



State of New Mexico
Town of Taos
Annual Financial Report
June 30, 2014



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO

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Town of Taos

Official Roster

June 30, 2014

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

Administration

Richard Bellis	Town Manager
Marietta Fambro	Finance Director
Renee Lucero	Town Clerk
Richard Chavez	Municipal Judge
Floyd W. Lopez	Town Attorney

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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, 2014, 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, 2014, 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, 2014, 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, 2014, 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*, introductory section, and Supporting Schedules I through IV required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, 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
November 24, 2014

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2014

We are pleased to present the Town of Taos's financial statements for the fiscal year ended June 30, 2014. 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 \$78,896,980 (*net position*). Of this amount, \$6,535,807 (*unrestricted net position*) is available to meet the government's ongoing obligations to its citizens and creditors.
- The Town's total net position increase by \$18,740 during the fiscal year. The majority of this overall increase is due to saw increases in charges for services, capital grants and taxes.
- As of June 30, 2014, the Town's governmental funds reported combined ending net position balances of \$49,927,357. Of this total, \$3,217,270 is designated for debt service and capital projects.
- At the close of the current fiscal year, the unassigned fund balance for the general fund was \$595,769, amounting to 5 percent or 19 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 did not acquire any debt during the year. Compensated absences have decreased from the prior year. The Town paid \$1,444,805 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.

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-62 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 68-79 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 \$78,896,980 at the close of the current fiscal year.

The significant portion of the Town of Taos' net position represents the Town's investment of \$63,944,042 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.

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 8,170,668	\$ 5,215,378	\$ 13,386,046
Restricted cash, cash equivalents & investments	652,205	3,349,802	4,002,007
Restricted investments	538,496	656,546	1,195,042
Bond issuance costs and discount	-	-	-
Capital assets, net of accumulated depreciation	49,973,967	27,061,530	77,035,497
Total assets	<u>59,335,336</u>	<u>36,283,256</u>	<u>95,618,592</u>
<u>Liabilities</u>			
Current Liabilities	\$ 1,639,488	\$ 1,037,267	\$ 2,676,755
Non-current liabilities	7,768,491	6,276,366	14,044,857
Total liabilities	<u>9,407,979</u>	<u>7,313,633</u>	<u>16,721,612</u>
<u>Net Position</u>			
Net investment in capital assets	41,762,090	22,181,952	63,944,042
Restricted	4,687,731	3,729,400	8,417,131
Unrestricted	<u>3,477,536</u>	<u>3,058,271</u>	<u>6,535,807</u>
Total net position	<u>\$ 49,927,357</u>	<u>\$ 28,969,623</u>	<u>\$ 78,896,980</u>
Total Liabilities and Net Position	<u>\$ 59,335,336</u>	<u>\$ 36,283,256</u>	<u>\$ 95,618,592</u>

A portion of the Town of Taos' governmental restricted net position of \$4,687,731 (9 percent) represents resources that are subject to restrictions related to covenants arising from the Town's long-term debt issuance and capital projects. The remaining balance of *unrestricted net position*, \$3,477,536 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 \$18,740 during the fiscal year. This increase is primarily the result of increased charges for services, operating and capital grants and other taxes during the fiscal year.

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 2,098,861	\$ 5,127,214	\$ 7,226,075
Operating grants and contributions	1,098,353	-	1,098,353
Capital grants and contributions	2,306,154		2,306,154
General revenues:			
Property taxes, levied for general purposes	1,013,404	-	1,013,404
Gross receipts taxes	9,885,238	504,349	10,389,587
Gasoline and auto distribution taxes	310,001	-	310,001
Other taxes	1,581,773	-	1,581,773
Interest income (loss)	6,718	4,957	11,675
Miscellaneous income	19,384	20,348	39,732
Transfers	-		-
Loss on disposal of capital assets	(17,494)	-	(17,494)
 Total Revenues	 <u>18,302,392</u>	 <u>5,656,868</u>	 <u>23,959,260</u>
Program expenses:			
General government	\$ 7,213,063	\$ -	\$ 7,213,063
Public safety	3,504,169	-	3,504,169
Public works	3,093,897	-	3,093,897
Culture and recreation	2,425,025	-	2,425,025
Health and welfare	700,083	-	700,083
Interest on long-term debt	300,851	-	300,851
Joint water and sewer	-	4,447,804	4,447,804
Solid waste	-	1,361,815	1,361,815
Taos Regional Landfill	-	893,813	893,813
Total Expenses	<u>17,237,088</u>	<u>6,703,432</u>	<u>23,940,520</u>
 Change in net position	 1,065,304	 (1,046,564)	 18,740
Net Position, beginning	<u>49,017,580</u>	<u>30,016,187</u>	<u>79,033,767</u>
Net Position, restatement (note) 21)	<u>(155,527)</u>		<u>(155,527)</u>
Net Position, beginning as restated	<u>48,862,053</u>	<u>30,016,187</u>	<u>78,878,240</u>
Net Position, ending	<u>\$ 49,927,357</u>	<u>\$ 28,969,623</u>	<u>\$ 78,896,980</u>

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Governmental activities. Governmental activities increased the Town of Taos' net position by \$1,065,304, primarily as the result of increase in charges for services including an administrative fee for enterprise funds, capital grants and contributions and gross receipts taxes. Revenues over expenditures were at a much better position than last year with net position of a \$70,076 decrease.

Tax revenues account for \$12,790,416 or 70 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.

The General fund received the majority of the Town's program revenue, accounting for \$3,404,507 or 18 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 \$2,098,861 or 12 percent of total governmental revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

Business-type activities. Business-type activities decreased the Town's net position by \$1,046,564.

The Town's direct charges to users of business-type services made up \$5,127,214 or 90 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 decreased by \$181,406 from the previous year.

The Town included a one-time transfer out in the amount \$721,500 to fund an asset management plan for the Joint Water and Sewer System along with increased expenditures which contributed to the overall decrease in net position by \$1,046,564. This is a significant change from the previous year's increase in the amount of \$1,579,967.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

Revenues for governmental functions overall totaled approximately \$18,226,824 in the fiscal year ended June 30, 2014, which represents an increase of \$1,395,595 from the fiscal year ended June 30, 2013. This is largely due to the increase in gross receipts, federal capital grants, charges for services and miscellaneous revenues. Expenditures for governmental functions, totaling \$17,976,844 increased by approximately \$872,666 from the fiscal year ended June 30, 2013. This is largely due to the increase in expenditures across the governmental functions with the exception of public safety and public works. In the fiscal year ended June 30, 2014, revenues for governmental functions exceeded expenditures by approximately \$249,980.

The General Fund is the chief operating fund of the Town of Taos. It is from here that the Town pays for the public safety and other basic services it provides to its citizens. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$595,769.

The fund balance of the Town of Taos' general fund increased by \$573,688 during the current fiscal year, due to an increase in revenue particularly gross receipt taxes and charges for services. Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2014 of \$1,081,088 an increase of \$158,129 over the comparable figure from the prior year of \$922,959. The Town's overall financial position improved with music venue for tourists and local alike bringing in a 13.99% increase in one month of gross receipts taxes.

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 \$3,058,271. The total decrease in net position for the enterprise funds was (\$1,046,564). 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, 2014. 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 \$688,416 less than budgeted. This was primarily due to general governmental favorable variance of \$355,953. The difference between actual expenditures and budgeted expenditures is due to various department not spending there projected costs along with personnel vacancy savings over the course of the fiscal year.

	Budget Amounts		Actual (GAAP Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 4,632,472	\$ 4,701,005	\$ 4,345,052	\$ 355,953
Public safety	3,488,319	3,431,188	3,203,936	227,252
Public works	973,024	978,169	951,842	26,327
Culture and recreation	1,472,555	1,462,608	1,382,627	79,981
Capital outlay	-	-	1,097	(1,097)
<i>Total Expenditures</i>	<u>\$ 10,566,370</u>	<u>\$ 10,572,970</u>	<u>\$ 9,884,554</u>	<u>\$ 688,416</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, 2014 amount to \$77,035,497 (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 \$5,224 for governmental activities and \$1,735,317 for business-type activities (net of accumulated depreciation).

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

- \$1,632,847 of additions to governmental infrastructure and equipment for completion and/or purchase of the following: 1) Public Works – Dump Truck with plow and salt spreader, Old Talpa Canon Road Improvements, and Over flight Stipulators at the Taos Regional Airport.
- There were no additions to business-type infrastructure.

State of New Mexico
Town of Taos
Management's Discussion and Analysis
June 30, 2014

Capital Asset and Debt Administration (continued)

	Governmental Activities	Business-like Activities	Total
Land	\$ 6,277,809	\$ 262,422	\$ 6,540,231
Constuction in progress	3,413,102	833,250	4,246,352
Land improvements	7,461,945	104,895	7,566,840
Buildings and improvements	34,414,256	4,656,981	39,071,237
Machinery and Equipment	16,580,069	8,878,308	25,458,377
Infrastructure	51,263,280	32,264,584	83,527,864
Total capital assets	<u>119,410,461</u>	<u>47,000,440</u>	<u>166,410,901</u>
Less: accumulated depreciation	<u>(69,436,494)</u>	<u>(19,938,910)</u>	<u>(89,375,404)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 49,973,967</u>	<u>\$ 27,061,530</u>	<u>\$ 77,035,497</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 \$15,380,230. There were no additions to long term debt during the year and one retirement for the USDA contract payable.

**Town of Taos's Outstanding Debt
June 30, 2014**

	Governmental Activities	Business-type Activities	Total
Revenue Bonds	\$ 4,965,000	\$ 1,960,000	\$ 6,925,000
NMFA amd RUS Loans	3,246,877	2,918,978	6,165,855
USDA Contract Payable	-	-	-
Compensated absences	544,027	68,327	612,354
Landfill Closure Liability	-	1,677,021	1,677,021
Total long-term liabilities	<u>\$ 8,755,904</u>	<u>\$ 6,624,326</u>	<u>\$ 15,380,230</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, 2014

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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,866,291	\$ 2,981,153	\$ 5,847,444
Investments	2,534,892	1,638,679	4,173,571
Receivables:			
Property taxes	180,791	-	180,791
Other taxes	1,914,482	-	1,914,482
Due from other governments	648,826	35,838	684,664
Customer receivables, net	-	585,094	585,094
Internal balances	25,386	(25,386)	-
Total current assets	<u>8,170,668</u>	<u>5,215,378</u>	<u>13,386,046</u>
Noncurrent assets			
Restricted cash and cash equivalents	652,205	3,349,802	4,002,007
Restricted investments	538,496	656,546	1,195,042
Capital assets	119,410,461	47,000,440	166,410,901
Less: accumulated depreciation	<u>(69,436,494)</u>	<u>(19,938,910)</u>	<u>(89,375,404)</u>
Total noncurrent assets	<u>51,164,668</u>	<u>31,067,878</u>	<u>82,232,546</u>
Total assets	<u>\$ 59,335,336</u>	<u>\$ 36,283,256</u>	<u>\$ 95,618,592</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	\$ 387,539	\$ 335,100	\$ 722,639
Accrued payroll	183,321	26,047	209,368
Deposits held in trust for others	5,103	276,948	282,051
Accrued compensated absences	363,120	25,230	388,350
Accrued interest	30,064	50,612	80,676
Current portion of bonds payable	290,000	52,000	342,000
Current portion of loans and contracts payable	380,341	271,330	651,671
Total current liabilities	<u>1,639,488</u>	<u>1,037,267</u>	<u>2,676,755</u>
Noncurrent liabilities			
Accrued compensated absences	180,907	43,097	224,004
Accrued landfill closure costs	-	1,677,021	1,677,021
Bond premiums, net of accumulated amortization of \$20,930	46,048	-	46,048
Bonds payable	4,675,000	1,908,600	6,583,600
Loans and contracts payable	2,866,536	2,647,648	5,514,184
Total noncurrent liabilities	<u>7,768,491</u>	<u>6,276,366</u>	<u>14,044,857</u>
Total liabilities	<u>9,407,979</u>	<u>7,313,633</u>	<u>16,721,612</u>
Net Position			
Net investment in capital assets	41,762,090	22,181,952	63,944,042
Restricted for:			
Debt service	357,081	2,818,359	3,175,440
Capital projects	2,860,189	-	2,860,189
Special revenue	1,470,461	-	1,470,461
Landfill	-	911,041	911,041
Unrestricted	3,477,536	3,058,271	6,535,807
Total net position	<u>49,927,357</u>	<u>28,969,623</u>	<u>78,896,980</u>
Total liabilities and net position	<u>\$ 59,335,336</u>	<u>\$ 36,283,256</u>	<u>\$ 95,618,592</u>

STATE OF NEW MEXICO
Town of Taos
Statement of Activities
For the Year Ended June 30, 2014

<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	\$ 7,213,063	\$ 1,879,769	\$ 400,464	\$ -
Public safety	3,504,169	-	282,704	-
Public works	3,093,897	-	-	2,306,154
Culture and recreation	2,425,025	152,462	-	-
Health and welfare	700,083	66,630	415,185	-
Interest on long-term debt	300,851	-	-	-
<i>Total governmental activities</i>	<u>17,237,088</u>	<u>2,098,861</u>	<u>1,098,353</u>	<u>2,306,154</u>
Business-type Activities:				
Water and sewer	4,447,804	2,784,761	-	-
Solid waste	1,361,815	1,275,688	-	-
Taos regional landfill	893,813	1,066,765	-	-
<i>Total business-type activities</i>	<u>6,703,432</u>	<u>5,127,214</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 23,940,520</u>	<u>\$ 7,226,075</u>	<u>\$ 1,098,353</u>	<u>\$ 2,306,154</u>

General Revenues and Transfers:

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

Loss on disposal of capital assets

Total general revenues and transfers

Change in net position

Net position, beginning

Net position- restatement (Note 21)

Net position, beginning as restated

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,932,830)	\$ -	\$ (4,932,830)
(3,221,465)	-	(3,221,465)
(787,743)	-	(787,743)
(2,272,563)	-	(2,272,563)
(218,268)	-	(218,268)
(300,851)	-	(300,851)
<u>(11,733,720)</u>	<u>-</u>	<u>(11,733,720)</u>
-	(1,663,043)	(1,663,043)
-	(86,127)	(86,127)
-	172,952	172,952
<u>-</u>	<u>(1,576,218)</u>	<u>(1,576,218)</u>
<u>(11,733,720)</u>	<u>(1,576,218)</u>	<u>(13,309,938)</u>
1,013,404	-	1,013,404
9,885,238	504,349	10,389,587
310,001	-	310,001
454,319	-	454,319
1,127,454	-	1,127,454
6,718	4,957	11,675
19,384	20,348	39,732
(17,494)	-	(17,494)
<u>12,799,024</u>	<u>529,654</u>	<u>13,328,678</u>
<u>1,065,304</u>	<u>(1,046,564)</u>	<u>18,740</u>
49,017,580	30,016,187	79,033,767
(155,527)	-	(155,527)
<u>48,862,053</u>	<u>30,016,187</u>	<u>78,878,240</u>
<u>\$ 49,927,357</u>	<u>\$ 28,969,623</u>	<u>\$ 78,896,980</u>

STATE OF NEW MEXICO

Town of Taos
Balance Sheet
Governmental Funds
June 30, 2014Exhibit B-1
Page 1 of 2

	General Fund	Airport Construction	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 1,281,478	\$ 287,615	\$ 1,949,403	\$ 3,518,496
Investments	1,367,475	-	1,705,913	3,073,388
Receivables:				
Property taxes	180,791	-	-	180,791
Other taxes	1,436,688	-	477,794	1,914,482
Due from other governments	15,129	302,307	331,390	648,826
Due from other funds	25,386	-	-	25,386
<i>Total assets</i>	<u>\$ 4,306,947</u>	<u>\$ 589,922</u>	<u>\$ 4,464,500</u>	<u>\$ 9,361,369</u>
<i>Liabilities</i>				
Accounts payable	\$ 112,698	\$ 98,467	\$ 176,374	\$ 387,539
Accrued payroll	158,464	-	24,857	183,321
Deposits held in trust for others	-	-	5,103	5,103
<i>Total liabilities</i>	<u>271,162</u>	<u>98,467</u>	<u>206,334</u>	<u>575,963</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	135,947	-	-	135,947
Unavailable revenue- delinquent lodgers tax	-	-	126,150	126,150
<i>Total deferred inflows of resources</i>	<u>135,947</u>	<u>-</u>	<u>126,150</u>	<u>262,097</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	545,504	545,504
Public safety	-	-	127,512	127,512
Culture and recreation	-	-	363,344	363,344
Fire protection	-	-	280,671	280,671
Health and welfare	-	-	93,502	93,502
Debt service expenditures	-	-	355,901	355,901
Capital projects	-	491,455	2,368,005	2,859,460
Committed for:				
Minimum fund balance	823,713	-	-	823,713
Subsequent year's expenditures	2,480,356	-	-	2,480,356
Unassigned	595,769	-	(2,423)	593,346
<i>Total fund balances</i>	<u>3,899,838</u>	<u>491,455</u>	<u>4,132,016</u>	<u>8,523,309</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4,306,947</u>	<u>\$ 589,922</u>	<u>\$ 4,464,500</u>	<u>\$ 9,361,369</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, 2014

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	\$ 8,523,309
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	49,973,967
Delinquent property taxes and lodger's tax settlement not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	262,097
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(30,064)
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	(544,027)
Bond premiums	(46,048)
Bonds payable	(4,965,000)
Loans and contracts payable	<u>(3,246,877)</u>
Total net position of governmental activities	<u>\$ 49,927,357</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Town of Taos

Exhibit B-2

Page 1 of 2

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Airport Construction	Other Governmental Funds	Total
<i>Revenues</i>				
<i>Taxes</i>				
Property	\$ 1,013,248	\$ -	\$ -	\$ 1,013,248
Gross receipts	8,242,313	-	1,642,925	9,885,238
Gasoline and motor vehicle taxes	210,478	-	99,523	310,001
Lodger's taxes	-	-	1,034,548	1,034,548
Other	454,319	-	-	454,319
<i>Intergovernmental income</i>				
Federal operating grants	-	-	139,702	139,702
Federal capital grants	-	2,066,562	-	2,066,562
State operating grants	108,460	-	850,191	958,651
State capital grants	-	183,881	55,711	239,592
Charges for services	337,756	-	1,022,894	1,360,650
Licenses and fees	587,964	-	150,247	738,211
Investment income (loss)	3,482	-	3,236	6,718
Miscellaneous	7,622	-	11,762	19,384
<i>Total revenues</i>	<u>10,965,642</u>	<u>2,250,443</u>	<u>5,010,739</u>	<u>18,226,824</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	4,313,512	-	1,232,834	5,546,346
Public safety	3,203,936	-	222,409	3,426,345
Public works	951,842	-	141,999	1,093,841
Culture and recreation	1,382,627	-	1,027,244	2,409,871
Health and welfare	-	-	645,200	645,200
Capital outlay	32,637	2,366,293	1,482,947	3,881,877
<i>Debt service</i>				
Principal	-	-	670,604	670,604
Interest	-	-	302,760	302,760
<i>Total expenditures</i>	<u>9,884,554</u>	<u>2,366,293</u>	<u>5,725,997</u>	<u>17,976,844</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,081,088</u>	<u>(115,850)</u>	<u>(715,258)</u>	<u>249,980</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	501	501
Transfers in	4,614,409	540,222	2,671,704	7,826,335
Transfers out	(5,121,809)	-	(2,704,526)	(7,826,335)
<i>Total other financing sources (uses)</i>	<u>(507,400)</u>	<u>540,222</u>	<u>(32,321)</u>	<u>501</u>
<i>Net change in fund balances</i>	573,688	424,372	(747,579)	250,481
<i>Fund balance - beginning of year</i>	<u>3,326,150</u>	<u>67,083</u>	<u>4,879,595</u>	<u>8,272,828</u>
<i>Fund balance - end of year</i>	<u>\$ 3,899,838</u>	<u>\$ 491,455</u>	<u>\$ 4,132,016</u>	<u>\$ 8,523,309</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, 2014

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	\$ 250,481
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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	3,881,877
Depreciation expense	(3,869,106)
Loss of disposition of capital assets	(17,494)
Proceeds from sale of capital assets	(501)

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

Increase in unavailable revenue related to property taxes receivable	156
Increase in lodger's tax settlement revenue not received within the period of availability	92,906

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

Decrease in accrued interest	1,909
Decrease in accrued compensated absences	50,608
Amortization of bond premiums	3,864
Principal payments on bonds payable	280,000
Principal payments on loans payable	372,604
Payments on contracts payable	18,000

Change in net position of governmental activities	<u>\$ 1,065,304</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, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
<i>Taxes</i>				
Property taxes	\$ 957,979	\$ 957,979	\$ 1,013,248	\$ 55,269
Gross receipts	7,858,248	8,201,629	8,242,313	40,684
Gas and motor vehicle	255,315	255,422	210,478	(44,944)
Other	374,357	374,357	454,319	79,962
<i>Intergovernmental income</i>				
Federal operating grants	10,000	10,000	-	(10,000)
Federal capital grants	-	-	-	-
State operating grants	54,877	54,877	108,460	53,583
State capital grants	-	-	-	-
Charges for services	411,189	383,328	337,756	(45,572)
Licenses and fees	674,704	599,822	587,964	(11,858)
Interest income	5,236	5,236	3,482	(1,754)
Miscellaneous	34,271	34,671	7,622	(27,049)
<i>Total revenues</i>	<u>10,636,176</u>	<u>10,877,321</u>	<u>10,965,642</u>	<u>88,321</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	4,632,472	4,701,005	4,345,052	355,953
Public safety	3,488,319	3,431,188	3,203,936	227,252
Public works	973,024	978,169	951,842	26,327
Culture and recreation	1,472,555	1,462,608	1,382,627	79,981
Health and welfare	-	-	-	-
Capital outlay	-	-	1,097	(1,097)
<i>Total expenditures</i>	<u>10,566,370</u>	<u>10,572,970</u>	<u>9,884,554</u>	<u>688,416</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>69,806</u>	<u>304,351</u>	<u>1,081,088</u>	<u>776,737</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	427,489	422,677	-	(422,677)
Transfers in	4,326,451	4,591,410	4,614,409	22,999
Transfers out	(4,823,746)	(5,318,438)	(5,121,809)	196,629
<i>Total other financing sources (uses)</i>	<u>(69,806)</u>	<u>(304,351)</u>	<u>(507,400)</u>	<u>(203,049)</u>
<i>Net change in fund balance</i>	-	-	573,688	573,688
<i>Fund balance - beginning of year</i>	-	-	3,326,150	3,326,150
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,899,838</u>	<u>\$ 3,899,838</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, 2014

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 1,484,275	\$ 596,641	\$ 900,237	\$ 2,981,153
Investments	1,314,179	249,100	75,400	1,638,679
Due from other governments	35,838	-	-	35,838
Customer receivables, net	354,375	123,733	106,986	585,094
<i>Total current assets</i>	<u>3,188,667</u>	<u>969,474</u>	<u>1,082,623</u>	<u>5,240,764</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	2,582,039	-	767,763	3,349,802
Restricted investments	513,268	-	143,278	656,546
Capital assets	41,656,579	1,073,986	4,269,875	47,000,440
Less: accumulated depreciation	(17,884,613)	(473,139)	(1,581,158)	(19,938,910)
<i>Total noncurrent assets</i>	<u>26,867,273</u>	<u>600,847</u>	<u>3,599,758</u>	<u>31,067,878</u>
<i>Total assets</i>	<u>\$ 30,055,940</u>	<u>\$ 1,570,321</u>	<u>\$ 4,682,381</u>	<u>\$ 36,308,642</u>
<i>Liabilities and net position</i>				
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 115,245	\$ 96,022	\$ 123,833	\$ 335,100
Accrued payroll	17,225	3,361	5,461	26,047
Meter deposits payable	276,948	-	-	276,948
Accrued compensated absences	24,630	600	-	25,230
Interfund payable	14,961	5,379	5,046	25,386
Accrued interest payable	48,504	-	2,108	50,612
Current portion of bonds payable	52,000	-	-	52,000
Current portion of loans and contracts payable	94,943	-	176,387	271,330
<i>Total current liabilities</i>	<u>644,456</u>	<u>105,362</u>	<u>312,835</u>	<u>1,062,653</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	24,387	-	18,710	43,097
Accrued landfill closure costs	-	-	1,677,021	1,677,021
Bonds payable	1,908,600	-	-	1,908,600
Loans payable	2,370,231	-	277,417	2,647,648
<i>Total noncurrent liabilities</i>	<u>4,303,218</u>	<u>-</u>	<u>1,973,148</u>	<u>6,276,366</u>
<i>Total liabilities</i>	<u>4,947,674</u>	<u>105,362</u>	<u>2,285,983</u>	<u>7,339,019</u>
<i>Net position</i>				
Net investment in capital assets	19,346,192	600,847	2,234,913	22,181,952
Restricted for:				
Debt service	2,818,359	-	-	2,818,359
Landfill	-	-	911,041	911,041
Unrestricted	2,943,715	864,112	(749,556)	3,058,271
<i>Total net position</i>	<u>25,108,266</u>	<u>1,464,959</u>	<u>2,396,398</u>	<u>28,969,623</u>
<i>Total liabilities and net position</i>	<u>\$ 30,055,940</u>	<u>\$ 1,570,321</u>	<u>\$ 4,682,381</u>	<u>\$ 36,308,642</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, 2014

Exhibit D-2

	Enterprise Funds			Total
	Water and Sewer	Solid Waste	Taos Regional Landfill	
<i>Operating revenues</i>				
Charges for services	\$ 2,784,761	\$ 1,275,688	\$ 1,066,765	\$ 5,127,214
<i>Total operating revenues</i>	2,784,761	1,275,688	1,066,765	5,127,214
<i>Operating expenses</i>				
Personnel services	721,496	129,038	258,086	1,108,620
Contractual services	1,151,553	798,341	249,620	2,199,514
Supplies	134,944	8,438	6,302	149,684
Repairs and maintenance	74,213	72,518	121,956	268,687
Utilities	412,653	228,266	7,385	648,304
Depreciation	1,621,713	56,571	180,382	1,858,666
Other costs	200,279	68,643	53,173	322,095
<i>Total operating expenses</i>	4,316,851	1,361,815	876,904	6,555,570
<i>Operating income (loss)</i>	(1,532,090)	(86,127)	189,861	(1,428,356)
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	504,349	-	-	504,349
Interest expense	(130,953)	-	(16,909)	(147,862)
Interest income	3,825	-	1,132	4,957
Miscellaneous income	3,648	16,191	509	20,348
<i>Total non-operating revenues (expenses)</i>	380,869	16,191	(15,268)	381,792
<i>Income (loss) before transfers</i>	(1,151,221)	(69,936)	174,593	(1,046,564)
Transfers in	3,770,508	-	482,868	4,253,376
Transfers out	(3,770,509)	-	(482,867)	(4,253,376)
<i>Change in net position</i>	(1,151,222)	(69,936)	174,594	(1,046,564)
<i>Net position, beginning of year</i>	26,259,488	1,534,895	2,221,804	30,016,187
<i>Net position, end of year</i>	\$ 25,108,266	\$ 1,464,959	\$ 2,396,398	\$ 28,969,623

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, 2014

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	\$ 3,080,119	\$ 1,309,032	\$ 1,014,665	\$ 5,403,816
Cash payments to employees for services	(711,865)	(129,899)	(257,757)	(1,099,521)
Cash payments to suppliers for goods and services	(2,002,240)	(1,175,234)	(333,139)	(3,510,613)
<i>Net cash provided by operating activities</i>	<u>366,014</u>	<u>3,899</u>	<u>423,769</u>	<u>793,682</u>
<i>Cash flows from noncapital financing activities</i>				
Gross receipts taxes	504,349	-	-	504,349
Miscellaneous income	3,648	16,191	509	20,348
Payments for noncurrent accrued compensated absences	10,176	-	1,218	11,394
Interfund advances (payments)	14,090	5,382	3,423	22,895
<i>Net cash provided by noncapital financing activities</i>	<u>532,263</u>	<u>21,573</u>	<u>5,150</u>	<u>558,986</u>
<i>Cash flows from capital and related financing activities</i>				
Interest paid	(132,756)	-	(17,761)	(150,517)
Principal payments on long-term debt	(209,465)	-	(176,386)	(385,851)
Acquisition of capital assets	(77,369)	-	(45,980)	(123,349)
<i>Net cash provided (used) provided by capital and related financing activities</i>	<u>(419,590)</u>	<u>-</u>	<u>(240,127)</u>	<u>(659,717)</u>
<i>Cash flows from investing activities</i>				
Purchases of investments	(1,728)	-	-	(1,728)
Interest on investments	3,825	-	1,132	4,957
<i>Net cash provided by investing activities</i>	<u>2,097</u>	<u>-</u>	<u>1,132</u>	<u>3,229</u>
<i>Net increase in cash and cash equivalents</i>	480,784	25,472	189,924	696,180
<i>Cash and cash equivalents - beginning of year</i>	<u>4,098,798</u>	<u>571,169</u>	<u>1,621,354</u>	<u>6,291,321</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 4,579,582</u>	<u>\$ 596,641</u>	<u>\$ 1,811,278</u>	<u>\$ 6,987,501</u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>				
Operating income (loss)	\$(1,532,090)	\$ (86,127)	\$ 189,861	\$(1,428,356)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,621,713	56,571	180,382	1,858,666
Changes in assets and liabilities				
Receivables	295,358	33,344	(52,100)	276,602
Accounts payable	(44,458)	969	105,297	61,808
Accrued payroll expenses	6,254	1,091	329	7,674
Current accrued compensated absences	3,377	(1,949)	-	1,428
Meter deposits	15,860	-	-	15,860
<i>Net cash provided by operating activities</i>	<u>\$ 366,014</u>	<u>\$ 3,899</u>	<u>\$ 423,769</u>	<u>\$ 793,682</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, 2014

<i>Assets</i>	
Cash	\$ 8,725
Investments	<u>60,000</u>
Total assets	<u>\$ 68,725</u>
<i>Liabilities</i>	
Deposits payable	\$ 68,342
Due to other entities	<u>383</u>
Total liabilities	<u>\$ 68,725</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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, 2014, the Town adopted GASB Statement No. 65 (GASB 65), Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effect of GASB 65 is reflected in the Statement of Activities as a restatement in the amount of \$155,527 due to the accounting treatment of the unamortized amount of bond issuance costs at July 1, 2013. The implementation of GASB 65 affected the Town by reclassifying unearned revenues- property taxes as a deferred inflow of resources instead of a liability in the amount of \$135,947 and unearned revenues- delinquent lodgers tax as a deferred inflow of resources instead of a liability in the amount of \$126,150.

A. *Financial Reporting Entity*

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

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 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, 2014

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 is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Airport Construction Capital Projects Funds* was created to receive proceeds from federal and state grants for the purpose of financing improvements to the Taos Municipal Airport. Authority is Town Council resolution.

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

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

The *Solid Waste Fund* accounts for the provision of solid waste services to the residents of the Town and some residents of Taos 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.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments, capital projects, meter deposits payable, and the Town’s landfill liability.

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

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

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

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

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

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Town has only two types of items which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue- delinquent property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town has recorded \$135,947 related to property taxes and \$126,150 related to delinquent lodger’s taxes considered “unavailable.”

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Nonspendable Fund Balance: At June 30, 2014, the Town did not have any fund balances in nonspendable form.

Restricted and Committed Fund Balance: At June 30, 2014, the Town has presented restricted fund balance on the governmental funds balance sheet in the amount of \$545,504 for various general government operations as restricted by enabling legislation, \$127,512 for public safety, \$363,344 for culture and recreation, \$280,671 for fire protection, \$93,502 for health and welfare, \$355,901 for debt service expenditures, and \$2,859,460 for capital projects. The Town has committed fund balance of the general fund for subsequent year's expenditures in the amount of \$2,480,356. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 26.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Minimum Fund Balance Policy: The Town's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Town holds cash reserves of 1/12th the General Fund expenditures. The amount at June 30, 2014 for the Town is \$823,713

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service and capital projects" are described on pages 40 and 64-67.
- c. Unrestricted net position: Net position that does not meet the definition of "restricted" or "Net Investment in Capital Assets."

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

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

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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

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

	<u>Excess (deficiency)</u> <u>of revenues over expenditures</u>	
	<u>Original</u>	<u>Final</u>
	<u>Budget</u>	<u>Budget</u>
Budgeted Funds:		
General Fund	\$ 69,806	\$ 304,351
Airport Construction	\$ (468,625)	\$ (607,260)
Nonmajor Governmental Funds	\$ (2,997,717)	\$ (3,314,095)
 <u>Change in net position</u>		
Budgeted Funds:		
Water and Sewer	\$ (2,946,786)	\$ (3,147,636)
Solid Waste	\$ (27,930)	\$ (101,027)
Taos Regional Landfill	\$ 30,384	\$ 71,403

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, 2014.

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

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

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

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

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2014, \$8,310,029 of the Town’s deposits of \$9,060,029 was exposed to custodial credit risk. \$6,319,426 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Town’s name, and \$1,990,603 was uninsured and uncollateralized.

	<u>US Bank</u>	<u>Centinel Bank</u>	<u>Total</u>
Amount of deposits	\$ 5,076,853	\$ 3,983,176	\$ 9,060,029
FDIC Coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	<u>4,576,853</u>	<u>3,733,176</u>	<u>8,310,029</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>4,406,353</u>	<u>1,913,073</u>	<u>6,319,426</u>
Uninsured and uncollateralized	<u>\$ 170,500</u>	<u>\$ 1,820,103</u>	<u>\$ 1,990,603</u>
Collateral requirement (50% of uninsured funds)	\$ 2,288,427	\$ 1,866,588	\$ 4,155,015
Pledged Collateral	<u>5,064,198</u>	<u>1,913,073</u>	<u>6,977,271</u>
Over (Under) collateralized	<u>\$ 2,775,771</u>	<u>\$ 46,485</u>	<u>\$ 2,822,256</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	\$ 5,847,444
Restricted cash and cash equivalents per Exhibit A-1	4,002,007
Restricted investments per Exhibit A-1	1,195,042
Agency funds cash per Exhibit E-1	8,725
Certificates of deposits (maturity > 3 months)	170,500
Plus outstanding checks	1,509,765
Less deposits in transit	(345,587)
Less U.S. Treasury Money Market Mutual Funds	(3,322,046)
Less New Mexico State Treasurer Debt Service	(4,171)
Less petty cash	<u>(1,650)</u>
Bank balance of deposits	<u>\$ 9,060,029</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 3. Deposits and Investments (continued)

Investments

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

As of June 30, 2014, the Town's investment in the New Mexico LGIP was rated as AAAM by Standard & Poor's.

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

The Town's investments at June 30, 2014 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
New Mexico Local Government Investment Pool	AAAm	48.6	\$ 4,057,679
Reserve Contingency Fund	Unrated	Does not earn interest	5,392
U.S. Treasury Money Market Mutual Funds	Aaa **	>365 Days	3,322,046
New Mexico State Treasurer Debt Service	Aaa **	>365 Days	4,172
			<u>\$ 7,389,289</u>

** Based Moody's rating

At June 30, 2014 the Town had \$170,500 of certificates of deposit classified as governmental activities investments at Exhibit A-1. In addition the Town has funds which are managed by NMFA which are considered restricted cash and cash equivalents and restricted investments. Of the \$3,322,046 noted above \$1,195,042 is considered restricted investments as these are invested by NMFA in US Treasury notes and \$2,127,004 is considered a cash and cash equivalent per Exhibit A-1. For purposes of cash flows at Exhibit D-3 ending cash is considered to be cash and cash equivalents, restricted cash and cash equivalents, and restricted investments.

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

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Town. The investments in the New Mexico LGIP and U.S Treasury Money Market Mutual Funds represent 55% and 45%, respectively, of the investment portfolio. Since the Town only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the Town. The Town's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 4. Receivables

Receivables as of June 30, 2014, are as follows:

Governmental Activities:	General	Airport Construction	Other Governmental Funds	Total
Property taxes receivable	\$ 180,791	\$ -	\$ -	\$ 180,791
Other taxes receivable:				
Gross receipts	1,308,131	-	250,208	1,558,339
Gasoline and motor vehicle	-	-	34,975	34,975
Franchise taxes	128,557	-	-	128,557
Lodger's taxes	-	-	192,611	192,611
Due from other governments:				
Intergovernmental:				
Federal grants	-	228,395	-	228,395
State grants	15,129	73,912	331,390	420,431
Total receivables	<u>\$1,632,608</u>	<u>\$ 302,307</u>	<u>\$ 809,184</u>	<u>\$ 2,744,099</u>

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

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable for the Town for the year ended June 30, 2014 was \$135,947. 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 \$126,150.

Business-type Activities:	Water and Sewer	Solid Waste	Taos Regional Landfill	Total
Customer receivables	\$ 817,933	\$ 168,815	\$ 127,122	\$ 1,113,870
Other receivables:				
Gross receipts taxes	35,838	-	-	35,838
Total gross receivables	<u>853,771</u>	<u>168,815</u>	<u>127,122</u>	<u>1,149,708</u>
Less: allowance for doubtful accounts	463,558	45,082	20,136	528,776
Total net receivables	<u>\$ 390,213</u>	<u>\$ 123,733</u>	<u>\$ 106,986</u>	<u>\$ 620,932</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	General Fund	\$ 4,604,409
General Fund	Historical District	10,000
Recreation Fund	Community Grants	4,808
Civic Center	Lodger's Tax	52,041
Lodger's Tax	Lodger's Tax	699,439
Public Transportation	Lodger's Tax	185,370
Public Transportation	Capital Projects	23,100
Community Grants	General Fund	263,000
2009 NMFA PPRF Disadvantage		
Program-Eco Park	1/4 Cent Municipal Gross Receipts Tax	180,756
2008 Gross Receipts Tax Revenue		
Bond	1/4 Cent Municipal Gross Receipts Tax	495,825
2007 NMFA Land Purchase	1/4 Cent Municipal Gross Receipts Tax	113,742
Facilities Improvement	1/4 Cent Municipal Gross Receipts Tax	79,800
Capital Projects	1/4 Cent Municipal Gross Receipts Tax	46,468
Airport Construction	1/4 Cent Municipal Gross Receipts Tax	2,431
Historic District	General Fund	10,000
Communications	Capital Projects	111,407
Confidential Informant	General Fund	10,000
2011 PPRF Street Improvement	General Fund	70,972
Camino Rael Building	1/4 Cent Municipal Gross Receipts Tax	18,000
Facilities Improvement	General Fund	29,000
Facilities Improvement	Capital Projects	49,000
Airport Construction	General Fund	21,305
Airport Construction	Capital Projects	516,486
1999 Gasoline Tax Acquisition	General Fund	113,125
1999 Gasoline Tax Acquisition	Municipal Road Gasoline Tax	115,851
		<u>\$ 7,826,335</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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	\$ 3,770,508
Taos Regional Landfill	Taos Regional Landfill	482,868
		<u>\$ 4,253,376</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2014 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Water and Sewer	\$ 14,961
General Fund	Solid Waste	5,379
General Fund	Taos Regional Landfill	5,046
		<u>\$ 25,386</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, 2014 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance</u>			<u>Balance</u>
Governmental activities:	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Capital assets, not depreciated:				
Land	\$ 6,277,809	\$ -	\$ -	\$ 6,277,809
Construction in progress	1,164,072	2,454,196	205,166	3,413,102
Total capital assets, not depreciated	<u>7,441,881</u>	<u>2,454,196</u>	<u>205,166</u>	<u>9,690,911</u>
Capital assets, depreciated:				
Land improvements	7,377,460	84,485	-	7,461,945
Buildings and improvements	33,838,446	613,809	37,999	34,414,256
Machinery and equipment	16,477,088	395,244	292,263	16,580,069
Infrastructure	50,723,971	539,309	-	51,263,280
Total capital assets, depreciated	<u>108,416,965</u>	<u>1,632,847</u>	<u>330,262</u>	<u>109,719,550</u>
Less accumulated depreciation:				
Land improvements	(4,030,593)	(279,580)	-	(4,310,173)
Buildings and improvements	(14,588,848)	(1,150,235)	(20,140)	(15,718,943)
Machinery and equipment	(13,019,299)	(752,092)	(292,127)	(13,479,264)
Infrastructure	(34,240,915)	(1,687,199)	-	(35,928,114)
Total accumulated depreciation	<u>(65,879,655)</u>	<u>(3,869,106)</u>	<u>(312,267)</u>	<u>(69,436,494)</u>
Net book value	<u>\$ 49,979,191</u>	<u>\$ 217,937</u>	<u>\$ 223,161</u>	<u>\$ 49,973,967</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2014 was charged to governmental activities as follows:

General government	\$ 1,718,449
Public safety	101,326
Public works	1,996,857
Culture and recreation	2,054
Health and welfare	50,420
	<u>\$ 3,869,106</u>

Business-type activities:	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not depreciated:				
Land	\$ 262,422	\$ -	\$ -	\$ 262,422
Construction in progress	<u>709,901</u>	<u>123,349</u>	<u>-</u>	<u>833,250</u>
Total capital assets, not depreciated	<u>972,323</u>	<u>123,349</u>	<u>-</u>	<u>1,095,672</u>
Capital assets, depreciated:				
Land improvements	104,895	-	-	104,895
Buildings and improvements	4,656,981	-	-	4,656,981
Machinery and equipment	8,911,845	-	33,537	8,878,308
Infrastructure	<u>32,264,584</u>	<u>-</u>	<u>-</u>	<u>32,264,584</u>
Total capital assets, depreciated	<u>45,938,305</u>	<u>-</u>	<u>33,537</u>	<u>45,904,768</u>
Less accumulated depreciation:				
Land improvements	(88,322)	(2,495)	-	(90,817)
Buildings and improvements	(2,279,713)	(154,631)	-	(2,434,344)
Machinery and equipment	(6,678,515)	(341,097)	(33,537)	(6,986,075)
Infrastructure	<u>(9,067,231)</u>	<u>(1,360,443)</u>	<u>-</u>	<u>(10,427,674)</u>
Total accumulated depreciation	<u>(18,113,781)</u>	<u>(1,858,666)</u>	<u>(33,537)</u>	<u>(19,938,910)</u>
Net book value	<u>\$ 28,796,847</u>	<u>\$ (1,735,317)</u>	<u>\$ -</u>	<u>\$ 27,061,530</u>

Depreciation expense for the year ended June 30, 2014 was charged to business-type activities as follows:

Enterprise activities:	
Water and sewer	\$ 1,621,713
Solid waste	56,571
Landfill	180,382
	<u>\$ 1,858,666</u>

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Revenue Bonds	\$ 5,245,000	\$ -	\$ 280,000	\$ 4,965,000	\$ 290,000
NMFA Loans	3,619,481	-	372,604	3,246,877	380,341
USDA Contract Payable	18,000	-	18,000	-	-
Compensated Absences	594,635	312,512	363,120	544,027	363,120
Total Long-Term Debt	\$ 9,477,116	\$ 312,512	\$ 1,033,724	\$ 8,755,904	\$ 1,033,461

Revenue Bonds

At June 30, 2014, 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, 2014, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	400,000	151,375	551,375
2020-2024	2,245,000	501,620	2,746,620
2025-2026	1,030,000	65,310	1,095,310
	\$ 4,965,000	\$ 1,652,555	\$ 6,617,555

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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, 2014, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	304,455	51,723	356,178
2020-2024	1,303,248	140,409	1,443,657
2025	174,350	6,406	180,756
	<u>\$ 3,246,877</u>	<u>\$ 478,338</u>	<u>\$ 3,725,215</u>

USDA Contract Payable

At June 30, 2014, the Town had the following USDA contract payable. This was paid off in its entirety in the current fiscal year:

<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

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, 2014, compensated absences decreased \$50,608 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

Proprietary Funds:

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2014:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Revenue Bonds	\$ 2,009,600	\$ -	\$ 49,000	\$ 1,960,600	\$ 52,000
NMFA and RUS Loans	3,255,829	-	336,851	2,918,978	271,330
Landfill Closure Liability	1,677,021	-	-	1,677,021	-
Compensated Absences	55,505	38,052	25,230	68,327	25,230
Total Long-Term Debt	\$ 6,997,955	\$ 38,052	\$ 411,081	\$ 6,624,926	\$ 348,560

Revenue Bonds

At June 30, 2014, the Town had the following revenue bonds outstanding:

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

The annual requirements to amortize the revenue bonds as of June 30, 2014, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	63,000	90,312	153,312
2020-2024	369,000	398,308	767,308
2025-2029	477,000	290,788	767,788
2030-2034	577,600	150,979	728,579
2035-2038	251,000	-	251,000
	\$ 1,960,600	\$ 1,321,604	\$ 3,282,204

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

NMFA and USDA Loans

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

Description	Date of Issue	Due Date	Interest Rate	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

The annual requirement to amortize the loans as of June 30, 2014, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	174,400	16,795	191,195
2020-2024	638,960	51,817	690,777
2025-2029	571,287	39,478	610,765
2030-2034	324,282	29,602	353,884
2035-2039	56,000	17,150	73,150
2040-2041	34,000	2,750	36,750
	\$ 2,918,978	\$ 284,400	\$ 3,203,378

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, 2014, compensated absences increased \$12,822 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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, 2014, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The Town is not aware of any major lawsuits that have been filed.

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

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. The following fund had a deficit fund balance as of June 30, 2014.

Civic Center Special Revenue Fund	\$(2,423)
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- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2014.
- 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: 10.65% 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, 2014, 2013 and 2012 were \$930,337, \$956,567, and \$921,212, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, 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, 2014, 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, 2014, 2013 and 2012 were \$118,969, \$123,302, and \$109,884, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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, 2014.

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, 2014, which is based on 33 percent usage (filled) of the landfill. The estimate has remained unchanged from the prior year as no significant construction occurred or changes to the site conditions. The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014. 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, 2014 cash of \$911,041 and investments of \$74,500 is part of the pooled funds held by the Town and is presented as restricted cash on the statement of net position.

NOTE 15. Construction and Other Significant Commitments

The Town has committed to pay for several construction contracts that were not completed at June 30, 2014 in the amount of \$879,106 as follows:

Project Description	Contract Amount Remaining	Estimated Date of Completion	Contractor
Town Hall Drive Improvements	\$ 145,037	August 2014	Silva's Excavation Inc.
Airport Terminal Roof Replacement	6,892	August 2014	Paul's Building & Construction
Airport Runway Design Phase 1, 2 & 3	577,045	May 2015	Armstrong Consultants Inc.
Landfill Reporting/Permitting Services	48,293	February 2015	Souder, Miller & Associates
Replacement of HVAC at Taos Library	34,870	September 2014	B & D Industries Inc.
La Posta Sewer Design	20,377	December 2014	Engineers Inc.
Camino de Merced Engineering	22,300	December 2014	Souder, Miller & Associates
Air Filtration Electrical Design	10,278	December 2014	Engineers Inc.
Hydrological Services	14,014	January 2015	Daniel B. Stephens & Associates
	<u>\$ 879,106</u>		

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 24, 2014, 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 \$4,688,232 of restricted net position for governmental activities, all of which is restricted by enabling legislation. See pages 40 and 64-67 for descriptions of the related restrictions for special revenue, debt service and capital projects funds. In addition the government-wide statement of net position reports \$3,729,400 of restricted net position for business-type activities. See page 40 for descriptions of the related restrictions for meter deposits, debt service and landfill obligations.

NOTE 19. Utility Revenues Pledged

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$635,600 in Series 1993A Water & Sewer Revenue Bonds, issued in 1993. The bonds are payable solely from utility customer net revenues and are payable through March 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$466,600 and \$305,348, respectively. Principal and interest paid for the current year and total customer net revenues were \$41,034 and \$2,680,219, 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 \$93,000 and \$62,535, respectively. Principal and interest paid for the current year and total customer net revenues were \$7,225 and \$2,680,219, 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 Water & Sewer Revenue Bonds, issued in 1995. The bonds are payable solely from utility customer net revenues and are payable through December 2035. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account, to the USDA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the bond agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the bonds is \$1,015,000 and \$689,368, respectively. Principal and interest paid for the current year and total customer net revenues were \$78,300 and \$2,680,219, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

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 \$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 \$386,000 and \$264,353, respectively. Principal and interest paid for the current year and total customer net revenues were \$26,715 and \$2,680,219 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 \$215,000 and \$185,550, respectively. Principal and interest paid for the current year and total customer net revenues were \$14,950 and \$2,680,219, respectively.

The Town of Taos has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$950,391 in NMFA Series 2001A Water & Sewer Loan, issued in 2001. The loans are payable solely from utility customer net revenues and are payable through May 2021. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$363,881 and \$61,431, respectively. Principal and interest paid for the current year and total customer net revenues were \$68,443 and \$2,680,219, 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 loan was paid in full as of June 30, 2014. Principal and interest paid for the current year and total customer net revenues were \$81,886 and \$1,066,765, 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 \$453,804 and \$32,687, respectively. Principal and interest paid for the current year and total customer net revenues were \$112,262 and \$1,066,765, respectively.

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 19. Utility Revenues Pledged (continued)

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$130,000 in NMFA/WTB Water Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2029. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$99,456 with no interest due. Principal for the current year and total customer net revenues were \$6,499 and \$2,680,219, 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 \$459,030 with no interest due. Principal for the current year and total customer net revenues were \$29,993 and \$2,680,219, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$1,200,000 in NMED Clean Water State Revolving Fund Project, issued in 2009. The loans are payable solely from utility customer net revenues and are payable through June 2030. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMED or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal remaining to be paid on the loan is \$1,140,000 with no interest due. Principal for the current year and total customer net revenues were \$60,000 and \$2,680,819, respectively.

The Town of Taos has pledged future revenues from the Taos Wastewater project, net of operation and maintenance expenses, to repay \$197,390 in NMFA/WTB Water Project, issued in 2013. The loans are payable solely from utility customer net revenues and are payable through June 2033. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the loan agreement, including an amount sufficient to cure any deficiencies in the debt service account or the loan agreement reserve account, to the NMFA or the Trustee, as its assignee, to be deposited in the debt service reserve account or the loan agreement reserve account held by the trustee, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$187,807 and \$4,731, respectively. Principal for the current year and total customer net revenues were \$9,583 and \$2,680,819, respectively.

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	\$ 18,928
Abeyta Engineering	Council member	41,003
Dave's Digital	IT Manager	1,049
Northern Fire Suppression	Town Clerk	1,802
Jim Fambro	Finance Director	2,758

STATE OF NEW MEXICO
Town of Taos
Notes to the Financial Statements
June 30, 2014

NOTE 21. Net Position Restatement

The Town has restated net position in the amount of (\$155,527) for the implementation of GASB Statement No. 65, which requires all bond issuance costs to be recognized the year of issuance rather than amortizing over the years of the bond repayment. As of June 30, 2013, the District maintained bond issuance costs of \$217,429 with accumulated amortization of \$61,902.

NOTE 22. Subsequent Pronouncements

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, 2015 and will significantly impact the Town.

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 November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2014

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, 2014

Special Revenue Funds (continued)

Community Grants

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

Municipal Road Gasoline Tax

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

¼ Cent Municipal Gross Receipts Tax

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

Historical District

To account for all associated parking meter and associated revenues and costs, including leases, meter maintenance, personnel, and historic district promotion. Authority is Town Council resolution.

Communications

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

Confidential Informant

A structured accounting system, operated within the department, providing officers with investigative expense monies to support operations related to the detection, investigation or enforcement of the laws related to crime. This includes, but is not limited to: paying documented confidential informants and confidential sources; purchasing contraband as evidence; and paying expenses for surveillance activities and equipment. Authority is Town Council resolution.

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2014

Debt Service Funds

2009 NMFA PPRF Disadvantage Program- Eco Park

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

2008 Gross Receipts Tax Revenue Bond Retirement

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

NMFA Debt Service Reserve Eco Park

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

2007 NMFA Land Purchase

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

2011 PPRF Street Improvement

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

Camino Rael Building

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

2011 PPRF Street Improvement Reserve

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Fund Descriptions
June 30, 2014

Capital Projects Funds

Facilities Improvements

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

Capital Projects

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

Vehicle Replacement

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

1994 Gross Receipts Tax Revenue Bond Acquisition

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

1999 Gasoline tax Acquisition

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

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special Revenue		
	Fire Protection	Recreation	Lodger's Tax
<i>Assets</i>			
Cash and cash equivalents	\$ 18,434	\$ 5,412	\$ 285,173
Investments	263,258	7,000	-
Receivables:			
Other taxes	-	-	225,856
Due from other governments	-	-	-
	<u>\$ 281,692</u>	<u>\$ 12,412</u>	<u>\$ 511,029</u>
<i>Total assets</i>			
<i>Liabilities</i>			
Accounts payable	\$ 1,021	\$ -	\$ 28,951
Accrued payroll	-	-	4,996
Deposits held in trust for others	-	-	-
	<u>1,021</u>	<u>-</u>	<u>33,947</u>
<i>Total liabilities</i>			
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	-	-	-
Unavailable revenue- delinquent lodgers tax	-	-	126,150
	<u>-</u>	<u>-</u>	<u>126,150</u>
<i>Total deferred inflows of resources</i>			
<i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	12,412	350,932
Fire protection	280,671	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
	<u>280,671</u>	<u>12,412</u>	<u>350,932</u>
<i>Total fund balances</i>			
<i>Total liabilities, deferred inflows of resources, and fund balances</i>			
	<u>\$ 281,692</u>	<u>\$ 12,412</u>	<u>\$ 511,029</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
\$ 92,734	\$ 9,721	\$ 680	\$ 2	\$ 85,325	\$ 33,027
-	-	2,000	-	-	-
-	-	-	-	-	-
-	32,600	-	82,013	21,080	91,267
<u>\$ 92,734</u>	<u>\$ 42,321</u>	<u>\$ 2,680</u>	<u>\$ 82,015</u>	<u>\$ 106,405</u>	<u>\$ 124,294</u>
\$ 5,700	\$ 1,843	\$ -	\$ 82,014	\$ 6,370	\$ 14,335
-	-	-	-	6,534	-
-	-	5,103	-	-	-
<u>5,700</u>	<u>1,843</u>	<u>5,103</u>	<u>82,014</u>	<u>12,904</u>	<u>14,335</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	109,959
87,034	40,478	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	93,501	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(2,423)	-	-	-
<u>87,034</u>	<u>40,478</u>	<u>(2,423)</u>	<u>1</u>	<u>93,501</u>	<u>109,959</u>
<u>\$ 92,734</u>	<u>\$ 42,321</u>	<u>\$ 2,680</u>	<u>\$ 82,015</u>	<u>\$ 106,405</u>	<u>\$ 124,294</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special Revenue		
	Municipal Road Gasoline Tax	1/4 Cent Municipal Gross Receipts Tax	Historical District
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 47,713
Investments	-	-	-
Receivables:			
Other taxes	-	142,975	-
Due from other governments	-	-	-
	-	-	-
<i>Total assets</i>	\$ -	\$ 142,975	\$ 47,713
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Deposits held in trust for others	-	-	-
	-	-	-
<i>Total liabilities</i>	-	-	-
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	-	-	-
Unavailable revenue- delinquent lodgers tax	-	-	-
	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
<i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	142,975	47,713
Public safety	-	-	-
Culture and recreation	-	-	-
Fire protection	-	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
	-	142,975	47,713
<i>Total fund balances</i>	-	142,975	47,713
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 142,975	\$ 47,713

The accompanying notes are an integral part of these financial statements

Special Revenue		Debt Service			
Communications	Confidential Informant	2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase
\$ 147,983	\$ 8,500	\$ 2	\$ 1	\$ 15,778	\$ 48
-	-	-	-	167,396	-
-	-	-	-	-	-
104,430	-	-	-	-	-
<u>\$ 252,413</u>	<u>\$ 8,500</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 183,174</u>	<u>\$ 48</u>
\$ 2,729	\$ -	\$ -	\$ -	\$ -	\$ -
13,327	-	-	-	-	-
-	-	-	-	-	-
<u>16,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
236,357	8,500	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2	1	183,174	48
-	-	-	-	-	-
-	-	-	-	-	-
<u>236,357</u>	<u>8,500</u>	<u>2</u>	<u>1</u>	<u>183,174</u>	<u>48</u>
<u>\$ 252,413</u>	<u>\$ 8,500</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 183,174</u>	<u>\$ 48</u>

STATE OF NEW MEXICO
Town of Taos
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Debt Service		
	2011 PPRF Street Improvement	Camino Rael Building	2011 PPRF Street Improvement Reserve
<i>Assets</i>			
Cash and cash equivalents	\$ 2,651	\$ -	\$ 13,147
Investments	-	-	156,878
Receivables:			
Other taxes	-	-	-
Due from other governments	-	-	-
<i>Total assets</i>	\$ 2,651	\$ -	\$ 170,025
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Deposits held in trust for others	-	-	-
<i>Total liabilities</i>	-	-	-
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	-	-	-
Unavailable revenue- delinquent lodgers tax	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
<i>Fund balances</i>			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Fire protection	-	-	-
Health and welfare	-	-	-
Debt service expenditures	2,651	-	170,025
Capital projects	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	2,651	-	170,025
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 2,651	\$ -	\$ 170,025

The accompanying notes are an integral part of these financial statements

Capital Projects

Facilities Improvements	Capital Projects	Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	1999 Gasoline Tax Acquisition	Total Nonmajor Governmental Funds
\$ 194,109	\$ 32,062	\$ 50,808	\$ 56,381	\$ 849,712	\$ 1,949,403
27,000	412,706	34,000	421,303	214,372	1,705,913
-	108,963	-	-	-	477,794
-	-	-	-	-	331,390
<u>\$ 221,109</u>	<u>\$ 553,731</u>	<u>\$ 84,808</u>	<u>\$ 477,684</u>	<u>\$ 1,064,084</u>	<u>\$ 4,464,500</u>
\$ 1,569	\$ 4,334	\$ -	\$ 17,500	\$ 10,008	\$ 176,374
-	-	-	-	-	24,857
-	-	-	-	-	5,103
<u>1,569</u>	<u>4,334</u>	<u>-</u>	<u>17,500</u>	<u>10,008</u>	<u>206,334</u>
-	-	-	-	-	-
-	-	-	-	-	126,150
-	-	-	-	-	126,150
-	-	-	-	-	545,504
-	-	-	-	-	127,512
-	-	-	-	-	363,344
-	-	-	-	-	280,671
-	-	-	-	-	93,502
-	-	-	-	-	355,901
219,540	549,397	84,808	460,184	1,054,076	2,368,005
-	-	-	-	-	(2,423)
<u>219,540</u>	<u>549,397</u>	<u>84,808</u>	<u>460,184</u>	<u>1,054,076</u>	<u>4,132,016</u>
<u>\$ 221,109</u>	<u>\$ 553,731</u>	<u>\$ 84,808</u>	<u>\$ 477,684</u>	<u>\$ 1,064,084</u>	<u>\$ 4,464,500</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, 2014

	Special Revenue		
	Fire Protection	Recreation	Lodger's Tax
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-
Lodger's taxes	-	-	1,034,548
Other	-	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	216,304	-	4,000
State capital grants	-	-	-
Charges for services	-	523	113,339
Licenses and fees	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	-	2,326	4,240
<i>Total revenues</i>	216,304	2,849	1,156,127
<i>Expenditures</i>			
Current			
General government	-	-	-
Public safety	100,398	-	-
Public works	-	-	-
Culture and recreation	-	5,805	859,856
Health and welfare	-	-	-
Capital outlay	100,500	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	200,898	5,805	859,856
<i>Excess (deficiency) of revenues over expenditures</i>	15,406	(2,956)	296,271
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	4,808	699,439
Transfers out	-	-	(936,850)
<i>Total other financing sources (uses)</i>	-	4,808	(237,411)
<i>Net change in fund balances</i>	15,406	1,852	58,860
<i>Fund balances - beginning of year</i>	265,265	10,560	292,072
<i>Fund balances - end of year</i>	\$ 280,671	\$ 12,412	\$ 350,932

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	139,702	-	-
-	-	-	-	-	-
-	66,400	-	-	255,508	307,979
-	-	-	-	-	-
99,190	-	22,386	-	66,630	-
20,394	-	300	-	-	-
-	-	-	-	-	-
-	-	116	-	1,080	-
<u>119,584</u>	<u>66,400</u>	<u>22,802</u>	<u>139,702</u>	<u>323,218</u>	<u>307,979</u>
-	-	-	-	-	568,853
92,071	29,940	-	-	-	-
-	-	-	-	-	-
-	-	79,743	-	-	-
-	-	-	139,702	505,498	-
-	-	-	-	1,438	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>92,071</u>	<u>29,940</u>	<u>79,743</u>	<u>139,702</u>	<u>506,936</u>	<u>568,853</u>
<u>27,513</u>	<u>36,460</u>	<u>(56,941)</u>	<u>-</u>	<u>(183,718)</u>	<u>(260,874)</u>
-	-	-	-	501	-
-	-	52,041	-	208,470	263,000
-	-	-	-	-	(4,808)
<u>-</u>	<u>-</u>	<u>52,041</u>	<u>-</u>	<u>208,971</u>	<u>258,192</u>
27,513	36,460	(4,900)	-	25,253	(2,682)
<u>59,521</u>	<u>4,018</u>	<u>2,477</u>	<u>1</u>	<u>68,248</u>	<u>112,641</u>
<u>\$ 87,034</u>	<u>\$ 40,478</u>	<u>\$ (2,423)</u>	<u>\$ 1</u>	<u>\$ 93,501</u>	<u>\$ 109,959</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, 2014

	Special Revenue		
	Municipal Road Gasoline Tax	1/4 Cent Municipal Gross Receipts Tax	Historical District
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ 938,814	\$ -
Gasoline and motor vehicle taxes	99,523	-	-
Lodger's taxes	-	-	-
Other	-	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Licenses and fees	-	-	129,553
Investment income (loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	99,523	938,814	129,553
<i>Expenditures</i>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	81,840
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	-	-	81,840
<i>Excess (deficiency) of revenues over expenditures</i>	99,523	938,814	47,713
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	10,000
Transfers out	(115,852)	(937,022)	(10,000)
<i>Total other financing sources (uses)</i>	(115,852)	(937,022)	-
<i>Net change in fund balances</i>	(16,329)	1,792	47,713
<i>Fund balances - beginning of year</i>	16,329	141,183	-
<i>Fund balances - end of year</i>	\$ -	\$ 142,975	\$ 47,713

The accompanying notes are an integral part of these financial statements

Special Revenue		Debt Service			
Communications	Confidential Informant	2009 NMFA PPRF Disadvantage Program- Eco Park	2008 Gross Receipts Tax Revenue Bond Retirement	NMFA Debt Service Reserve Eco Park	2007 NMFA Land Purchase
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
719,493	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	729	7
-	-	-	-	-	-
<u>719,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>729</u>	<u>7</u>
661,429	1,500	-	-	-	1,052
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,048	-	-	-	-	-
-	-	129,900	280,000	-	100,326
-	-	50,854	215,825	-	12,364
<u>672,477</u>	<u>1,500</u>	<u>180,754</u>	<u>495,825</u>	<u>-</u>	<u>113,742</u>
47,016	(1,500)	(180,754)	(495,825)	729	(113,735)
-	-	-	-	-	-
111,407	10,000	180,756	495,825	-	113,742
-	-	-	-	-	-
<u>111,407</u>	<u>10,000</u>	<u>180,756</u>	<u>495,825</u>	<u>-</u>	<u>113,742</u>
158,423	8,500	2	-	729	7
77,934	-	-	1	182,445	41
<u>\$ 236,357</u>	<u>\$ 8,500</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 183,174</u>	<u>\$ 48</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, 2014

	Debt Service		
	2011 PPRF Street Improvement	Camino Rael Buildng	2011 PPRF Street Improvement Reserve
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-
Lodger's taxes	-	-	-
Other	-	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Licenses and fees	-	-	-
Investment income (loss)	504	-	163
Miscellaneous	-	-	-
<i>Total revenues</i>	504	-	163
<i>Expenditures</i>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	142,378	18,000	-
Interest	23,717	-	-
<i>Total expenditures</i>	166,095	18,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	(165,591)	(18,000)	163
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	-	-	-
Transfers in	70,972	18,000	-
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	70,972	18,000	-
<i>Net change in fund balances</i>	(94,619)	-	163
<i>Fund balances - beginning of year</i>	97,270	-	169,862
<i>Fund balances - end of year</i>	\$ 2,651	\$ -	\$ 170,025

The accompanying notes are an integral part of these financial statements

Capital Projects

Facilities Improvements	Capital Projects	Vehicle Replacement	1994 Gross Receipts Tax Revenue Bond Acquisition	1999 Gasoline Tax Acquisition	Total Nonmajor Governmental Funds
\$ -	\$ 704,111	\$ -	\$ -	\$ -	\$ 1,642,925
-	-	-	-	-	99,523
-	-	-	-	-	1,034,548
-	-	-	-	-	-
-	-	-	-	-	139,702
-	-	-	-	-	-
-	-	-	-	-	850,191
-	55,711	-	-	-	55,711
1,333	-	-	-	-	1,022,894
-	-	-	-	-	150,247
-	510	-	527	796	3,236
-	-	-	4,000	-	11,762
<u>1,333</u>	<u>760,332</u>	<u>-</u>	<u>4,527</u>	<u>796</u>	<u>5,010,739</u>
-	-	-	-	-	1,232,834
-	-	-	-	-	222,409
-	-	-	141,999	-	141,999
-	-	-	-	-	1,027,244
-	-	-	-	-	645,200
201,300	263,356	139,618	-	765,687	1,482,947
-	-	-	-	-	670,604
-	-	-	-	-	302,760
<u>201,300</u>	<u>263,356</u>	<u>139,618</u>	<u>141,999</u>	<u>765,687</u>	<u>5,725,997</u>
<u>(199,967)</u>	<u>496,976</u>	<u>(139,618)</u>	<u>(137,472)</u>	<u>(764,891)</u>	<u>(715,258)</u>
-	-	-	-	-	501
157,800	46,468	-	-	228,976	2,671,704
-	(699,994)	-	-	-	(2,704,526)
<u>157,800</u>	<u>(653,526)</u>	<u>-</u>	<u>-</u>	<u>228,976</u>	<u>(32,321)</u>
(42,167)	(156,550)	(139,618)	(137,472)	(535,915)	(747,579)
<u>261,707</u>	<u>705,947</u>	<u>224,426</u>	<u>597,656</u>	<u>1,589,991</u>	<u>4,879,595</u>
<u>\$ 219,540</u>	<u>\$ 549,397</u>	<u>\$ 84,808</u>	<u>\$ 460,184</u>	<u>\$ 1,054,076</u>	<u>\$ 4,132,016</u>

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, 2014

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	225,842	216,304	216,304	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>225,842</u>	<u>216,304</u>	<u>216,304</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	221,293	211,755	100,398	111,357
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	269,813	269,813	100,500	169,313
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>491,106</u>	<u>481,568</u>	<u>200,898</u>	<u>280,670</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(265,264)</u>	<u>(265,264)</u>	<u>15,406</u>	<u>280,670</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	265,264	265,264	-	(265,264)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>265,264</u>	<u>265,264</u>	<u>-</u>	<u>(265,264)</u>
<i>Net change in fund balance</i>	-	-	15,406	15,406
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>265,265</u>	<u>265,265</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,671</u>	<u>\$ 280,671</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, 2014

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	5,033	5,033	523	(4,510)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	2,326	2,326
<i>Total revenues</i>	<u>5,033</u>	<u>5,033</u>	<u>2,849</u>	<u>(2,184)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	9,445	9,445	5,805	3,640
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,445</u>	<u>9,445</u>	<u>5,805</u>	<u>3,640</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,412)</u>	<u>(4,412)</u>	<u>(2,956)</u>	<u>1,456</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,412	(396)	-	396
Transfers in	-	4,808	4,808	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,412</u>	<u>4,412</u>	<u>4,808</u>	<u>396</u>
<i>Net change in fund balance</i>	-	-	1,852	1,852
<i>Fund balance - beginning of year</i>	-	-	10,560	10,560
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,412</u>	<u>\$ 12,412</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, 2014

	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	-	-	-	-
Lodger's taxes	823,000	968,000	1,034,548	66,548
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	10,000	10,000	4,000	(6,000)
State capital grants	-	-	-	-
Charges for services	48,800	158,999	113,339	(45,660)
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	2,000	2,000	4,240	2,240
<i>Total revenues</i>	<u>883,800</u>	<u>1,138,999</u>	<u>1,156,127</u>	<u>17,128</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	725,582	935,402	859,856	75,546
Health and welfare	-	-	-	-
Capital outlay	-	38,445	-	38,445
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>725,582</u>	<u>973,847</u>	<u>859,856</u>	<u>113,991</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>158,218</u>	<u>165,152</u>	<u>296,271</u>	<u>131,119</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	76,337	72,259	-	(72,259)
Transfers in	557,295	699,439	699,439	-
Transfers out	(791,850)	(936,850)	(936,850)	-
<i>Total other financing sources (uses)</i>	<u>(158,218)</u>	<u>(165,152)</u>	<u>(237,411)</u>	<u>(72,259)</u>
<i>Net change in fund balance</i>	-	-	58,860	58,860
<i>Fund balance - beginning of year</i>	-	-	292,072	292,072
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,932</u>	<u>\$ 350,932</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, 2014

	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	99,190	99,190	99,190	-
Licenses and fees	21,325	21,325	20,394	(931)
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>120,515</u>	<u>120,515</u>	<u>119,584</u>	<u>(931)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	135,000	135,000	92,071	42,929
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>92,071</u>	<u>42,929</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(14,485)</u>	<u>(14,485)</u>	<u>27,513</u>	<u>41,998</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	14,485	14,485	-	(14,485)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>14,485</u>	<u>14,485</u>	<u>-</u>	<u>(14,485)</u>
<i>Net change in fund balance</i>	-	-	27,513	27,513
<i>Fund balance - beginning of year</i>	-	-	59,521	59,521
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,034</u>	<u>\$ 87,034</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, 2014

	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	33,800	33,800	66,400	32,600
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>33,800</u>	<u>33,800</u>	<u>66,400</u>	<u>32,600</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	37,818	37,818	29,940	7,878
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>37,818</u>	<u>37,818</u>	<u>29,940</u>	<u>7,878</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,018)</u>	<u>(4,018)</u>	<u>36,460</u>	<u>40,478</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,018	4,018	-	(4,018)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,018</u>	<u>4,018</u>	<u>-</u>	<u>(4,018)</u>
<i>Net change in fund balance</i>	-	-	36,460	36,460
<i>Fund balance - beginning of year</i>	-	-	4,018	4,018
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,478</u>	<u>\$ 40,478</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, 2014

	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	35,187	35,187	22,386	(12,801)
Licenses and fees	-	-	300	300
Investment income (loss)	-	-	-	-
Miscellaneous	185	185	116	(69)
<i>Total revenues</i>	<u>35,372</u>	<u>35,372</u>	<u>22,802</u>	<u>(12,570)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	121,142	121,137	79,743	41,394
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>121,142</u>	<u>121,137</u>	<u>79,743</u>	<u>41,394</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(85,770)</u>	<u>(85,765)</u>	<u>(56,941)</u>	<u>28,824</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	7,585	7,580	-	(7,580)
Transfers in	78,185	78,185	52,041	(26,144)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>85,770</u>	<u>85,765</u>	<u>52,041</u>	<u>(33,724)</u>
<i>Net change in fund balance</i>	-	-	(4,900)	(4,900)
<i>Fund balance - beginning of year</i>	-	-	2,477	2,477
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,423)</u>	<u>\$ (2,423)</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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	150,000	150,000	139,702	(10,298)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>139,702</u>	<u>(10,298)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	150,000	150,000	139,702	10,298
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>150,000</u>	<u>150,000</u>	<u>139,702</u>	<u>10,298</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Town of Taos

Public Transportation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2014

	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	438,810	412,499	255,508	(156,991)
State capital grants	-	-	-	-
Charges for services	68,000	58,000	66,630	8,630
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	1,080	1,080
<i>Total revenues</i>	<u>506,810</u>	<u>470,499</u>	<u>323,218</u>	<u>(147,281)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	582,674	556,678	505,498	51,180
Capital outlay	115,500	134,185	1,438	132,747
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>698,174</u>	<u>690,863</u>	<u>506,936</u>	<u>183,927</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(191,364)</u>	<u>(220,364)</u>	<u>(183,718)</u>	<u>36,646</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	11,894	11,894	-	(11,894)
Transfers in	179,470	208,470	208,470	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	501	501
<i>Total other financing sources (uses)</i>	<u>191,364</u>	<u>220,364</u>	<u>208,971</u>	<u>(11,393)</u>
<i>Net change in fund balance</i>	-	-	25,253	25,253
<i>Fund balance - beginning of year</i>	-	-	68,248	68,248
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,501</u>	<u>\$ 93,501</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, 2014

	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	356,800	460,328	307,979	(152,349)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>356,800</u>	<u>460,328</u>	<u>307,979</u>	<u>(152,349)</u>
<i>Expenditures</i>				
Current				
General government	719,557	823,085	568,853	254,232
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>719,557</u>	<u>823,085</u>	<u>568,853</u>	<u>254,232</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(362,757)</u>	<u>(362,757)</u>	<u>(260,874)</u>	<u>101,883</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	99,757	104,565	-	(104,565)
Transfers in	263,000	263,000	263,000	-
Transfers out	-	(4,808)	(4,808)	-
<i>Total other financing sources (uses)</i>	<u>362,757</u>	<u>362,757</u>	<u>258,192</u>	<u>(104,565)</u>
<i>Net change in fund balance</i>	-	-	(2,682)	(2,682)
<i>Fund balance - beginning of year</i>	-	-	112,641	112,641
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,959</u>	<u>\$ 109,959</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, 2014

	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	111,879	115,852	99,523	(16,329)
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>111,879</u>	<u>115,852</u>	<u>99,523</u>	<u>(16,329)</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>111,879</u>	<u>115,852</u>	<u>99,523</u>	<u>(16,329)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(111,879)	(115,852)	(115,852)	-
<i>Total other financing sources (uses)</i>	<u>(111,879)</u>	<u>(115,852)</u>	<u>(115,852)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(16,329)	(16,329)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>16,329</u>	<u>16,329</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Town of Taos

1/4 Cent Municipal Gross Receipts Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	916,259	937,023	938,814	1,791
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>937,023</u>	<u>938,814</u>	<u>1,791</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>937,023</u>	<u>938,814</u>	<u>1,791</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(916,259)	(937,023)	(937,022)	1
<i>Total other financing sources (uses)</i>	<u>(916,259)</u>	<u>(937,023)</u>	<u>(937,022)</u>	<u>1</u>
<i>Net change in fund balance</i>	-	-	1,792	1,792
<i>Fund balance - beginning of year</i>	-	-	141,183	141,183
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,975</u>	<u>\$ 142,975</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

Town of Taos

Historical District Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variance 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	300,000	140,500	129,553	(10,947)
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>300,000</u>	<u>140,500</u>	<u>129,553</u>	<u>(10,947)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	215,824	140,500	81,840	58,660
Health and welfare	-	-	-	-
Capital outlay	84,176	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>300,000</u>	<u>140,500</u>	<u>81,840</u>	<u>58,660</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>47,713</u>	<u>47,713</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	10,000	10,000
Transfers out	-	-	(10,000)	(10,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>47,713</u>	<u>47,713</u>
<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>\$ 47,713</u>	<u>\$ 47,713</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Town of Taos

Communications Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2014

	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	779,786	675,898	719,493	43,595
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>779,786</u>	<u>675,898</u>	<u>719,493</u>	<u>43,595</u>
<i>Expenditures</i>				
Current				
General government	743,792	725,664	661,429	64,235
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	22,100	11,048	11,052
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>743,792</u>	<u>747,764</u>	<u>672,477</u>	<u>75,287</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>35,994</u>	<u>(71,866)</u>	<u>47,016</u>	<u>118,882</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(35,994)	(39,541)	-	39,541
Transfers in	-	111,407	111,407	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(35,994)</u>	<u>71,866</u>	<u>111,407</u>	<u>39,541</u>
<i>Net change in fund balance</i>	-	-	158,423	158,423
<i>Fund balance - beginning of year</i>	-	-	77,934	77,934
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,357</u>	<u>\$ 236,357</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Town of Taos

Confidential Informant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2014

	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	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	10,000	1,500	8,500
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>10,000</u>	<u>1,500</u>	<u>8,500</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(10,000)</u>	<u>(1,500)</u>	<u>8,500</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	10,000	10,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	8,500	8,500
<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>\$ 8,500</u>	<u>\$ 8,500</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2014

	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	-	-	-	-
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	129,900	129,900	129,900	-
Interest	50,856	50,856	50,854	2
<i>Total expenditures</i>	<u>180,756</u>	<u>180,756</u>	<u>180,754</u>	<u>2</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(180,756)</u>	<u>(180,756)</u>	<u>(180,754)</u>	<u>2</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(1)	(1)	-	1
Transfers in	180,757	180,757	180,756	(1)
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>	-	-	2	2
<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>\$ 2</u>	<u>\$ 2</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2014

	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	280,000	280,000	280,000	-
Interest	215,825	215,825	215,825	-
<i>Total expenditures</i>	<u>495,825</u>	<u>495,825</u>	<u>495,825</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(495,825)</u>	<u>(495,825)</u>	<u>(495,825)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1	1	-	(1)
Transfers in	495,824	495,824	495,825	1
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>495,825</u>	<u>495,825</u>	<u>495,825</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-17

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, 2014

	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)	-	-	729	729
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>729</u>	<u>729</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>729</u>	<u>729</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>	-	-	729	729
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>182,445</u>	<u>182,445</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,174</u>	<u>\$ 183,174</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2014

	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	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
<i>Expenditures</i>				
Current				
General government	1,052	1,052	1,052	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	100,326	100,326	100,326	-
Interest	12,364	12,364	12,364	-
<i>Total expenditures</i>	<u>113,742</u>	<u>113,742</u>	<u>113,742</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(113,742)</u>	<u>(113,742)</u>	<u>(113,735)</u>	<u>7</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	113,742	113,742	113,742	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>113,742</u>	<u>113,742</u>	<u>113,742</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	7	7
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>41</u>	<u>41</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 48</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2014

	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)	-	-	504	504
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>504</u>	<u>504</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	142,378	142,378	142,378	-
Interest	23,717	23,717	23,717	-
<i>Total expenditures</i>	<u>166,095</u>	<u>166,095</u>	<u>166,095</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(166,095)</u>	<u>(166,095)</u>	<u>(165,591)</u>	<u>504</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	95,123	95,123	-	(95,123)
Transfers in	70,972	70,972	70,972	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>166,095</u>	<u>166,095</u>	<u>70,972</u>	<u>(95,123)</u>
<i>Net change in fund balance</i>	-	-	(94,619)	(94,619)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>97,270</u>	<u>97,270</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,651</u>	<u>\$ 2,651</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

Town of Taos

Camino Rael Building Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2014

	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	18,000	18,000	18,000	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	18,000	18,000	18,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>18,000</u>	<u>18,000</u>	<u>18,000</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-21

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, 2014

	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)	-	-	163	163
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>163</u>	<u>163</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>163</u>	<u>163</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>	-	-	163	163
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>169,862</u>	<u>169,862</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,025</u>	<u>\$ 170,025</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	50,000	50,000	-	(50,000)
Charges for services	-	-	1,333	1,333
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>1,333</u>	<u>(48,667)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	453,762	457,262	201,300	255,962
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>453,762</u>	<u>457,262</u>	<u>201,300</u>	<u>255,962</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(403,762)</u>	<u>(407,262)</u>	<u>(199,967)</u>	<u>207,295</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	245,962	249,462	-	(249,462)
Transfers in	157,800	157,800	157,800	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>403,762</u>	<u>407,262</u>	<u>157,800</u>	<u>(249,462)</u>
<i>Net change in fund balance</i>	-	-	(42,167)	(42,167)
<i>Fund balance - beginning of year</i>	-	-	261,707	261,707
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,540</u>	<u>\$ 219,540</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

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, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	675,779	687,782	704,111	16,329
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	108,967	8,967	-	(8,967)
State capital grants	233,853	233,853	55,711	(178,142)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	510	510
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,018,599</u>	<u>930,602</u>	<u>760,332</u>	<u>(170,270)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	950,637	808,708	263,356	545,352
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>950,637</u>	<u>808,708</u>	<u>263,356</u>	<u>545,352</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>67,962</u>	<u>121,894</u>	<u>496,976</u>	<u>375,082</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	357,002	531,630	-	(531,630)
Transfers in	28,136	46,469	46,468	(1)
Transfers out	(453,100)	(699,993)	(699,994)	(1)
<i>Total other financing sources (uses)</i>	<u>(67,962)</u>	<u>(121,894)</u>	<u>(653,526)</u>	<u>(531,632)</u>
<i>Net change in fund balance</i>	-	-	(156,550)	(156,550)
<i>Fund balance - beginning of year</i>	-	-	705,947	705,947
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,397</u>	<u>\$ 549,397</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

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, 2014

	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	-	-	-	-
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	145,000	145,000	139,618	5,382
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>145,000</u>	<u>145,000</u>	<u>139,618</u>	<u>5,382</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(145,000)</u>	<u>(145,000)</u>	<u>(139,618)</u>	<u>5,382</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	145,000	145,000	-	(145,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>145,000</u>	<u>145,000</u>	<u>-</u>	<u>(145,000)</u>
<i>Net change in fund balance</i>	-	-	(139,618)	(139,618)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>224,426</u>	<u>224,426</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,808</u>	<u>\$ 84,808</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

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, 2014

	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	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	527	(1,473)
Miscellaneous	-	-	4,000	4,000
<i>Total revenues</i>	<u>52,000</u>	<u>52,000</u>	<u>4,527</u>	<u>(47,473)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	158,994	158,994	141,999	16,995
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>158,994</u>	<u>158,994</u>	<u>141,999</u>	<u>16,995</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(106,994)</u>	<u>(106,994)</u>	<u>(137,472)</u>	<u>(30,478)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	106,994	106,994	-	(106,994)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>106,994</u>	<u>106,994</u>	<u>-</u>	<u>(106,994)</u>
<i>Net change in fund balance</i>	-	-	(137,472)	(137,472)
<i>Fund balance - beginning of year</i>	-	-	597,656	597,656
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,184</u>	<u>\$ 460,184</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	1,000,000	1,000,000	-	(1,000,000)
State operating grants	-	-	-	-
State capital grants	514,302	1,150,510	-	(1,150,510)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	2,000	2,000	796	(1,204)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,516,302</u>	<u>2,152,510</u>	<u>796</u>	<u>(2,151,714)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,246,087	4,133,921	765,687	3,368,234
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,246,087</u>	<u>4,133,921</u>	<u>765,687</u>	<u>3,368,234</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,729,785)</u>	<u>(1,981,411)</u>	<u>(764,891)</u>	<u>1,216,520</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,504,888	1,545,808	-	(1,545,808)
Transfers in	224,897	435,603	228,976	(206,627)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,729,785</u>	<u>1,981,411</u>	<u>228,976</u>	<u>(1,752,435)</u>
<i>Net change in fund balance</i>	-	-	(535,915)	(535,915)
<i>Fund balance - beginning of year</i>	-	-	1,589,991	1,589,991
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,054,076</u>	<u>\$ 1,054,076</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

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, 2014

	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	8,562,205	8,562,205	2,066,562	(6,495,643)
State operating grants	-	-	-	-
State capital grants	551,125	687,237	183,881	(503,356)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,113,330</u>	<u>9,249,442</u>	<u>2,250,443</u>	<u>(6,998,999)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	50,000	50,000	-	50,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	9,531,955	9,806,702	2,366,293	7,440,409
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,581,955</u>	<u>9,856,702</u>	<u>2,366,293</u>	<u>7,490,409</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(468,625)</u>	<u>(607,260)</u>	<u>(115,850)</u>	<u>491,410</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	66,320	67,038	-	(67,038)
Transfers in	402,305	540,222	540,222	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>468,625</u>	<u>607,260</u>	<u>540,222</u>	<u>(67,038)</u>
<i>Net change in fund balance</i>	-	-	424,372	424,372
<i>Fund balance - beginning of year</i>	-	-	67,083	67,083
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491,455</u>	<u>\$ 491,455</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

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, 2014

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 3,035,656	\$ 3,035,656	\$ 2,784,761	\$ (250,895)
<i>Total operating revenues</i>	<u>3,035,656</u>	<u>3,035,656</u>	<u>2,784,761</u>	<u>(250,895)</u>
<i>Operating expenses</i>				
Personnel services	796,695	747,305	721,496	25,809
Contractual services	1,347,528	1,410,605	1,151,553	259,052
Supplies	186,729	178,879	134,946	43,933
Maintenance and materials	82,175	83,845	74,213	9,632
Utilities	400,958	407,380	412,653	(5,273)
Equipment	3,068,005	3,294,045	(2)	3,294,047
Depreciation	-	-	1,621,713	(1,621,713)
Miscellaneous	419,839	419,837	200,279	219,558
<i>Total operating expenses</i>	<u>6,301,929</u>	<u>6,541,896</u>	<u>4,316,851</u>	<u>2,225,045</u>
<i>Operating income (loss)</i>	<u>(3,266,273)</u>	<u>(3,506,240)</u>	<u>(1,532,090)</u>	<u>1,974,150</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	450,520	450,520	504,349	53,829
Interest expense	(135,126)	(135,316)	(130,953)	4,363
Interest income	4,093	4,093	3,825	(268)
Miscellaneous income	-	-	3,648	3,648
<i>Total non-operating revenues (expenses)</i>	<u>319,487</u>	<u>319,297</u>	<u>380,869</u>	<u>61,572</u>
<i>Income (loss) before transfers and grants</i>	<u>(2,946,786)</u>	<u>(3,186,943)</u>	<u>(1,151,221)</u>	<u>2,035,722</u>
Transfers	-	39,307	(1)	(39,308)
State and federal capital grants	-	-	-	-
<i>Change in net position</i>	<u>\$ (2,946,786)</u>	<u>\$ (3,147,636)</u>	<u>(1,151,222)</u>	<u>\$ 1,996,414</u>
<i>Total net position, beginning of year</i>			<u>26,259,488</u>	
<i>Total net position, end of year</i>			<u>\$ 25,108,266</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-29

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, 2014

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,269,734	\$ 1,269,734	\$ 1,275,688	\$ 5,954
<i>Total operating revenues</i>	<u>1,269,734</u>	<u>1,269,734</u>	<u>1,275,688</u>	<u>5,954</u>
<i>Operating expenses</i>				
Personnel services	138,244	134,547	129,038	5,509
Contractual services	848,945	854,835	798,341	56,494
Supplies	8,031	10,509	8,438	2,071
Maintenance and materials	77,010	76,726	72,518	4,208
Utilities	245,520	246,412	228,266	18,146
Equipment	-	-	-	-
Depreciation	-	-	56,571	(56,571)
Miscellaneous	1,075	68,893	68,643	250
<i>Total operating expenses</i>	<u>1,318,825</u>	<u>1,391,922</u>	<u>1,361,815</u>	<u>30,107</u>
<i>Operating income (loss)</i>	<u>(49,091)</u>	<u>(122,188)</u>	<u>(86,127)</u>	<u>36,061</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	21,161	21,161	16,191	(4,970)
<i>Total non-operating revenues (expenses)</i>	<u>21,161</u>	<u>21,161</u>	<u>16,191</u>	<u>(4,970)</u>
<i>Income (loss) before transfers and grants</i>	<u>(27,930)</u>	<u>(101,027)</u>	<u>(69,936)</u>	<u>31,091</u>
Transfers	-	-	-	-
State and federal capital grants	-	-	-	-
<i>Change in net position</i>	<u>\$ (27,930)</u>	<u>\$ (101,027)</u>	<u>(69,936)</u>	<u>\$ 31,091</u>
<i>Total net position, beginning of year</i>			<u>1,534,895</u>	
<i>Total net position, end of year</i>			<u>\$ 1,464,959</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

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, 2014

	Budget Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 967,500	\$ 967,500	\$ 1,066,765	\$ 99,265
<i>Total operating revenues</i>	967,500	967,500	1,066,765	99,265
<i>Operating expenses</i>				
Personnel services	254,144	257,530	258,086	(556)
Contractual services	307,106	254,415	249,620	4,795
Supplies	6,400	6,302	6,301	1
Maintenance and materials	115,261	122,407	121,956	451
Utilities	7,484	7,484	7,385	99
Depreciation	-	-	180,382	(180,382)
Miscellaneous	228,960	230,198	53,173	177,025
<i>Total operating expenses</i>	919,355	878,336	876,904	1,432
<i>Operating income (loss)</i>	48,145	89,164	189,861	100,697
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	(17,761)	(17,761)	(16,909)	852
Interest income	-	45,980	1,132	(44,848)
Miscellaneous income	-	-	509	509
<i>Total non-operating revenues (expenses)</i>	(17,761)	28,219	(15,268)	(43,487)
<i>Income (loss) before transfers and grants</i>	30,384	117,383	174,593	57,210
State capital grants	-	-	-	-
Transfers	-	(45,980)	1	45,981
<i>Change in net position</i>	\$ 30,384	\$ 71,403	174,594	\$ 103,191
<i>Total net position, beginning of year</i>			2,221,804	
<i>Total net position, end of year</i>			\$ 2,396,398	

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, 2014

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	\$ 249,175	\$ 209,368	\$ 248,899	\$ 209,644
Judicial Bond Fund Municipal Court	Checking	1,542	-	-	1,542
Utility Construction Fund	Checking	39,530	-	-	39,530
Water & Sewer System Income Fund	Checking	4,616,106	127,053	26,753	4,716,406
Certificate of Deposit - Investment	CD	170,500	-	-	170,500
Total US Bank		<u>5,076,853</u>	<u>336,421</u>	<u>275,652</u>	<u>5,137,621</u>
Centinel Bank					
General Fund	Checking	2,809,546	9,166	183,322	2,635,390
Water/Wastewater Improvement Fund	Checking	1,007,703	-	941,404	66,299
Payroll Clearing	Checking	6	-	-	6
1994 GRT Revenue Bond Acquisition Fund	Checking	56,381	-	-	56,381
HUD Account - Domestic Violence Shelter	Checking	1	-	-	1
ACH Transfer Account	Checking	109,539	-	109,387	152
Total Centinel Bank		<u>3,983,176</u>	<u>9,166</u>	<u>1,234,113</u>	<u>2,758,229</u>
Bank of Albuquerque- Investments					
2004 Taos Regional Landfill Revenue Bond Reserve	U.S. Treasury Mutual Fund	61,951	-	-	61,951
2008A Taos Regional Landfill Debt Service	U.S. Treasury Mutual Fund	100,359	-	-	100,359
2008 Gross Receipts Tax Revenue Bond Reserve	U.S. Treasury Mutual Fund	170,025	-	-	170,025
1999 Gasoline Tax Acquisition	U.S. Treasury Mutual Fund	834,384	-	-	834,384
2010a Phase I Multi Phased Recreation Park	U.S. Treasury Mutual Fund	181,424	-	-	181,424
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>3,322,046</u>	<u>-</u>	<u>-</u>	<u>3,322,046</u>
New Mexico Finance Authority - Investments					
2007 NMFA Land Purchase	State Treasurer Debt Service	49	-	-	49
2004 Taos Regional Landfill Revenue Bond Reserve	State Treasurer Debt Service	684	-	-	684
2008A Taos Regional Landfill Debt Service	State Treasurer Debt Service	843	-	-	843
2010 Phase I Multi-phased Rec. Park	State Treasurer Debt Service	1,750	-	-	1,750
1999 Gasoline Tax Acquisition	State Treasurer Debt Service	846	-	-	846
Total New Mexico Finance Authority		<u>4,172</u>	<u>-</u>	<u>-</u>	<u>4,172</u>
Total		<u>\$12,386,247</u>	<u>\$ 345,587</u>	<u>\$ 1,509,765</u>	11,222,068
New Mexico State Treasurer Local Government Investment Pool Reserve Contingency Fund					4,057,679
Add: petty cash					5,392
Total deposits and investments					<u>1,650</u> <u>\$ 15,286,789</u>

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Deposit and Investment Accounts
June 30, 2014

Deposits and investments per financial statements:	
Cash and cash equivalents - Exhibit A-1	\$ 5,847,444
Investments - Exhibit A-1	4,173,571
Restricted cash and cash equivalents - Exhibit A-1	4,002,007
Restricted investments- Exhibit A-1	1,195,042
Fiduciary funds cash and investments - Exhibit E-1	<u>68,725</u>
Total deposits and investments	<u><u>\$ 15,286,789</u></u>

STATE OF NEW MEXICO

Schedule II

Town of Taos

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2014

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market/Par Value at June 30, 2014</u>	<u>Location of Safekeeper</u>
US Bank					
	FNMA	8/1/2025	31410K7E8	\$ 815,552	Federal Home Loan Bank, Dallas, TX
	FNMA	11/1/2025	31419KG25	2,716,763	Federal Home Loan Bank, Dallas, TX
	FNMA	1/1/2026	3138A35S2	832,413	Federal Home Loan Bank, Dallas, TX
	FNMA	10/1/2025	31419GCY8	699,470	Federal Home Loan Bank, Dallas, TX
				<u>5,064,198</u>	
Centinel Bank					
	Lea County School	1/15/2017	521513BR1	179,984	* Independent Bankers Bank, Dallas TX
	Espanola School	9/1/2025	29662RBA5	150,000	* 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
	Las Cruces SD GO	8/1/2021	517534PE7	100,000	* Independent Bankers Bank, Dallas TX
	FNMA 1612	1/1/2017	3138E5Y1	340,420	Independent Bankers Bank, Dallas TX
	FHLB	12/14/2018	3133XSUN6	862,672	Independent Bankers Bank, Dallas TX
				<u>1,913,073</u>	
Total Pledged Collateral				<u>\$ 6,977,271</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, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<i>Assets</i>				
Cash	\$ 9,985	\$ 16,647	\$ 17,907	\$ 8,725
Investments	60,000	-	-	60,000
Total assets	<u>\$ 69,985</u>	<u>\$ 16,647</u>	<u>\$ 17,907</u>	<u>\$ 68,725</u>
<i>Liabilities</i>				
Deposits payable	\$ 69,342	\$ -	\$ 1,000	\$ 68,342
Due to other entities	643	-	260	383
Total liabilities	<u>\$ 69,985</u>	<u>\$ -</u>	<u>\$ 1,260</u>	<u>\$ 68,725</u>

See independent auditors' report

STATE OF NEW MEXICO
Town of Taos
Schedule of Joint Powers Agreements
June 30, 2014

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

See independent auditors' report

<u>Period</u>	<u>Cost to Town</u>	<u>Town Contributions</u>	<u>Audit Responsibility</u>
40 Years from 2009, with option to renew	\$2,140,012 for Phase I; unknown for other phases	None to date	Taos Municipal School District
November 20, 2007 to January 31, 2028	Indeterminate	Indeterminate	County of Taos
July 6, 1998 until terminated	Estimated \$340,000 per year	\$330,950	Town of Taos
50 years from November 2, 2000	Dependent on landfill expenses	None to date	Town of Taos

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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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town, presented as supplementary information, and have issued our report thereon dated November 24, 2014.

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 2010-001 (FS 2010-01), FS 2012-001 (FS 2012-01), and FS 2014-001 .

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that 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 2014-002, and FS 2014-003.

The Town's Responses to Findings

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

Purpose of this Report

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 24, 2014

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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, 2014. 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, 2014.

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
November 24, 2014

STATE OF NEW MEXICO
Town of Taos
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor or Pass-Through Grantor/ Program Title	CFDA Number	Federal Grant Number	Federal Expenditures
U.S. Department of Justice Passed Through the State of New Mexico, Department of Public Safety			
Taos County Juvenile Justice	16.523	11-690-12421	\$ 131,756
Edward Byrnes Memorial- Justice Assistance Grant	16.738	12-JAG-WC-TAOS2-	2,353
Edward Byrne Memorial- Wrongful Conviction Grant	16.738	2012-SS-TO-0011	7,475
Total U.S. Department of Justice			<u>141,584</u>
U.S. Department of Housing & Urban Development Passed Through State of New Mexico, Department of Finance & Administration			
Domestic Violence Shelter	14.235	NM0038B6B010901	150,000
Total U.S. Department of Housing & Urban Development			<u>150,000</u>
U.S. Department of Transportation			
Federal Aviation Administration (FAA)			
Snow Removal Equipment Building	20.106	* 3-35-0041-026-2012	319,812
EIS	20.106	* 3-35-0041-025-2012	-
Runway 12/30 Design	20.106	* 3-35-0041-028-2012	839,243
Memorandum of Agreement Overflight Stipulators	20.106	* 3-35-0041-027-2012	906,300
Federal Transit - Capital Investment Grants	20.500	NM-03-0041	42,838
Total U.S. Department of Transportation			<u>2,108,193</u>
Total Federal Financial Assistance			<u><u>\$ 2,399,777</u></u>

* 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, 2014

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Subrecipients

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

3. Loan amounts

The Town did not have any loan amounts outstanding at June 30, 2014.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,399,777
Total expenditures funded by other sources	<u>22,280,499</u>
Total expenditures	<u><u>\$ 24,680,276</u></u>

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STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2014

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="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20.106</td> <td style="text-align: center;">Airport Improvements Program- EIS Phase 3A</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 20.106 | Airport Improvements Program- EIS Phase 3A | |
| CFDA
Number | Federal Program | | | | |
| 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? | Yes | | | | |

Section II – Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings

FS 2010-001 (FS 2010-01)	Design Deficiencies in Internal Control over Financial Reporting (Significant Deficiency)	Repeated and Modified
FS 2012-001 (FS 2012-01)	Weakness in Design Related to Internal Control over Receipts (Significant Deficiency)	Repeated
FS 2013-001	Campaign Contribution Form (Other Matter)	Resolved
FS 2013-002	Small Purchases (Other Matter)	Resolved
FS 2013-003	Safekeeping of Seized Property Pending Disposition (Other Matter)	Resolved
FS 2013-004	Annual Inventory (Other Matter)	Resolved

Section III – Financial Statement Findings and Questioned Costs

FS 2010-001 (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: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring.

Effect: The Town is at risk of employees taking leave in excess of amounts earned or employees may not receive all the time earned. Also, may lead to employees of the Town becoming disgruntled and cause inappropriate actions towards the Town.

Cause: The Town has not fully implemented its designed process to timely review the financial information related to leave for employees.

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 auditors' recommendations. At this time we have attained 100% compliance with the properly review of time sheet for salaried employees. It took some time to completely address this finding, with the change in Management and with the assistance of the Finance Audit Committee to review and recommend policy and procedures.

FS 2012-001 (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' recommendations. After further review of Town's landfill we have determined that a new automatic software package that ties into the weigh scale and cash register will meet the requirements of internal control in regards to the cash collection processes. The funds were made available during FY 2014-2015 and are proceeding with the purchase of this software package.

FS 2014-001 Consumable Inventory Controls (Significant Deficiency)

Condition: During walk-through procedures performed due to risk assessment procedures it was noted that the Town has purchased bulk inventory to have on-hand in the Public Works department in the amount of \$17,785.25 and the Town has not implemented any controls over inventory. We also noted there is no procedure in place in regards to consuming inventory on hand or tracking inventory in any system.

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

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

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

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

Agency's Response: Management agrees with the auditor's recommendations. We are currently working on a standardized workbook for all Departments' to track and record inventory consisting of large amounts. These inventories will be reviewed on a quarterly basis by the Fixed Assets Clerk/Finance Assistant for internal accounting controls.

FS 2014-002 — Compliance over Travel and Per Diem – (Other Matter)

Condition: During our testwork of travel and per diem, we noted in 1 instance out of 15 that the supporting documentation was missing and thus could not conclude the trip appeared reasonable and appropriate. In addition, in 1 out of 15 instances we noted that the Town reimbursed for taxi costs in the amount of \$16.80 and the time of the taxi trip did not line up with the itinerary of the conference.

Criteria: According to NMAC 2.42.2.9(A) upon written request of public officer or employee where overnight lodging is required, the public officer or employee will be reimbursed. (2) Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 to a maximum of \$30.00 for in-state travel for a 24-hour period. (3) Receipts required- The public officer or employee must submit receipts for the actual meal and lodging expenses incurred.

Effect: Without proper reimbursement the Town could be at risk of scrutiny of employees and public monies could be improperly expended.

Cause: Error occurred due to human error when the travel form was completed. Proper in-depth review was not performed on all travel reimbursements.

Auditors' Recommendation: We recommend that the Town follow all internal policies and state law that has been implemented in regards to travel and per diem.

Agency's Response: Management agrees with the auditor's recommendations. In February of 2014 we started meeting with the Finance Audit Committee in going over the audit findings from the previous year along with policies that the Finance Department recommended for review, which the Travel Policy was one of them. We have made immediate changes to the policy and will be taking a new Policy to the Town Council within the next couple of months.

FS 2014-003 — Social Security Administration – (Other Matter)

Condition: During our testwork over employees who are determined to be exempt from social security it was noted that in 2 of 5 instances tested the employees were missing SSA 1945 forms acknowledging earnings were not covered under social security.

Criteria: Per State Audit Rule Section 2.2.2.10 H (2)(d) the Social Security Administration requires all state and local government employers to disclose to all new employees the fact that their job is not covered by social security if they were hired for a position not covered by social security. These employees must sign a statement that they are aware of a possible reduction in their future Social Security benefit entitlement.

Effect: Without proper SSA 1945 form completed and maintained the Town could be subject to future liabilities in regards to social security.

Cause: The forms could not be located as the employees began employment with the Town at one position and are currently working in a different department.

Auditors' Recommendation: We recommend that the Town receive completed SSA 1945 forms from all employees subject to this and maintain these in their personnel file for inspection.

Agency's Response: Management agrees with the auditor's recommendations. The Human Resources Department has completed SSA 1945 for the 2 employees that were missing and placed them in the respective personnel files. They have also reviewed all Police and Fire employees' personnel files to ensure SSA forms were completed and filed. They have also updated their internal checklist for future new and intradepartmental transfers requiring SSA 1945 forms.

STATE OF NEW MEXICO
Town of Taos
Schedule of Findings and Questioned Costs
June 30, 2014

Schedule VI
Page 5 of 5

FINDINGS – FEDERAL AWARDS

None

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STATE OF NEW MEXICO

Town of Taos
Other Disclosures
June 30, 2014

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 24, 2014. In attendance were the following:

Representing the Town of Taos:

Daniel Barrone	Mayor
Frederick A.Peralta	Auditee Committee Chairman/Councilor
Richard Bellis	Town Manager
Floyd W. Lopez	Assistant Town Manager
Marietta Fambro	Finance Director

Representing Accounting & Consulting Group, LLP:

Ray Roberts, CPA	Partner
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Auditor Prepared Financial Statements

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