

STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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## **INTRODUCTORY SECTION**

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State of New Mexico  
Village of Taos Ski Valley  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2015

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OFFICIAL ROSTER  
June 30, 2015

**Name**

Village Council

**Title**

Neal King

Mayor

Barbara Wiard

Mayor Pro-tem

Kathy Bennett

Council Member

J. Christopher Stagg

Council Member

Thomas Wittman

Council Member

Village Officials

Mark G. Fratrack

Village Administrator

Nancy Grabowski

Finance Director  
(Effective November 2014, former  
position known as Village  
Treasurer)

Ann Marie Wooldridge

Village Clerk  
(Effective November 2014)

Vanessa Chisholm

Village Clerk/Treasurer  
(Position through October 2014)

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
Village of Taos Ski Valley  
Taos Ski Valley, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-typed activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of Village of Taos Ski Valley (the "Village") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Village of Taos Ski Valley's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Village of Taos Ski Valley's nonmajor special revenue funds and the budgetary comparisons for the major capital project funds, nonmajor special revenue funds, and the enterprise presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents. We did not audit the 2014 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Village. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village, is based solely on the report of the other auditors.

### **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 of material misstatement. An audit involves performing procedures to obtain 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 Village of Taos Ski Valley'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 Village of Taos Ski Valley'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, based on our report and the report of the other auditors, 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 Village of Taos Ski Valley, as of June 30, 2015, and the respective changes in

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financial position where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds, and major capital project funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor special revenue fund of Village of Taos Ski Valley as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, nonmajor special revenue funds, debt service funds, and the enterprise fund 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 13-20, the Schedule of the Proportionate Share of the Net Pension Liability on pages 87-88, the Schedule of Contributions on pages 89-90, and the notes to the required supplementary information page 91 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 the 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 Village of Taos Ski Valley's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Vendor Information 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 September 21, 2015 on our consideration of the Village of Taos Ski Valley'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 Village of Taos Ski Valley's internal control over financial reporting and compliance.

*Precision Accounting LLC*

Precision Accounting, LLC  
Albuquerque, New Mexico  
September 21, 2015

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Management's Discussion and Analysis  
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As management of the Village of Taos Ski Valley, we offer readers of the Village of Taos Ski Valley financial statements this narrative overview and analysis of the financial activities of the Village of Taos Ski Valley for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements of the Village of Taos Ski Valley and additional information provided.

#### FINANCIAL HIGHLIGHTS

- The assets \$7,981,121 of the Village of Taos Ski Valley exceeded its liabilities and deferred inflows of resources of \$2,493,572 at the close of the most recent fiscal year by \$5,487,549 (*net position*). Of this amount, \$1,137,603 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$579,210 during the fiscal year. The majority of this increase is due to the Village controlling expenditures.
- As of June 30, 2015, the Village's governmental funds reported combined ending fund balances of \$3,150,422 of this total; \$325,017 is restricted for capital projects and \$949,002 is restricted for special revenue projects.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Taos Ski Valley's basic financial statements. The Village of Taos Ski Valley'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 Village of Taos Ski Valley's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Taos Ski Valley's 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 of whether the financial position of the Village of Taos Ski Valley is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Village of Taos Ski Valley that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Village of Taos Ski Valley include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include Sewer, Water & Trash Utility billing and various licensing.

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

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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 Village of Taos Ski Valley, 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 Village of Taos Ski Valley can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds.* *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village'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 Village of Taos Ski Valley maintains eight individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodger's Tax Fund, Infrastructure Fund, Law Enforcement Fund, Fire Fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Taos Ski Valley adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Lodger's Tax Fund, Infrastructure Fund, Law Enforcement Fund, Fire Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

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

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 43-64 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 70-83 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the fifth year that the Village has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Governments.*

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Taos Ski Valley, assets exceeded liabilities by \$5,487,549 at the close of the current fiscal year.

The largest portion of the Village of Taos Ski Valley's net position represents the Village's investment of \$2,742,371 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Village of Taos Ski Valley uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Taos Ski Valley's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>Village of Taos Ski Valley's Net Position</b>						
	June 30, 2015			June 30, 2014		
	Governmental	Business- Type	Total	Governmental	Business- Type	Total
<b>Assets</b>						
Current and other assets	\$ 3,250,497	\$ 493,625	\$ 3,744,122	\$ 2,703,121	\$ 396,243	\$ 3,184,830
Capital assets, net of accumulated depreciation	1,314,076	2,878,103	4,192,179	1,420,554	3,394,988	4,837,507
Deferred outflows of resources	44,820					
<b>Total Assets</b>	<b>4,609,393</b>	<b>3,371,728</b>	<b>7,981,121</b>	<b>4,123,675</b>	<b>3,971,231</b>	<b>7,522,964</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	430,964	1,639,944	2,070,908	71,909	1,800,260	1,798,923
Other Liabilities	58,492	177,966	236,458	41,531	185,084	275,779
<b>Total Liabilities</b>	<b>489,456</b>	<b>1,817,910</b>	<b>2,307,366</b>	<b>113,440</b>	<b>1,961,262</b>	<b>2,074,702</b>
<b>Deferred inflows of resources</b>	<b>186,206</b>	<b>-</b>	<b>186,206</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>						
Invested in capital assets, net of related debt	1,348,645	1,393,726	2,742,371	905,984	1,702,058	2,608,042
Restricted	1,503,032	104,543	1,607,575	919,246	205,554	1,124,800
Unrestricted	1,082,054	55,549	1,137,603	1,144,846	(101,725)	1,043,121
<b>Total Net Position</b>	<b>3,933,731</b>	<b>1,553,818</b>	<b>5,487,549</b>	<b>2,970,076</b>	<b>1,805,887</b>	<b>4,775,963</b>
<b>Total Liabilities, deferred inflows and Net Position</b>	<b>\$ 4,609,393</b>	<b>\$ 3,371,728</b>	<b>\$ 7,981,121</b>	<b>\$ 3,151,798</b>	<b>\$ 3,791,231</b>	<b>\$ 6,943,029</b>

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A portion of the Village of Taos Ski Valley's net position represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

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

The Village of Taos Ski Valley's total net position increased by \$579,210 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of increased expenses in the governmental activities and decreased expenses in the business-type activities during the fiscal year.

Changes in Net Position  
For the Year Ended June 30, 2015

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	72,732	704,197	776,929
Operating grants and contributions	263,656	-	263,656
Capital Grants and Contributions	-	-	-
<b>General Revenue</b>			
Property Tax	469,079	-	469,079
Gross Receipts Tax	1,378,540	-	1,378,540
Motor Vehicle and Fuel Tax	317,082	-	317,082
Interest Income	2,575	97	2,672
Misc Revenues	60,910	-	60,910
Total Revenue	2,564,756	704,294	3,269,050
<b>Expenses</b>			
General Government	1,458,047	-	1,486,052
Public Safety	111,318	-	111,318
Public Works	(58,777)	-	(58,777)
Culture and Recreation	246,025	-	246,025
Health and Welfare	200,581	-	200,581
Interest on Long-term debt	-	-	-
Joint Utilities	-	732,465	732,465
Total Expenses	1,957,194	732,465	2,689,658
(Decrease) Increase in Assets before transfer	607,380	(28,171)	579,392
Transfers	(143,962)	143,962	-
(Decrease) Increase in Net position	463,419	115,791	579,392
Net position, Beginning of Year	3,955,240	1,438,027	5,393,267
Restatement	(484,928)	-	(484,928)
Ending Net position	3,933,731	1,553,818	5,972,477

Governmental activities: Governmental activities increased the Village of Taos Ski Valley's net position by \$463,419. The key element of this increase is a result of the Village controlling expenditures.

Business-type activities: Business-type activities increased the Village's net position by \$115,791. The key element of this increase was a slight increase in revenues of \$6,638 or 1% and a decrease in expenditures of \$164,322 or 18% due to capital projects and repayment of debt.

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Changes in Net Position  
For the Year Ended June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	\$ 708,674	\$ 46,085	\$1,159,572
Operating grants and contributions	261,596	-	261,596
Capital Grants and Contributions	-	-	-
<b>General Revenue</b>			
Property Tax	445,371	-	445,371
Franchise Tax	-	-	-
Gross Receipts Tax	1,050,382	-	1,050,382
Public Service Tax	307,526	-	307,526
Interest Revenues	1,306	141	1,447
Misc Revenues	572,184	(164)	126,208
Total Revenue	2,554,049	697,656	3,300,134
<b>Expenses</b>			
General Government	502,088	-	502,088
Public Safety	282,263	-	282,263
Culture and Recreation	261,212	-	261,212
Health and Welfare	74,523	-	74,523
Public Works	876,616	-	876,616
Interest on Long-term debt	-	-	-
Joint Utilities	-	896,787	896,787
Total Expenses	1,996,702	896,787	2,893,489
(Decrease) Increase in Assets before transfer	596,718	(150,701)	446,016
Transfers	(24,274)	(37,584)	-
(Decrease) Increase in Net Position	634,302	(188,286)	446,016
Net position, Beginning of Year	2,335,774	1,994,173	4,329,947
Ending Net position	2,970,076	1,805,887	4,775,963

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FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

As of the end of the current fiscal year, the Village of Taos Ski Valley's governmental funds reported combined ending fund balances of \$3,150,422, an increase of \$543,827 in comparison with the prior year. Of this amount, \$1,876,403 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$949,002 constitutes reserved fund balances for special revenue funds and \$325,017 constitutes reserved fund balance for capital project funds.

Revenues for governmental activities overall totaled \$2,571,627 in the fiscal year ended June 30, 2015, which represents a decrease of \$768,677 from the fiscal year ended June 30, 2014. Expenditures for governmental activities, totaling \$1,883,838, increased by \$401,716 from the fiscal year ended June 30, 2014. In the fiscal year ended June 30, 2015, revenues exceed expenditures by \$687,789.

The General Fund is the chief operating fund of the Village of Taos Ski Valley. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$1,876,403, of which \$1,876,403 was unassigned.

The fund balance of the Village of Taos Ski Valley's general fund increased by \$577,732 during the current fiscal year due to expenditures and operating transfers in excess of revenues. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2015 due to an increase in general fund revenues.

*Lodgers' Tax Fund.* The Lodgers' Tax Fund has a fund balance \$291,894. The net increase in fund balance for the current year was \$65,537 increase in fund balance is due primarily to a better than expected revenue during ski season.

*Capital Project Fund.* The Capital Project Fund has a fund balance of \$325,017. The net decrease in fund balance for the year was \$(210,665). The decrease was primarily due to an increase in expenditures.

*Law Enforcement Fund.* The Law Enforcement Fund has a fund balance of \$3,445. The net decrease in fund balance of \$(15,795) is due to carry over from prior year. The Village purchases police vehicles every other year.

*Fire Fund.* The Fire Fund has fund balance of \$302,542. The net increase in fund balance of \$14,963 is primarily due to increase in revenues and a decrease in expenditures.

*Proprietary Funds.* The Village'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 net position for the Water Fund was \$1,553,818. The total increase in net position for the proprietary funds was \$115,791. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

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General Fund Budgetary Highlights

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

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

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable/(Unfavorable) Variance
\$1,302,574	\$1,123,709	\$178,865

During the budgeting process, the Village budgeted all expenditures under the general government line item. Throughout the year when expenditures were anticipated in other functions, the Village prepared BAR's to increase the budget for the general fund for those functions.

The Capital Project Funds (non-major) are included in the original budget which is submitted to the Department of Finance and Administration (DFA). However, these funds are spent on a project-by-project basis so the budgets are constantly changing. The individual project budgets for these funds are created during the year through budget adjustment requests (BAR's).

Capital Asset and Debt Administration

Capital assets. The Village of Taos Ski Valley's capital assets for its governmental and business-type activities as of June 30, 2015 amount to \$4,314,912 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. There was \$491,039 increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year due primarily to participation in a road project and the infrastructure improvements. There was \$296,925 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year.

Capital Assets, June 30, 2015

	Governmental Activities	Business-like Activities		
Infrastructure	\$ 896,798	\$ -	\$	896,798
Land	130,000	108,378		238,378
Construction in Progress	151,423	-		-
Buildings and improvements	194,502	246,463		440,965
Vehicles	-	129,582		129,582
Easements	-	33,196		33,196
Water and Sanitation Plant	-	5,478,053		5,478,052
Machinery & equipment	1,358,024	1,213,410		2,571,434
Total capital assets	2,730,747	7,209,082		9,788,406
Accumulated depreciation	(1,416,671)	(4,330,979)		(5,747,650)
Capital assets, net of accumulated depreciation	\$ 1,314,076	\$ 2,878,103	\$	4,040,756

STATE OF NEW MEXICO  
 Village of Taos Ski Valley  
 Management's Discussion and Analysis  
 for the Year Ended June 30, 2015  
 Unaudited

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

Debt Administration- At the end of the current fiscal year, the Village of Taos Ski Valley had total long-term obligations outstanding of \$1,705,310. Of this amount, \$1,484,377 is loan with the gross revenue from utility operations pledged to pay the payments.

Village of Taos Ski Valley's Outstanding Debt  
 As of June 30, 2015

	Governmental Activities	Business-like Activities	Total
Wastewater Facility Construction	\$ -	\$ 1,098,442	\$ 1,098,442
Water Project Fund	-	385,935	385,935
Total long-term liabilities	\$ -	\$ 1,484,377	\$ 1,484,377

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

Economic Factors and Next Year's Budgets and Rates

The Village of Taos Ski Valley is forecasting unprecedented growth/construction over the next three to five years that should produce elevated revenues over this time period. The Village is increasing water (3%) and Trash (2%) for fiscal year 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Taos Ski Valley's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village of Taos Ski Valley Administration, Village of Taos Ski Valley, P.O. Box 100, 7 Firehouse Rd, Taos Ski Valley, New Mexico, 87525.



**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF NET POSITION**  
June 30, 2015

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 3,150,359	\$ 362,830	\$ 3,513,189
Taxes receivable	87,863	-	87,863
Accounts receivable	12,275	40,252	52,527
Inventory	-	90,543	90,543
Total Current Assets	<u>3,250,497</u>	<u>493,625</u>	<u>3,744,122</u>
Noncurrent Assets			
Capital assets	2,730,747	7,209,082	9,939,829
Less: accumulated depreciation	<u>(1,416,671)</u>	<u>(4,330,979)</u>	<u>(5,747,650)</u>
Total Noncurrent Assets	<u>1,314,076</u>	<u>2,878,103</u>	<u>4,192,179</u>
<b>Deferred outflows of resources</b>			
Post Measurement Date Contributions-Employer	<u>44,820</u>	-	<u>44,820</u>
Total Deferred inflows of resources	<u>44,820</u>	-	<u>44,820</u>
Total Assets	<u><u>\$ 4,609,393</u></u>	<u><u>\$ 3,371,728</u></u>	<u><u>\$ 7,981,121</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF NET POSITION**  
June 30, 2015

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 54,010	\$ 23,587	\$ 77,597
Accrued salaries and benefits	4,402	17,781	22,183
Accrued interest	-	33,918	33,918
Current portion of loans/bonds payable	-	102,680	102,680
Unearned Revenue-prepayment of utility accounts	80	-	80
<b>Total Current Liabilities</b>	<b>58,492</b>	<b>177,966</b>	<b>236,458</b>
Noncurrent Liabilities			
Connection charges Payable	-	223,998	223,998
Accrued Compensated Absences	73,844	34,249	108,093
Loans/bonds payable	-	1,381,697	1,381,697
Net Pension Liability	357,120	-	357,120
<b>Total Noncurrent Liabilities</b>	<b>430,964</b>	<b>1,639,944</b>	<b>2,070,908</b>
<b>Total Liabilities</b>	<b>489,456</b>	<b>1,817,910</b>	<b>2,307,366</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue-property taxes	41,583	-	41,583
Actuarial Experience for Net Pension Liability	-	-	-
Investment Experience for Net Pension Liability	138,236	-	138,236
Change in Assumptions for Net Pension Liability	6,387	-	6,387
<b>Total Deferred inflows of resources</b>	<b>186,206</b>	<b>-</b>	<b>186,206</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,348,645	1,393,726	2,742,371
Restricted for:			
Capital projects	648,731	-	648,731
Special revenue funds	854,301	-	854,301
Debt Service funds	-	104,543	104,543
Unrestricted	1,082,054	55,549	1,137,603
<b>Total Net Position</b>	<b>3,933,731</b>	<b>1,553,818</b>	<b>5,487,549</b>
<b>Total Liabilities, Deferred inflows of resources and Net Position</b>	<b>\$ 4,609,393</b>	<b>\$ 3,371,728</b>	<b>\$ 7,981,121</b>

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ending June 30, 2015

Exhibit A-2

	<b>Program Revenues</b>		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>			
General government	\$ 1,458,047	\$ 41,897	\$ 90,000
Public safety	111,318	26,649	116,638
Public works	(58,777)	(56,492)	57,018
Culture and recreation	246,025	-	-
Health and welfare	200,580	60,678	-
Interest on long-term debt	-	-	-
	1,957,193	72,732	263,656
<b>Business-type Activities:</b>			
Joint Utilities	732,465	704,197	-
	732,465	704,197	-
<i>Total business type activities</i>			
	\$ 2,689,658	\$ 776,929	\$ 263,656

**General Revenues:**

Taxes

Property taxes, levied for general purposes

Gross receipts taxes

Public service taxes

Interest income

Miscellaneous income

Transfers

Total General Revenues and Transfers

Changes in net position

Net position, beginning

Restatement for Net Pension Liability

Net position, beginning-restated

Net position, ending

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ending June 30, 2015

Exhibit A-2

<u>Program Revenues</u>	<u>Net Program (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ -	\$ (1,326,150)	\$ -	\$ (1,326,150)
-	31,969	-	31,969
-	59,303	-	59,303
-	(246,025)	-	(246,025)
-	(139,902)	-	(139,902)
-	-	-	-
-	(1,620,805)	-	(1,620,805)
-	-	(28,268)	(28,268)
-	-	(28,268)	(28,268)
<u>\$ -</u>	<u>(1,620,805)</u>	<u>(28,268)</u>	<u>(1,649,073)</u>
	469,079	-	469,079
	1,378,540	-	1,378,540
	317,082	-	317,082
	2,575	97	2,672
	60,910	-	60,910
	(143,962)	143,962	-
	<u>2,084,224</u>	<u>144,059</u>	<u>2,228,283</u>
	463,419	115,791	579,210
	3,955,240	1,438,027	5,393,267
	(484,928)	-	(484,928)
	<u>3,470,312</u>	<u>1,438,027</u>	<u>4,908,339</u>
	<u>\$ 3,933,731</u>	<u>\$ 1,553,818</u>	<u>\$ 5,487,549</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	General Fund	Lodgers' Tax Fund	Municipal Street Fund	Capital Project Funds	Other Governmental Funds	Total
<i>Assets</i>						
Cash and cash equivalents	\$ 166,856	\$ 261	\$ 45,887	\$ 327,325	\$ 251,812	\$ 792,141
Investments	1,707,694	288,491	-	-	362,033	2,358,218
Taxes receivable	43,138	3,142	3,561	2,822	5,892	58,555
<i>Total assets</i>	<u>\$ 1,917,688</u>	<u>\$ 291,894</u>	<u>\$ 49,448</u>	<u>\$ 330,147</u>	<u>\$ 619,737</u>	<u>\$ 3,208,914</u>
<i>Liabilities and fund balances</i>						
<i>Liabilities</i>						
Accounts payable	\$ 36,803	\$ -	\$ 2,014	\$ 5,130	\$ 10,063	\$ 54,010
Accrued salaries and benefits	4,402	-	-	-	-	4,402
Accrued compensated absences	-	-	-	-	-	-
Unearned revenue	80	-	-	-	-	80
Due to other governments	-	-	-	-	-	-
<i>Total liabilities</i>	<u>41,285</u>	<u>-</u>	<u>2,014</u>	<u>5,130</u>	<u>10,063</u>	<u>58,492</u>
<i>Deferred inflows of resources</i>						
Unavailable revenue-property taxes	-	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>						
Fund Balance						
Restricted for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	291,894	47,434	-	609,674	949,002
Capital Projects Funds	-	-	-	325,017	-	325,017
Debt Service Funds	-	-	-	-	-	-
Committed for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Assigned for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Unassigned for:						
General Fund	1,876,403	-	-	-	-	1,876,403
<i>Total fund balances</i>	<u>1,876,403</u>	<u>291,894</u>	<u>47,434</u>	<u>325,017</u>	<u>609,674</u>	<u>3,150,422</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,917,688</u>	<u>\$ 291,894</u>	<u>\$ 49,448</u>	<u>\$ 330,147</u>	<u>\$ 619,737</u>	<u>\$ 3,208,914</u>

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2015

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

Fund balances - total governmental funds	\$	3,150,422
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		1,314,076
Long-term liabilities, including bonds payable and accrued compensation and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		(73,844)
Net Pension Liability and deferred inflows of resources		<u>(456,923)</u>
Net position of governmental activities	\$	<u><u>3,933,731</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
For the Year Ending June 30, 2015

	General Fund	Lodgers' Tax Fund	Municipal Street Fund	Capital Project Fund	Other Governmental Funds	Total
<i>Revenues:</i>						
Taxes						
Gross receipts taxes	\$ 1,147,451	\$ -	104,213	\$ -	\$ 26,053	\$ 1,277,717
Property taxes	469,079	-	-	-	-	469,079
Lodgers' Tax	-	312,387	-	-	-	312,387
Gasoline tax	-	-	4,695	-	-	4,695
State Grant Income	90,000	-	43,322	-	116,638	249,960
Charges for Services	1,664	-	13,696	35,594	104,830	155,784
Licenses and Fees	72,711	-	-	763	-	73,474
Investment Income (Loss)	5,232	-	-	-	83	5,315
Miscellaneous	1,614	(898)	2,567	(9,529)	21,159	14,913
<i>Total Revenues</i>	<u>1,787,751</u>	<u>311,489</u>	<u>168,493</u>	<u>26,828</u>	<u>268,763</u>	<u>2,563,324</u>
<i>Expenditures:</i>						
Current:						
General Government	957,211	-	-	-	2,799	960,010
Public Safety	191,415	-	-	-	153,809	345,224
Public Works	-	-	162,911	94,724	-	257,635
Culture and Recreation	-	240,392	-	-	5,633	246,025
Health and Welfare	-	-	-	-	-	-
Capital Outlay	-	-	-	-	66,641	66,641
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Total Expenditures</i>	<u>1,148,626</u>	<u>240,392</u>	<u>162,911</u>	<u>94,724</u>	<u>228,882</u>	<u>1,875,535</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>639,125</u>	<u>71,097</u>	<u>5,582</u>	<u>(67,896)</u>	<u>39,881</u>	<u>687,789</u>
<i>Other financing sources (uses)</i>						
Transfers In	396,261	-	58,387	25,231	73,149	553,028
Transfers (Out)	(457,654)	(5,560)	(5,000)	(168,000)	(60,776)	(696,990)
<i>Total other financing sources (uses)</i>	<u>(61,393)</u>	<u>(5,560)</u>	<u>53,387</u>	<u>(142,769)</u>	<u>12,373</u>	<u>(143,962)</u>
<i>Net change in fund balance</i>	577,732	65,537	58,969	(210,665)	52,254	543,827
<i>Fund balance - beginning of year</i>	<u>1,298,671</u>	<u>226,357</u>	<u>(11,535)</u>	<u>535,682</u>	<u>557,420</u>	<u>2,606,595</u>
<i>Fund balance - end of year</i>	<u>\$ 1,876,403</u>	<u>\$ 291,894</u>	<u>\$ 47,434</u>	<u>\$ 325,017</u>	<u>\$ 609,674</u>	<u>\$ 3,150,422</u>



STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ending June 30, 2015

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

Net change in fund balances - total governmental funds	\$	543,827
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		(33,035)
Depreciation expense		(177,859)
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Increase in deferred inflows		141,386
Principal payments on notes payable		(8,965)
Increase in accrued compensated absences		(1,935)
		(10,574)
Change in net position of governmental activities	\$	463,419

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,263,000	\$ 1,263,000	\$ 1,628,671	\$ 365,671
State Grant Income	90,000	90,000	90,000	-
Charges For Services	82,005	82,005	6,581	(75,424)
Licenses and Fees	158,145	158,145	79,303	(78,842)
Interest Income	2,380	2,380	5,232	2,852
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	1,614	1,614
<i>Total revenues</i>	<u>1,595,530</u>	<u>1,595,530</u>	<u>1,811,401</u>	<u>215,871</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	1,107,132	1,107,132	931,721	175,411
Public Safety	195,442	195,442	191,988	3,454
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,302,574</u>	<u>1,302,574</u>	<u>1,123,709</u>	<u>178,865</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>292,956</u>	<u>292,956</u>	<u>687,692</u>	<u>394,736</u>
<i>Other financing sources (uses)</i>				
Designated Cash	308,762	308,762	-	(308,762)
Transfers In	(601,718)	(601,718)	396,261	997,979
Transfers Out	(404,749)	404,749	(457,654)	(862,403)
<i>Total other financing sources (uses)</i>	<u>(697,705)</u>	<u>111,793</u>	<u>(61,393)</u>	<u>(173,186)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(404,749)	404,749	626,299	221,550
<i>Cash Balance - Beginning of Year</i>	-	-	1,248,251	1,248,251
<i>Cash Balance - End of Year</i>	<u>\$ (404,749)</u>	<u>\$ 404,749</u>	<u>\$ 1,874,550</u>	<u>\$ 1,469,801</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(80,093)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			31,526	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 577,732</u>	

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**LODGERS TAX FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 270,000	\$ 270,000	\$ 312,387	\$ 42,387
State Grant Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	85	85	-	(85)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	270,085	270,085	312,387	42,302
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	331,750	331,750	240,392	91,358
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	331,750	331,750	240,392	91,358
<i>Excess (deficiency) of revenues over expenditures</i>	(61,665)	(61,665)	71,995	133,660
<i>Other financing sources (uses)</i>				
Designated Cash	51,665	51,665	-	(51,665)
Transfers In	10,000	10,000	(5,560)	(15,560)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	61,665	61,665	(5,560)	(67,225)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	66,435	66,435
<i>Cash Balance - Beginning of Year</i>	-	-	222,317	222,317
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 288,752	\$ 288,752
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(898)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 65,537	

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**MUNICIPAL STREETS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ 72,425	\$ 72,425	\$ 106,946	\$ 34,521
State Grant Income	43,322	43,322	43,322	-
Charges For Services	261,781	261,781	14,666	(247,115)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	7	7	-	(7)
Miscellaneous	-	-	2,567	2,567
<i>Total revenues</i>	<u>377,535</u>	<u>377,535</u>	<u>167,501</u>	<u>(210,034)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	553,833	553,833	175,016	378,817
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>553,833</u>	<u>553,833</u>	<u>175,016</u>	<u>378,817</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(176,298)</u>	<u>(176,298)</u>	<u>(7,515)</u>	<u>168,783</u>
<i>Other financing sources (uses)</i>				
Designated Cash	176,298	176,298	-	(176,298)
Transfers (In) Out	(203,798)	203,798	53,387	(150,411)
<i>Total other financing sources (uses)</i>	<u>(27,500)</u>	<u>380,096</u>	<u>53,387</u>	<u>(326,709)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(203,798)</u>	<u>203,798</u>	<u>45,872</u>	<u>(157,926)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
<i>Cash Balance - End of Year</i>	<u>\$ (203,798)</u>	<u>\$ 203,798</u>	<u>\$ 45,887</u>	<u>\$ (157,911)</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(2,273)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>15,370</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 58,969</u>	

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2015

**Assets**

Current Assets	
Cash and cash equivalents	\$ 362,830
Accounts receivable, net of allowance	40,252
Inventory	<u>90,543</u>
Total Current Assets	<u>493,625</u>
Noncurrent Assets	
Capital assets	7,209,082
Less: accumulated depreciation	<u>(4,330,979)</u>
Total Noncurrent Assets	<u>2,878,103</u>
Total Assets	<u><u>\$ 3,371,728</u></u>

**Liabilities**

Current Liabilities	
Accounts payable	\$ 23,587
Accrued salaries and benefits	51,699
Accrued compensated absences	-
Current portion loans/bonds payable	102,680
Unearned revenue	<u>-</u>
Total Current Liabilities	<u>177,966</u>
Noncurrent Liabilities	
Connection charges Payable	223,998
Accrued Compensated Absences	34,249
Loans/bonds payable	<u>1,381,697</u>
Total Noncurrent Liabilities	<u>1,639,944</u>
Total Liabilities	<u>1,817,910</u>

**Net Position**

Net Investment in Capital Assets	1,393,726
Restricted for:	
Debt service	-
Unrestricted	<u>160,092</u>
Total Net Position	<u>1,553,818</u>
Total Net Position and Liabilities	<u><u>\$ 3,371,728</u></u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

<i>Operating revenues:</i>	
Charges for services	\$ 704,177
<i>Total operating revenues</i>	<u>704,177</u>
<i>Operating expenses:</i>	
Operating Expenses	109,265
Travel	1,909
Depreciation	336,402
Purchases for Resale	641
Contract Services	9,756
Salaries	266,812
Supplies	<u>68,914</u>
<i>Total operating expenses</i>	<u>793,699</u>
<i>Operating income (loss)</i>	<u>(89,522)</u>
<i>Non-operating revenues (expenses):</i>	
Interest Income	97
Governmental grants	20
Interest expense	<u>61,234</u>
<i>Total non-operating revenues (expenses)</i>	<u>61,351</u>
<i>Income (loss) before transfers</i>	(28,171)
Transfers	<u>143,962</u>
<i>Change in net position</i>	115,791
<i>Net position, beginning of year</i>	<u>1,438,027</u>
<i>Net Position, end of year</i>	<u><u>\$ 1,553,818</u></u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	<u>Water Fund</u>
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 727,295
Cash payments to employees for services	(272,899)
Cash payments to suppliers for goods and services	(514,636)
Depreciation	336,402
<i>Net cash provided by operating activities</i>	276,162
<i>Cash flows from capital and related financing activities:</i>	
Acquisition of capital assets	(343,178)
Proceeds from loan	-
Principal paid on debt	(100,363)
Transfers from other funds	150,798
Interest paid on debt	36,236
<i>Net cash used by financing activities:</i>	(256,507)
<i>Cash flows from capital and related investing activities:</i>	
Interest earned	-
<i>Net cash used by investing activities:</i>	-
<i>Net decrease in cash and cash equivalents</i>	19,655
<i>Cash and cash equivalents - beginning of year</i>	343,175
<i>Cash and cash equivalents - end of year</i>	\$ 362,830
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>	
<i>by operating activities</i>	
Operating income (loss)	\$ (89,522)
Adjustments to reconcile operating (loss) to net cash (used)	
by operating activities	
Depreciation	336,402
Changes in assets and liabilities	
Receivables	23,118
Inventory	(15,379)
Accrued expenses	1,045
Accounts payable	27,630
Accrued compensated absences	(7,132)
<i>Net cash (used) by operating activities</i>	\$ 276,162

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

The Village of Taos Ski Valley (“Village”) was incorporated in 1996, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village 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; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village of Taos Ski Valley is a body politic and corporate under the name and form of government selected by its qualified electors. The Village 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 Village is presented to assist in the understanding of the Village’s financial statements. The financial statements and notes are the representation of the Village’s management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the Village’s accounting policies are described below.

**A. Financial Reporting Entity**

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 61. Blended component units are in substance, although legally separate entities, are part of the government’s operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 1.**

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary 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*.

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

Separate financial statements are provided for governmental funds, 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 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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



**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 1.**

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

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

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

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

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

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

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Lodgers' Tax Fund, Municipal Street Fund and Capital Project Funds. No other funds were required to be presented as major at the discretion of management.

*General Fund* – the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

*Lodgers Tax Fund* (Special Revenue Fund)– to account for the operations of a special fund to promote tourist operations in the Village. Financing is provided by a special lodger's tax charged on all transient lodging in the Village. A portion of the tax collected must be used to promote the Village. Funding authority is NMSA 1978 Section 3-38-15.

*Capital Project Fund*– to account for the operations and maintenance of funds restricted for the repair and replacement of infrastructure improvements. Financing is provided by a ½ of 1% tax on the gross receipts within the Village. The Funds may be used for street repairs and replacements, or for the acquisition of right-of-way. Authority is NMSA 7-20E-19.

The government reports its Water Fund (Proprietary funds) as a major business-type fund.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village has no fiduciary funds.

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, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 1. C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

Program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as *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*. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's water & sewer 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 Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

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

**Deposits and Investments:** The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of six months or less from the date of acquisition. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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

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

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 1. D. Assets, Liabilities, and Net Position or Equity (continued)**

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. 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>
Buildings	30
Building Improvements	30
Infrastructure	40
Vehicles	5
Office Equipment	5

**Unearned Revenues:** Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as Unearned Revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

**Deferred Inflow/Outflows of Resources:** GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period. Property taxes levied but not received are recorded as deferred inflows of resources unless the amount is undetermined.

**Compensated Absences:** Qualified employees are entitled to accumulate compensated absences earned. Employees may accumulate annual leave up to 320 hours per fiscal year. Any hours over 320, but not more than 80 hours, may be paid to the employee at the end of the calendar year if the Village has the funds available. Exempt employees will be allowed to carry over all unused annual leave. Upon termination, employees will be paid for all hours of current year accrued annual leave not yet taken. Qualified employees are entitled to accumulate sick leave at a rate (8) eight hours per month. Sick leave can be carried over from year to year and up to 700 hours can be accrued. Upon termination employees receive no pay for sick time accumulated.

All vacation pay and applicable accumulated sick leave is accrued when incurred in the governmental-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of services by employees.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**Net Position or Fund Equity:**

Committed fund balance represents amounts that are useable only for specified purposes by formal action of the governments' highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated

Restricted fund balance represents amounts 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.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Net investment in capital assets consists of net position including restricted 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 these 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 a fund 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.

**Tax Revenues:** The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1<sup>st</sup> of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Village recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Village records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements. Descriptions of the individual general, debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

*Budgetary Information*

Annual budgets of the Village are prepared prior to June 1 and must be approved by Village Council resolution, 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 Village Council 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.

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2015 is presented as part of the budgetary statements.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2015.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Village of Taos Ski Valley has an interest bearing account.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 3. Deposits and Investments (continued)**

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

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

Type	<u>Centinel Bank</u>
General Checking, Interest Bearing	\$ 791,008
Total Deposits	791,008
Less: FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>541,008</u>
50% Collateral requirement	270,504
Pledged Securities	400,000
(Over)Under collateralized	(129,496)
Custodial Credit Risk-Deposits	
Account Balance	\$ 791,800
FDIC Insured	250,000
Pledged Collateral:	
Collateral held by the pledging bank, not in the Village's name	
Uninsured and uncollateralized	<u>541,008</u>
Total Deposits	<u><u>\$ 791,800</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$541,008 of the Village's bank balance of \$791,800 was exposed to custodial credit risk.

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

**Reconciliation of Cash and Temporary Investments**

Carrying amounts by fund per financial statement at June 30, 2015 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$3,150,359
Cash and cash equivalents per Exhibit D-1	362,830
Add outstanding deposits and checks	40,645
Less Petty Cash	(200)
Less investments	<u>(2,762,626)</u>
	<u><u>\$ 791,008</u></u>

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**Note 3. Deposits and Investments (continued)**

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that in the event of counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village’s investments are in certificates of deposits and investment in the State Treasurer’s Local Government Investment Pool (LGIP). The LGIP is not subject to custodial credit risk and the custodial credit risk for the certificates of deposits is contemplated in *custodial risk – cash*.

*Interest Rate Risk and Credit Rating- Investment in State Treasurer’s LGIP*

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village’s investments at June 30, 2015 include the following:

State Treasurer LGIP	AAAm	54.6 days WAM(R)	\$ <u>2,012,626</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; 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 amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2015. Participation in the Local Government Investment Pool is voluntary.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2015.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

The Village utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, Proprietary, and Agency Funds are all in multiple accounts.

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**NOTE 4. Receivables**

Receivables as of June 30, 2015, are as follows:

	General Fund	Lodger's Tax Fund	Municipal Streets Fund	Capital Projects Fund	Other Governmental Funds	Total
Taxes Receivables	\$ 87,863	\$ -	\$ -	\$ -	\$ -	\$ 87,863
Due from other governments:	-	-	-	-	-	-
Other accounts receivable	-	-	3,561	2,822	5,892	12,275
	<u>\$ 87,863</u>	<u>\$ -</u>	<u>\$ 3,561</u>	<u>\$ 2,822</u>	<u>\$ 5,892</u>	<u>\$ 100,138</u>

	Water Fund
Accounts receivable, net of allowance of \$0	\$ 40,252
Total	<u>\$ 40,252</u>

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of unearned revenue in the governmental balance sheet. In accordance with GASB No.65, Deferred inflows of resources accounts for delinquent property taxes that are due to the Village but that have not been remitted to the Village. The deferred inflows of resources totaling \$-, is presented in the general fund.

**Interfund Receivables, Payables, and Transfers**

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Village Council authorizes transfers between funds to cover the expenditures in the receiving funds. Interfund balances are due within one year. Transfers are a result of the Village transferring money from the general fund and the Water Fund to cover expenditures in other funds.

**Due from other funds**

	Interfund Receivable	Interfund Payable
None at June 30, 2015	\$ -	\$ -

**Transfers**

	Transfers In	Transfers Out
General Fund	\$ 396,261	\$ 457,654
Lodgers' Tax	-	5,560
Environmental Gross Receipts	-	500
EMS Fund	7,589	-
Municipal Street Fund	58,387	5,000
Fire Protection Fund	60,000	60,000
Recreation Fund	5,560	-
Other Funds	-	276
Capital Projects Fund	25,231	168,000
Water Fund	143,962	-
Total	<u>\$ 696,990</u>	<u>\$ 696,990</u>



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**NOTE 5. Accounts Payables**

Accounts payable as of June 30, 2015, are as follows:

Payable to suppliers	\$	54,010
Accrued salaries and taxes		4,402
Total accounts payable and accrued expenses		\$ 58,412

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows.

<b>Governmental Activities</b>	<b>June 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2015</b>
Capital assets not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Construction in Progress	274,156	151,423	274,156	151,423
Total capital assets not being depreciated	404,156	151,423	274,156	281,423
Capital assets being depreciated:				
Buildings & Improvements	194,502	-	-	194,502
Machinery & equipment	1,254,008	104,016	-	1,358,024
Infrastructure	806,700	90,098	-	896,798
Total capital assets being depreciated	2,255,210	194,114	-	2,449,324
Total Capital Assets	2,659,366	345,537	274,156	2,730,747
Less accumulated depreciation:				
Buildings & Improvements	80,511	4,616	-	85,127
Machinery & equipment	1,041,487	135,191	-	1,176,678
Infrastructure	116,814	38,052	-	154,866
Total Accumulated Depreciation	1,238,812	177,859	-	1,416,671
Total capital assets net of depreciation	\$ 1,420,554	167,678	\$ 274,156	\$ 1,314,076

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Net Position as follows:

Governmental activities	\$ 1,314,076
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Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

General Government	\$	7,031
Public Safety		18,747
Public Works		19,391
Culture and Recreation		-
Health and Welfare		132,689
Total depreciation expense governmental funds		\$ 177,859

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

<b>Business-Like Activities</b>	June 30, 2014	<b>Additions</b>	<b>Deletions</b>	June 30, 2015
Capital assets, not being depreciated				
Land	\$ 108,378	-	-	\$ 108,378
Easements	33,196	-	-	33,196
Total Capital assets, not being depreciated	141,574	-	-	141,574
Water and Sanitation Plant	5,361,760	116,292	-	5,478,052
Building & Improvements	199,738	46,725	-	246,643
Machinery & equipment	1,074,502	138,908	-	1,213,410
Vehicles	134,582	-	5,000	129,582
Total Capital assets being depreciated	6,770,582	301,925	5,000	7,067,507
Total Capital Assets	6,912,156	301,925	5,000	7,209,081
Water and Sanitation Plant	2,886,596	120,218	-	3,006,814
Building & Improvements	171,265	24,089	-	195,354
Machinery & equipment	805,884	193,345	-	999,229
Vehicles	130,832	-	1,249	129,581
Total Accumulated Depreciation	3,994,577	337,652	1,249	4,330,978
Total capital assets net of depreciation	\$ 2,917,579	\$ (35,727)	\$ 3,749	2,878,103

Depreciation expense relating to business-like activities for the year ended June 30, 2015 totaled \$337,652.

**NOTE 7. Long-term Debt**

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

<b>Governmental Activities</b>	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Compensated Absences	71,909	36,098	34,163	73,844	-
Total Long-Term Debt	\$ 71,909	\$ 36,098	\$ 34,163	\$ 73,844	-

In prior years, the General Fund has typically liquidated the compensated absences.

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

**Business-type Activities:**

Description	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Wastewater Facility Loan	\$ 1,173,586	\$ -	\$ 75,144	\$ 1,098,442	\$ 77,398
Water Project Fund	411,154	-	25,219	385,935	25,282
Compensated Absences	27,117	25,390	18,258	34,249	-
<b>Total</b>	<b>\$ 1,611,857</b>	<b>\$ 25,390</b>	<b>\$ 118,621</b>	<b>\$ 1,518,626</b>	<b>\$ 102,680</b>

In addition to the Village's Long Term Debt, they have a long term accrued liability for connection charges payable of \$223,998 at June 30, 2015. Payments on these payables will be made upon termination of services by customers.

The annual requirements to amortize the Wastewater Facility Construction Loan as of June 30, 2015, including interest payments are as follows:

Year Ended	Principal	Interest	Total
2016	\$ 77,398	\$ 32,953	\$ 110,351
2017	79,720	30,631	110,351
2018	82,112	28,240	110,352
2019	84,576	25,776	110,352
2020	87,113	23,239	110,352
2021-2025	476,369	75,391	551,760
2026-2027	211,155	9,549	220,704
<b>Total</b>	<b>\$ 1,098,443</b>	<b>\$ 225,779</b>	<b>\$ 1,324,222</b>

The annual requirements to amortize the Water Project Fund as of June 30, 2015, including interest payments are as follows:

Year Ended	Principal	Interest	Total
2016	\$ 25,282	\$ 965	\$ 26,247
2017	25,345	902	26,247
2018	25,408	838	26,246
2019	25,472	775	26,247
2020	25,536	711	26,247
2021-2025	128,638	2,594	131,232
2026-2030	130,254	979	131,233
<b>Total</b>	<b>\$ 385,935</b>	<b>\$ 7,764</b>	<b>\$ 393,699</b>

**Operating Leases**

The Village has no short term leases at June 30, 2015.

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**NOTE 8. Risk Management**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village of Taos Ski Valley participates in the New Mexico Self-Insurer's Fund risk pool. The Village pays an annual premium to the pool based on claim experience and the status of the pool. The Village is not liable for more than the premium paid.

The Village 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 Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2015, 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.

New Mexico Self-Insurers' Fund has not provided information or 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 as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.

None

Fund deficits will be funded by general fund transfers or by grant revenues.

B. No expenditures exceeded appropriations by fund.

**NOTE 10. Pension Plans**

The Village adopted a Money Purchase Pension Plan (MPPP) effective January 1, 1999. All full-time employees were covered by the plan after completing 1,000 hours of service. As employer, the Village contributes an amount equal to 9% of the employee's compensation each month.

Employees are 100% vested after enrollment in a Money Purchase Pension Plan, and benefits are available at age 59 ½. If an employee terminates his/her employment before age 59 ½, 100% of the account is immediately made available to the employee. If the employee dies before age 59 ½, 100% of the account is available to the beneficiary. The plan has certain provisions for hardship withdrawal.

The plan is funded through Pershing and Co., a division of DLJSC. The employees take full responsibility for investing their contributions as well as their share of the Village's contributions. The Finance Director and the Village Administrator are the plan administrators.

For the fiscal years ending June 30, 2015, 2014, and 2013 respectively the Village incurred \$15,168, \$20,621, and \$64,542 in total pension costs. Pension costs are in current service costs accrued and funded on a current basis. There are no prior service costs. Total compensation for the years ended June 30, 2015, 2014, and 2013 respectively was \$807,356, \$725,414, and \$754,899.

At the employee's discretion the employee may designate a portion of the salary as a contribution to an employer sponsored 457 plan.

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**NOTE 11. PERA Pension Plans**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to Village are: General Division, and Police Division. Statutorily required contributions to the pension plan from the Village were \$96,864 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

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**NOTE 11. PERA Pension Plans (continued)**

**For PERA Fund Division – the Village’s General Division**, at June 30, 2015, the Village reported a liability of \$280,839 for its proportionate share of the net pension liability. At June 30, 2014, the Village’s proportion was 0.0360 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund – General, pension expense of \$11,717. At June 30, 2015, the Village reported PERA Fund Division – General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	190
Net difference between projected and actual earnings on pension plan investments	-	109,871
Changes in proportion and differences between the Village contributions and proportionate share of contributions	-	-
Village contributions subsequent to the measurement date	80,196	-
Total	\$ 80,196	\$ 110,061

\$80,196 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(27,515)
2017		(27,515)
2018		(27,515)
2019		(27,515)
2020		(1)
Thereafter	\$	-

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**NOTE 11. PERA Pension Plans (continued)**

**For PERA Fund Division - the Village's Police Division**, at June 30, 2015, the Village reported a liability of \$76,281 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0234 percent, which was an increase of zero from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division - Police pension expense of \$5,123. At June 30, 2015, the Village reported PERA Fund Division – Police deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	6,197
Net difference between projected and actual earnings on pension plan investments	-	28,365
Changes in proportion and differences between the Village contributions and proportionate share of contributions	-	-
Village contributions subsequent to the measurement date	16,668	-
Total	\$ 16,668	\$ 34,562

\$16,668 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(8,633)
2017		(8,633)
2018		(8,633)
2019		(8,633)
2020		(31)
Thereafter	\$	-

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**NOTE 11. PERA Pension Plans (continued)**

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment of rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	<u>4.15</u>
Total	100.0%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



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**NOTE 11. PERA Pension Plans (continued)**

*Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate.* The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<b>PERA Fund Division – General</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Village's proportionate share of the net pension liability	\$ 529,444	\$ 280,839	\$88,779
<b>PERA Fund Division – Police</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Village's proportionate share of the net pension liability	\$ 145,469	\$ 76,281	\$ 24,620

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

*Payables to the pension plan.* At June 30, 2015, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2015.

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**NOTE 12. Post-Employment Benefits**

The Retiree Health Care Act 10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program for the current year.

**NOTE 13. Contingent Liabilities**

The Village of Taos Ski Valley is insured through the New Mexico Self Insurer's Fund. Coverage provided included all-peril on building and contents: crime coverage, general liability, civil rights and personal injury; motor vehicle and fleet property damage and liability; and statutory workmen compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$ 5,000 each occurrence.

**NOTE 14. Federal and State Grants**

In the normal course of operations, the Village 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 15. Water Rights**

The Village maintains certain water rights to provide services as follows:

**Diversion Points:**

These diversion points are approved for the beneficial uses of residential, commercial, municipal, snowmaking, and construction.

**Kachina (Phoenix) Spring:**

This is the primary producer of the water for the system. All permits are approved for all beneficial uses at all diversion points, pursuant to the restrictions of the specific 92 permit.

**Gunsite Spring:**

This spring is developed but is not currently used. Water from this source cannot be used within the distribution system without treatment, due to the water quality requirements of the Safe Drinking Water Act.

**Beaver pond:**

This point is developed but not currently used. It could be used for fire, construction or other non-potable emergency and non-emergency uses, but is not considered a primary diversion point. Water from this source cannot be used within the distribution system without treatment due to the water quality requirements of the Safe Drinking Water Act.

**Burroughs Spring:**

This point is not currently developed. It is considered eligible for development and could be developed for future use.

**Water Right Files:**

When application is made to the State Engineer's Office (SEO) for water rights, the application is given a file number. The following files pertain to the Village:

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**NOTE 15. Water Rights (continued)**

**File # 3751:**

This permit was approved on April 22, 1982. This permit allows for the diversion of 200 acre-feet with compensation rights of during the period of November 1 through April 10 each year. Year round use by the Village is not permitted due to heavy summer appropriation of the Rio Hondo River. The permit approved for all diversion points for all uses.

**File # 0444A:**

This permit allows a diversion of 178.2 acre-feet per year, with a consumption right of 8.91 acre-feet per year. These were obtained from the Pattison Family Trust in February 2006 in a settlement agreement. This water may be used year-round for all uses at all diversion points, but only in the O.E. Pattison Subdivision.

**File # 0444AA:**

This permit allows a diversion of 40 acre-feet per year with consumption rights of 2 acre-feet per year. These were obtained from the Pattison Family Trust with change of ownership being approved on December 23, 1987. This water may be used year-round for all uses at all diversion points.

**Well Sub-File # Y-8:**

The Rio Pueblo de Taos/Rio Hondo Adjudication (Rio Pueblo Vol. 2) in U.S. District Court awarded the well to the Village. It allows 3-acre-feet diversion rights. At the time, a well exists to divert water, but is not in use.

**NOTE 16. Joint Powers Agreements**

**Creation of “The Enchanted Circle Regional Fire Protection Association”**

*Purpose:* The agreement is for the sole purpose of establishing, implementing, and maintaining a regional fire protection association. This program will provide cooperative fire suppression, firefighter training programs, and cost efficient purchasing of firefighting equipment and supplies for all parties involved.

*Participants:* The Town of Taos, The Village of Taos Ski Valley, The Village of Angel Fire, The Village of Eagle Nest, The Town of Red River, The Village of Questa, The County of Taos, and The County of Colfax

*Responsible Party for Operation and Audit:* The Town of Taos

*Beginning and Ending Date of Agreement:* Started March 23, 2007 and is renewed annually with changes made no later than September 30 of each year.

*Total Estimated Amount of Project and Actual Amount Contributed:* None

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**NOTE 16. Joint Powers Agreements (continued)**

**Energy Minerals and Natural Resources Department**

*Purpose:* To document EMNRD and the Village of Taos Ski Valley's commitment to wildland fire suppression by using interagency cooperation, management assistance, and cooperation with the use of federal excess property.

*Participants:* The Village of Taos Ski Valley and EMNRD

*Responsible Party for Operation and Audit:* EMNRD

*Beginning and Ending Date of Agreement:* Started September 26, 2006 and is renewed annually with changes made no later than September 30 of each year.

*Total Estimated Amount of Project and Actual Amount Contributed:* Unknown

**Community Navigation**

*Purpose:* To provide shuttle services from Taos to the Village of Taos Ski Valley

*Participants:* The Village of Taos Ski Valley and Taos Ski Valley Chamber of Commerce

*Responsible Party for Operation and Audit:* Taos Ski Valley Chamber of Commerce

*Beginning and Ending Date of Agreement:* Started December 18, 2013 to November 30, 2014 and is renewed thereafter annually

*Total Estimated Amount of Project and Actual Amount Contributed:* \$2,000

**NOTE 17. Related Party Transactions**

The Village of Taos Ski Valley paid \$3,650 for cleaning services provided by a family member of a Village employee.

**NOTE 18. Subsequent Review**

The Village of Taos Ski Valley has evaluated subsequent events through September 21, 2015, which is the date the financial statements were available for issuance. There were no subsequent events.

**NOTE 19. Restatement of Net Position**

GASB 68 requires a restatement of Net Position to include the net pension liability at June 30, 2015 as the Village is required to recognize the liability on their government-wide financial statements.

	<u>Governmental</u>
Beginning Net Position	\$3,955,240
Restatement for Net Pension Liability	<u>(484,928)</u>
Net Position Restated	\$3,470,312

**SUPPLEMENTARY INFORMATION**

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**NON-MAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
June 30, 2015

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the Village with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

**Correction Fund**

To account for the operation and maintenance of funds restricted for the judicial corrections. Authority NMSA 1978 59A-53-1 to 17. No minimum balance required according to legislation.

**Environmental Gross Receipts Tax Fund**

To account for the operation and maintenance of funds restricted for the operation and closure of landfills. Authority NMSA 1978 7-20E-17. Funding is provided by a ¼ of 1% tax on the Gross Receipts within the Village. No minimum balance required according to legislation.

**Emergency Medical Services Fund**

To account for the operations and maintenance of medical service, equipment in the Village of Taos Ski Valley. Authority NMSA 1978 24-10A-1 to 10. No minimum balance required according to legislation.

**Fire Protection Fund**

To account for the revenues for the state fire allotment and public safety related expenditures. Authority NMSA 1978 59A-53-1 to 17. No minimum balance required according to legislation.

**Law Enforcement Protection Fund**

To account for a special grant for the operations and maintenance of the police department. Financing is provided by a grant from the State. The grant may be used only for the operations of the police department. Authority is Section 29-13-1 NMSA 1978. No minimum balance required according to legislation.

**Recreation Fund**

To account for the revenues generate by cigarette taxes and other sources, which are restricted to expenditures for recreation purposes. Authority NMSA 1978 7-1-6, 11a, 7-12-1 to 16. No minimum balance required according to legislation.

**Other Fund**

To account for monies received for impact fees and special donations to the Village. Authority set by the Village. No minimum balance required according to legislation.

**These funds are on a reimbursement basis and therefore there are no reverting funds.**

**PROPRIETARY MAJOR FUNDS**

**Water and Sewer Fund**

To account for the activities of the Village's water and sewer operations.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2015

	Correction Fund	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 29,257	\$ 78	\$ 21,045
Investments	957	53,690	-	285,137
Taxes receivable	-	5,737	-	-
<i>Total assets</i>	<u>\$ 957</u>	<u>\$ 88,684</u>	<u>\$ 78</u>	<u>\$ 306,182</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 5,891	\$ 532	\$ 3,640
Accrued salaries and benefits	-	-	-	-
Accrued compensated absences	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>5,891</u>	<u>532</u>	<u>3,640</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue-property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	957	82,793	(454)	302,542
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
<i>Total fund balances</i>	<u>957</u>	<u>82,793</u>	<u>(454)</u>	<u>302,542</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 957</u>	<u>\$ 88,684</u>	<u>\$ 78</u>	<u>\$ 306,182</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 June 30, 2015

<u>Law Enforcement Protection Fund</u>	<u>Recreation Fund</u>	<u>Other Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 3,445	\$ 41	\$ 197,946	\$ 251,812
-	-	22,249	362,033
-	-	155	5,892
<u>\$ 3,445</u>	<u>\$ 41</u>	<u>\$ 220,350</u>	<u>\$ 619,737</u>
\$ -	\$ -	\$ -	\$ 10,063
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,063</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
3,445	41	220,350	609,674
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,445</u>	<u>41</u>	<u>220,350</u>	<u>609,674</u>
<u>\$ 3,445</u>	<u>\$ 41</u>	<u>\$ 220,350</u>	<u>\$ 619,737</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Year Ended June 30, 2015

	<u>Correction Fund</u>	<u>Environmental Gross Receipts Tax Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Fire Protection Fund</u>
<i>Revenues:</i>				
Taxes				
Gross receipts taxes	\$ -	\$ 26,053	\$ -	\$ -
State Grant Income	-	-	5,277	89,561
Charges for Services	-	60,678	-	26,649
Licenses and Fees	-	-	-	-
Investment Income (Loss)	-	-	-	-
Miscellaneous	-	(1,250)	-	-
<i>Total revenues</i>	<u>-</u>	<u>85,481</u>	<u>5,277</u>	<u>116,210</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	13,158	101,247
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	66,641	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>66,641</u>	<u>13,158</u>	<u>101,247</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>18,840</u>	<u>(7,881)</u>	<u>14,963</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	7,589	60,000
Transfers Out	-	(500)	-	(60,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(500)</u>	<u>7,589</u>	<u>-</u>
<i>Net change in fund balances</i>	-	18,340	(292)	14,963
<i>Fund balances - beginning of year</i>	<u>957</u>	<u>64,453</u>	<u>(162)</u>	<u>287,579</u>
<i>Fund balances - end of year</i>	<u>\$ 957</u>	<u>\$ 82,793</u>	<u>\$ (454)</u>	<u>\$ 302,542</u>

Law Enforcement Protection fund	Recreation Fund	Other Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 26,053
21,800	-	-	116,638
-	-	17,503	104,830
-	-	-	-
-	-	83	83
-	-	22,409	21,159
<u>21,800</u>	<u>-</u>	<u>39,995</u>	<u>268,763</u>
-	-	2,799	2,799
37,595	-	1,809	153,809
-	-	-	-
-	5,633	-	5,633
-	-	-	66,641
-	-	-	-
-	-	-	-
-	-	-	-
<u>37,595</u>	<u>5,633</u>	<u>4,608</u>	<u>228,882</u>
<u>(15,795)</u>	<u>(5,633)</u>	<u>35,387</u>	<u>39,881</u>
-	5,560	-	73,149
-	-	(276)	(60,776)
-	5,560	(276)	12,373
(15,795)	(73)	35,111	52,254
19,240	114	185,239	557,420
<u>\$ 3,445</u>	<u>\$ 41</u>	<u>\$ 220,350</u>	<u>\$ 609,674</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**CORRECTION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	1	1	-	(1)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	200	200	-	200
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(199)</u>	<u>(199)</u>	<u>-</u>	<u>199</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(199)	(199)	-	(199)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(199)</u>	<u>(199)</u>	<u>-</u>	<u>(199)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(398)</u>	<u>(398)</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>957</u>	<u>957</u>
<i>Cash Balance - End of Year</i>	<u>\$ (398)</u>	<u>\$ (398)</u>	<u>\$ 957</u>	<u>\$ 957</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ -</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**ENVIRONMENTAL GROSS RECEIPTS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ 18,810	\$ 18,810	\$ 25,458	\$ 6,648
State Grant Income	10,000	10,000	-	(10,000)
Charges For Services	45,006	45,006	60,678	15,672
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	23	23	-	(23)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>73,839</u>	<u>73,839</u>	<u>86,136</u>	<u>12,297</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	82,699	82,699	62,276	20,423
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>82,699</u>	<u>82,699</u>	<u>62,276</u>	<u>20,423</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,860)</u>	<u>(8,860)</u>	<u>23,860</u>	<u>32,720</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(8,860)	(8,860)	-	(8,860)
Transfers (In) Out	-	-	(500)	(500)
<i>Total other financing sources (uses)</i>	<u>(8,860)</u>	<u>(8,860)</u>	<u>(500)</u>	<u>(9,360)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(17,720)	(17,720)	23,360	23,360
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>59,587</u>	<u>59,587</u>
<i>Cash Balance - End of Year</i>	<u>\$ (17,720)</u>	<u>\$ (17,720)</u>	<u>\$ 82,947</u>	<u>\$ 82,947</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(1,472)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>(3,548)</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 18,340</u>	



**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	5,100	5,100	5,277	177
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	1	1	-	(1)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,101</u>	<u>5,101</u>	<u>5,277</u>	<u>176</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	22,600	22,600	12,788	9,812
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>22,600</u>	<u>22,600</u>	<u>12,788</u>	<u>9,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,499)</u>	<u>(17,499)</u>	<u>(7,511)</u>	<u>9,988</u>
<i>Other financing sources (uses)</i>				
Designated Cash	17,499	17,499	-	(17,499)
Transfers (In) Out	-	-	7,589	7,589
<i>Total other financing sources (uses)</i>	<u>17,499</u>	<u>17,499</u>	<u>7,589</u>	<u>(9,910)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	78	78
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 78</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(370)	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ (292)</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**FIRE PROTECTION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	85,000	85,000	89,561	4,561
Charges For Services	26,250	26,250	26,649	399
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	255	255	-	(255)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>111,505</u>	<u>111,505</u>	<u>116,210</u>	<u>4,705</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	159,100	159,100	98,532	60,568
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>159,100</u>	<u>159,100</u>	<u>98,532</u>	<u>60,568</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(47,595)</u>	<u>(47,595)</u>	<u>17,678</u>	<u>65,273</u>
<i>Other financing sources (uses)</i>				
Designated Cash	47,595	47,595	-	(47,595)
Transfers (In) Out	60,000	-	-	-
<i>Total other financing sources (uses)</i>	<u>107,595</u>	<u>47,595</u>	<u>-</u>	<u>(47,595)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	60,000	-	17,678	17,678
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>288,504</u>	<u>288,504</u>
<i>Cash Balance - End of Year</i>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>306,182</u>	<u>\$ 306,182</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(2,715)	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 14,963</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	21,800	21,800	21,800	-
Charges For Services	72,899	72,899	-	(72,899)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	4	4	-	(4)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>94,703</u>	<u>94,703</u>	<u>21,800</u>	<u>(72,903)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	116,736	116,736	40,395	76,341
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>116,736</u>	<u>116,736</u>	<u>40,395</u>	<u>76,341</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(22,033)</u>	<u>(22,033)</u>	<u>(18,595)</u>	<u>3,438</u>
<i>Other financing sources (uses)</i>				
Designated Cash	22,033	22,033	-	(22,033)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>22,033</u>	<u>22,033</u>	<u>-</u>	<u>(22,033)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(18,595)	(18,595)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>22,040</u>	<u>22,040</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,445</u>	<u>\$ 3,445</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			2,800	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ (15,795)</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**RECREATION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	42,337	42,337	-	(42,337)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>42,337</u>	<u>42,337</u>	<u>-</u>	<u>(42,337)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	52,337	52,337	5,633	46,704
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,337</u>	<u>52,337</u>	<u>5,633</u>	<u>46,704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,633)</u>	<u>4,367</u>
<i>Other financing sources (uses)</i>				
Designated Cash	10,000	10,000	-	(10,000)
Transfers (In) Out	-	-	5,560	5,560
<i>Total other financing sources (uses)</i>	<u>10,000</u>	<u>10,000</u>	<u>5,560</u>	<u>(4,440)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(73)	(73)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>114</u>	<u>114</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ (73)</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**OTHER SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	476,214	476,214	17,504	(458,710)
Licenses and Fees	-	-	-	-
Interest Income	116	116	83	(33)
Investment Income(Loss)	-	-	-	-
Miscellaneous	5,100	5,100	22,254	17,154
<i>Total revenues</i>	<u>481,430</u>	<u>481,430</u>	<u>39,841</u>	<u>(441,589)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	5,000	5,000	2,799	2,201
Public Safety	34,287	34,287	1,911	32,376
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>39,287</u>	<u>39,287</u>	<u>4,710</u>	<u>34,577</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>442,143</u>	<u>442,143</u>	<u>35,131</u>	<u>(407,012)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(442,143)	(442,143)	-	442,143
Transfers (In) Out	(12,092)	12,092	(276)	(12,368)
<i>Total other financing sources (uses)</i>	<u>(454,235)</u>	<u>(430,051)</u>	<u>(276)</u>	<u>429,775</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(12,092)	12,092	34,855	22,763
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>185,340</u>	<u>185,340</u>
<i>Cash Balance - End of Year</i>	<u>\$ (12,092)</u>	<u>\$ 12,092</u>	<u>\$ 220,195</u>	<u>\$ 208,103</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			155	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>101</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 35,111</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	263,220	263,220	33,794	(229,426)
Licenses and Fees	-	-	763	763
Interest Income	-	-	-	-
Investment Income(Loss)	33	33	-	(33)
Miscellaneous	(58,102)	(58,102)	(8,518)	49,584
<i>Total revenues</i>	<u>205,151</u>	<u>205,151</u>	<u>26,039</u>	<u>(179,112)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	428,561	428,561	372,840	55,721
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>428,561</u>	<u>428,561</u>	<u>372,840</u>	<u>55,721</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(223,410)</u>	<u>(223,410)</u>	<u>(346,801)</u>	<u>(123,391)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	223,410	223,410	-	(223,410)
Transfers (In) Out	(308,352)	308,352	140,352	(168,000)
<i>Total other financing sources (uses)</i>	<u>(84,942)</u>	<u>531,762</u>	<u>140,352</u>	<u>(391,410)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(308,352)</u>	<u>308,352</u>	<u>(206,449)</u>	<u>(514,801)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>533,774</u>	<u>533,774</u>
<i>Cash Balance - End of Year</i>	<u>\$ (308,352)</u>	<u>\$ 308,352</u>	<u>\$ 327,325</u>	<u>\$ 18,973</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			914	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>(5,130)</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ (210,665)</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**WATER PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	684,081	684,081	704,177	20,096
Investment Income(Loss)	23	23	97	74
Miscellaneous	-	-	20	20
<i>Total revenues</i>	684,104	684,104	704,294	20,190
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	411,337	411,337	109,265	302,072
Travel	4,500	4,500	1,909	2,591
Gross Receipts Tax	-	-	-	-
Depreciation	205,000	205,000	336,402	(131,402)
Purchases for Resale	750	750	641	109
Contract Services	128,500	128,500	9,756	118,744
Salaries	226,314	226,314	266,812	(40,498)
Supplies	78,500	78,500	68,914	9,586
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	(61,234)	61,234
<i>Total expenditures</i>	1,054,901	1,054,901	732,465	322,436
<i>Excess (deficiency) of revenues over expenditures</i>	(370,797)	(370,797)	(28,171)	342,626
<i>Other financing sources (uses)</i>				
Designated Cash	509,976	509,976	-	(509,976)
Transfers (In) Out	(139,179)	(139,179)	143,962	283,141
<i>Total other financing sources (uses)</i>	370,797	370,797	143,962	(226,835)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	115,791	115,791
<i>Fund balance - Beginning of Year</i>	-	-	1,438,027	1,438,027
<i>Fund balance - End of Year</i>	\$ -	\$ -	1,553,818	\$ 1,553,818

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**PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**

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STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
Required Supplementary Information  
June 30, 2015

**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY OF PERA FUND DIVISION – GENERAL  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\***

	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0360%
Village's proportionate share of the net pension liability (asset)	\$ 280,839
Village's covered-employee payroll	\$ 504,379
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.68%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\* The amounts presented were determined as of June 30 of the previous fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the State of New Mexico will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
Required Supplementary Information  
June 30, 2015

**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY OF PERA FUND DIVISION – POLICE  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\***

	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0234%
Village's proportionate share of the net pension liability (asset)	\$ 76,281
Village's covered-employee payroll	\$ 88,192
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.49%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\* The amounts presented were determined as of June 30 of the previous fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the State of New Mexico will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
Required Supplementary Information  
June 30, 2015

**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS**

**Public Employees Retirement Association (PERA) Plan**

**PERA Fund Division - General**

**Last 10 Fiscal Years\***

	<u>2015</u>
Contractually required contribution	\$ 80,196
Contributions in relation to the contractually required contribution	\$ 80,196
Contribution deficiency (excess)	-
Village's covered-employee payroll	\$ 504,379
Contributions as a percentage of covered-employee payroll	15.90%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
Required Supplementary Information  
June 30, 2015

**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS**

**Public Employees Retirement Association (PERA) Plan**

**PERA Fund Division - Police**

**Last 10 Fiscal Years\***

	<u>2015</u>
Contractually required contribution	\$ 16,668
Contributions in relation to the contractually required contribution	\$ 16,668
Contribution deficiency (excess)	-
Village's covered-employee payroll	\$ 88,192
Contributions as a percentage of covered-employee payroll	18.90%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
Required Supplementary Information  
June 30, 2015

**Notes to Required Supplementary Information**

**For the Year Ended June 30, 2015**

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Changes of assumptions.**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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**SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**SCHEDULE OF CASH AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2015**

Schedule I

Bank Account Type/Name	Centinel Bank	Total
Checking - General, Interest Bearing	\$ 426,531	\$ 426,531
Checking - General Government Impact Fee, Interest Bearing	70,119	70,119
Checking - Roads Impact Fee, Interest Bearing	52,052	52,052
Checking - EMS Impact Fee, Interest Bearing	-	-
Checking - Parking and Recreation Impact Fee, Interest Bearing	6,861	6,861
Checking - Law Enforcement Impact Fee, Interest Bearing	41,791	41,791
Checking - Replacement Reserve, Interest Bearing	111,047	111,047
Checking - Fire Dept Debt Service, Interest Bearing	82,607	82,607
Certificate of Deposit	750,000	750,000
Total On Deposit	1,541,008	1,541,008
Reconciling Items	(40,645)	(40,645)
Reconciled Balance	<u>\$ 1,500,363</u>	\$ 1,500,363
Petty cash		200
Investments in NM State Treasurer		2,012,626
Total June 30, 2015		<u>\$ 3,513,189</u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Governmental activities Ex-B-1	\$ 3,150,359
Cash and cash equivalents-Business type activities Ex-D-1	362,830
	<u>\$ 3,513,189</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
**JUNE 30, 2015**

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2015	Name and Location of Safekeeper
Centinel Bank	NMMI Revenue Cusip 647183BM3, 3.0% 6/1/2023	\$ 50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Espanola School District Cusip 29662RBA5, 2.13% 9/1/2025	100,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Lovington School District Cusip 547473DES, 2.00% 10/1/2016	50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Taos School District Cusip 87601UAD5, 1.05% 10/1/2016	50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Taos School District Cusip 87601UAH6, 1.4% 10/1/2016	50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Hobbs School District Cusip 433866EV8, 2.25% 7/15/2021	50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	West Las Vegas Cusip 953769JW, 2.25% 8/15/2018	<u>50,000</u>	Texas Independent Bank Dallas, Texas
		<u>\$ 400,000</u>	

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**Village of Taos Ski Valley**  
**Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)**  
**For the Year Ended June 30, 2015**

<b>RFP# RFB#/RFP# / State-Wide Price Agreement</b>	<b>Type of Procurement</b>	<b>Awarded Vendor</b>	<b>\$ Amount of awarded Contract</b>	<b>\$ Amount of Amended Contract</b>	<b>Name and Physical Address of ALL Vendors that responded</b>	<b>In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)</b>	<b>Was the vendor instate and chose Veteran's preference (Y or N)</b>	<b>Brief Description of the Scope of Work</b>
Engineering Inc. Not Awarded Contract	RFP for cost reimbursement contract	N/A	N/A	N/A	Engineering Inc. 1601 Camino del Coronado Tucumcari, NM 88401	Y	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
Dennis Engineering Company Not Awarded Contract	N/A	N/A	N/A	N/A	Dennis Engineering Company P.O. Box 909 Edgewood, NM 87015	Y	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
Martin/Martin Consulting Engineers Not Awarded Contract	N/A	N/A	N/A	N/A	Martin/Martin Consulting Engineers, Inc. 5353 Wyoming Blvd. NE Ste. 2A Albuquerque, NM 87110	Y	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
URS Corp. Not Awarded Contract	N/A	N/A	N/A	N/A	URS Corp. P.O. Box 201088 Austin, TX 78720-1088	N	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
Abeyta Engineering, Inc. Not Awarded Contract	N/A	N/A	N/A	N/A	Abeyta Engineering Inc. P.O. Box 1499 Rancho del Taos, NM 87557	Y	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
Merrick & Co. Not Awarded Contract	N/A	N/A	N/A	N/A	Merrick & Co. 6001 Indian School Rd. NE Ste.350 Albuquerque, NM 87110	Y	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
Wilson & Co. Not Awarded Contract	N/A	N/A	N/A	N/A	Wilson & Co. 2600 The Americas Rd. SE Suite 100 Rio Rancho, NM 87124	Y	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements
BRILIAM ENGINEERING & FEI Engineers Inc.*		Briliam Engineering & FEI Engineering Inc.	Not To Exceed \$25,000.00 Per Year / \$42,774.63	\$130,160.47	Briliam Engineering P.O. Box 3238 301 N. Pagosa Blvd. Suite B-16 Pagosa Springs, CO 81147	N	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements (Original Contractor); * Company Merger May 2014
FEI Engineers, Inc					FEI Engineering, Inc.	N	N	Professional Engineering Consulting Services for the Waste Water Treatment Plant Improvements (New Contractor Name)  Company Merger May 2014
C.J. MEAD, CONST. CO. INC.		C.J. Mead, Const. Co. Inc.	\$190,621.57/ \$288,937.73	\$98,316.16	C.J. Mead, Const. Co.Inc. P.O. Box 952 Edgewood, NM 87525	Y	N	Infra-Structure Construction
GEORGE K. BAUM & COMPANY		George K. Baum & Co.	70421.19	N/A	George K. Baum & Co. One Park Square 6501 Americas Parkway NE, Ste. 360 Albuquerque, NM 87110	Y	N	Investment Banking Services

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**COMPLIANCE SECTION**

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**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 AUDITOR'S REPORT**

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
Village of Taos Ski Valley  
Taos Ski Valley, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds of the Village of Taos Ski Valley as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Village of Taos Ski Valley's basic financial statements, and the combining and individual and related budgetary comparisons of Village of Taos Ski Valley, presented as supplemental information, and have issued our report thereon dated September 21, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Taos Ski Valley's internal control over financial reporting to determine the auditing 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 Village of Taos Ski Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Taos Ski Valley'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 function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 the internal control over financial reporting 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 financial reporting that might be significant deficiencies or material weaknesses 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. The significant deficiencies are described as 2014-001, and 2015-002.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Taos Ski Valley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2014-001, 2015-001 and 2015-002.

### **Village of Taos Ski Valley's Response to Findings**

Village of Taos Ski Valley's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Village of Taos Ski Valley's responses were not subjected to 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 Village of Taos Ski Valley's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Village of Taos Ski Valley's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Precision Accounting, LLC*

Precision Accounting LLC  
Albuquerque, New Mexico  
September 21, 2015

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**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
June 30, 2015

**A. FINDINGS-FINANCIAL STATEMENT AUDIT**

**2014-001 Noncompliance with revenue collection policy (Repeated - Significant Deficiency)**

**CONDITION:** During the performance of testwork on the accounts receivable for utility customers, it was determined that the revenue collection procedures were not compliant with the Revenue Collection Policy across as written. During the testwork, there were three samples tested out of where water should have been shut off and a lien should have been placed. As of June 30, 2015, there were uncollected water revenue and fees of \$15,621.

**CRITERIA:** The Revenue Collection Policy states that water should be turned off if payment is not made within 75 days of late payment letter or that a lien shall be filed if payment is not made within 120 days of the late payment letter.

**CAUSE:** It appears that although management is aware of the Collection Policy, management will make exceptions to the policy by either not turning off the water, assessing shut off/on fees, filing a lien based on conversations with the customers, promises to pay, the check is in the mail based totally on conversations with the customer. Only when the customer continues to disregard requests for payment, does the Village follow the procedure and shut off the water or lien the property.

**EFFECT:** By not complying with the Revenue Collection Policy, the Village could be subject to financial loss, should a property be sold with a balance on the account if there is no lien on the property for underpayment of the customer's receivable.

**RECOMMENDATION:** The Village Council has an approved Revenue Collections Policy and Village management should strictly adhere to the policy. All exceptions to the policy require Village Council approval, therefore, the appeal process should be followed and final determination should be documented as support for management to adhere to. The delinquent accounts spreadsheet should be expanded to have the schedule also include the following; dates for shut off, dates for lien, date shut off, and the date lien is applied, and lien release date. There should be written documentation of the appeal outcome between the Village Council and customers that is maintained in the customer delinquency file for each exception.

**CLIENT RESPONSE:** From Village Administrator: Village staff has done a good job trying to work with our residents and businesses when trying to work through late payment issues. They have provided good customer service almost to a fault of trying to work with residents and businesses to receive payments. Unfortunately time goes by, staff puts their time and effort into other projects or issues, and payments do not come in when specified. Whereas some are not deliberate acts to not pay, there are entities that will take advantage of the Village staff's good graces ultimately putting the Village at fiscal risk.

**From Village Staff:** We believe that the audit testing found examples in different months with three specific customers: one customer who, when asked for payment of delinquent amounts, always asks to spread out the payments over two months creating a balance due even at the 120 day mark. This customer always eventually pays, but management has allowed staff to work with the customer. The second customer who had outstanding amounts at various times over the past year is a resident of Albuquerque who had mail discontinued to his home but did not notify us. We received the bills back in the mail with an "unable to deliver" notice. Then, when the new address was given and payment request made, the customer insisted that he would not pay his bills until he was able to come in and talk with Staff. He kept delaying his visit to Taos Ski Valley, and staff did eventually turn off his water after continued requests for payment, even while the bill was under dispute. The third customer who has been allowed to make payments over extended periods of time is the owner of a small business, who often requests to make payments after holiday periods, when the business's cash flow is higher. Again, management has allowed staff to accommodate these requests. In addition, the audit tests may have revealed certain cases where, according to the policy, water should have been turned off, but this was not done because of the difficulty of digging up valve cans in the winter when there is usually heavy snow pack.

Staff had not been made aware of recommendations made the previous year, but with these recommendations on improvements to the delinquent accounts spreadsheet, staff will pursue delinquent accounts more accurately. A spreadsheet tracking system will be set and reviewed on a monthly basis with the Village Administrator. Management will follow the revenue collection policy more closely, allowing fewer exceptions to the policy.

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
June 30, 2015

**2015-001 Noncompliance with Travel & Per Diem (Control Deficiency)**

**CONDITION:** During our test work of travel and per diem, we noted two travel vouchers out of 30 sample tested where the travel voucher and the P-card reconciliation report were not signed by the supervisor. There was one travel reimbursement where the employee was reimbursed at 57.5 cents per mile when the IRS rate was 56 cents per mile which resulted in an overpayment to the employee of \$2.11. Our projection of the error rate to the population of 69 vouchers indicated that a potential for six errors could exist.

**CRITERIA:** The Village Resolution 2009-176 regulating Travel and Per Diem expenditures or the State of the New Mexico DFA rule 92-1 (Village policy mirrors DFA rule 92-1).

Section 3, Mileage Reimbursement is to be reimbursed at the IRS standard mileage rate set each January 1 of the previous year.

The Village also requires all reimbursements to be reviewed by employees and approved by supervisors before payment can be made in order to prevent unauthorized expenditures.

**CAUSE:** The cause may be related to an oversight in management's review and approval of travel and per diem reimbursements.

**EFFECT:** The Village should be in compliance with their own policies and procedures. All payments should be for authorized and approved expenditures, using the correct rates and with appropriate supporting documents.

**RECOMMENDATION:** The Village is encouraged to have the personnel in charge of reviewing and approving travel vouchers and reimbursement provide training to all employees with respect to completing travel vouchers.

**CLIENT RESPONSE:** As the new Finance Director at the Village I am just becoming familiar with the policies. I will be reviewing all policies so I am more on top of them and to see if any need to be updated. The lack of signatures on vouchers was an oversight on my part and so was the mileage calculation. Also I will be providing training on the travel, per diem and all purchasing procedures to management and employees to keep us in compliance with our own policies. I will review all travel and verify that we are following the IRS rate as of the previous year. For calendar 2015 we should be using .56. I will make sure that the per diem over payment of \$2.11 is reimbursed to the Village.



**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
 June 30, 2015

**2015-002 Noncompliance with Lodger's Tax Policy (Significant Deficiency, Control Deficiency)**

**CONDITION:** During our testwork of lodger's tax procedures, we tested two different lodges and noted that there were two instances on each lodge where a notice of delinquency should have been sent to the vendor and they had not been sent after one (1) week of the due date. A subsequent review of previous years Lodger's Tax audit findings indicates that the collection process is not being followed. There is one (1) instance where a lien has not been filed on a lodge that is more than six (6) months past due.

**CRITERIA:** The Village is not compliant with their Lodger's Tax policy with respect to past due lodge payments.

The Village Ordinance 04-14 The Lodger's Tax Ordinance Section 10. Failure to Make Return; Computation, Civil Penalty and Notice, Collection of Delinquencies; Occupancy Tax is a Lien.

Part A. Every vendor is liable for the payment of the proceeds of any occupancy tax that the vendor failed to remit to the municipality, whether due to his failure to collect the tax or otherwise. He shall be liable for the tax plus a civil penalty equal to the greater of 10 percent of the amount not remitted or one hundred dollars (\$100). The Village Clerk shall give the delinquent vendor written notice of the delinquency, which notice shall be mailed the vendor's local address. See standard procedure noted below.

Part C. The occupancy tax imposed by the Village constitutes a lien in favor of the Village upon the personal and real property of the vendor providing lodgings. The lien may be enforced as provided in Section 3-36-1 through 3-36-7 NMSA 1978. Priority of the lien shall be determined from the date of filing.

Standard Procedure: The normal procedure is to mail the delinquency notice one (1) week after the report and payment is due.

**CAUSE:** The cause may be related to an oversight in the review of lodging reports as to when received or have become past due.

**EFFECT:** The Village should be in compliance with their own policies and procedures. It is important that the deadlines for collections be adhered to as the Village could lose significant revenues with respect to past due lodgers' taxes if properties change hands without a lien having been filed.

**RECOMMENDATION:** The Village is encouraged to have the personnel in charge lodgers tax review lodging vendors on the 1<sup>st</sup> of every month and mail any required notice of delinquency and that they notify the Village Clerk when the client is six (6) months past due in order to start the lien process.

**CLIENT RESPONSE:** Village staff has been diligent while trying their best to work with businesses on coordinating lodger's tax payments. Follow up to send out delinquency notices and liens have been delayed at times due to other pressing work issues or workload, or proper attention by the Village Administrator for which properties require a lien to be filed.

Village staff will review the lodger's tax collection policy, the lodger's tax ordinance; and the NM state statutes; Village staff will agree on the Village policy in place or suggest changes to the policy.

As Village Administrator I take full responsibility for not having a better process in place to assure follow up in a timely manner happens. Village administration office staff will start submitting a monthly status report to the Village Administrator of all lodger's taxes overdue.

The Village Administrator will review and follow up with staff with any questions and/or if any procedures are not being followed in a timely manner.

Village Administrator oversight will help ensure all policies and procedures are being followed according to the Villages lodger's tax collection policy and lodger's tax ordinance.

STATE OF NEW MEXICO  
VILLAGE OF TAOS SKI VALLEY  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2015

**B. PRIOR YEAR AUDIT FINDINGS**

2014-001 Noncompliance with revenue collection policy (Significant Deficiency)-Repeated and Revised

**STATE OF NEW MEXICO**  
**VILLAGE OF TAOS SKI VALLEY**  
**OTHER DISCLOSURES**  
June 30, 2015

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

The Village has the capability of understanding and accepting responsibility for its own GAAP-basis financial statements, however, the Village's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

**B. EXIT CONFERENCE**

The contents of this report were discussed on August 6, 2015. The following individuals were in attendance.

Village of Taos Ski Valley  
Neil King, Mayor  
Nancy Grabowski, Finance Director  
Mark G. Fratrack, Village Administrator

Precision Accounting LLC  
Melissa R. Santistevan, CPA, CFE, CGMA