducted a Town-wide inventory for the first time in many years. We will repeat this exercise next spring and make it an integral part of our work plan every year.

FINDINGS – FEDERAL AWARDS

None

STATE OF NEW MEXICO

Town of Taos
Other Disclosures
June 30, 2013

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 19, 2013. In attendance were the following:

Representing the Town of Taos:

Frederick Peralta	Councilor
Oscar Rodriguez	Town Manager
Abigail Adame	Assistant Town Manager
Marietta Fambro	Finance Director
Miranda Quintana	Grants Administrator/Budget and Procurement

Representing Accounting & Consulting Group, LLP:

Robert Cordova, CPA	Partner
Lorie Lawlis	In-Charge

Auditor Prepared Financial Statements

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