

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Annual Financial Report

For the Year Ended June 30, 2016

INTRODUCTORY SECTION

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Table of Contents
June 30, 2016

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Official Roster	iii
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund	21
Lodgers' Tax Fund	22
Municipal Streets Special Revenue Fund	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Notes to the Financial Statements	27
 SUPPLEMENTARY INFORMATION	
Non-major Fund Descriptions	57
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	59

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Table of Contents
June 30, 2016

SUPPLEMENTARY INFORMATION	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual:	
Corrections Special Revenue Fund	60
Environmental Gross Receipts Special Revenue Fund	61
Emergency Medical Services Special Revenue Fund	62
Fire Protection Special Revenue Fund	63
Law Enforcement Protection Special Revenue Fund	64
Recreation Special Revenue Fund	65
Other Special Revenue Fund	66
Capital Projects Fund	67
Water Proprietary Fund	68
Pension Liability – Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability of PERA Pension Plan – Municipal General Pension Fund	69
Schedule of Proportionate Share of the Net Pension Liability of PERA Pension Plan – Police Pension Fund	70
Schedule of Contributions, PERA Pension Plan – Municipal General Pension Fund	71
Schedule of Contributions, PERA Pension Plan – Police Pension Fund	72
Notes to Required Supplementary Information	73
SUPPORTING SCHEDULES	
Schedule of Cash and Investment Accounts	74
Schedule of Collateral Pledge by Depository	75
Schedule of Vendor Information	76
COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
SCHEDULE OF FINDINGS AND RESPONSES	79
OTHER DISCLOSURES	80

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Official Roster
June 30, 2016

Name

Title

Village Council

Neal King	Mayor
Thomas Wittman	Mayor Pro Tem
Christof Brownell	Council Member
Kathy Bennett	Council Member
J. Christopher Stagg	Council Member

Village Officials

Mark G. Fratrack	Village Administrator
Nancy Grabowski	Finance Director
Ann Marie Wooldridge	Village Clerk

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of the Village of Taos Ski Valley, New Mexico (the "Village"), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor special revenue funds and the budgetary comparisons for the major capital project funds, nonmajor special revenue funds, and the enterprise fund presented as supplementary information, as defined by the Government Accounting Standards Board, and the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor special revenue fund of the Village as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during year ended 2016, the Village chose to apply the retroactive part of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* and stop amortizing water rights and easements with an indefinite life. Our opinion is not modified with respect to this matter.

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 4-13, the Schedule of the Proportionate Share of the Net Pension Liability on pages 69-70, the Schedule of Contributions on pages 71-72, and the notes to the required supplementary information on page 73 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 standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

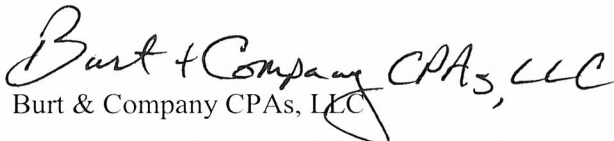
Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules as required by 2.2.2 NMAC as listed Supporting Schedules in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 December 14, 2016 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.


Burt & Company CPAs, LLC

December 14, 2016

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

As management of the Village of Taos Ski Valley, New Mexico (the "Village") we offer readers of the Village of Taos Ski Valley financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements of the Village and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets \$9,348,571 of the Village of Taos Ski Valley exceeded its liabilities and deferred inflows resources of \$2,551,239 at the close of the most recent fiscal year by \$6,797,332 (*net position*). Of this amount, \$2,437,656 (*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 \$1,173,697 during the fiscal year. The majority of this increase is due to the increase in general revenues and transfers.
- As of June 30, 2016, the Village's governmental funds reported combined ending fund balances of \$3,876,186 of this total; \$323,779 is restricted for capital projects and \$1,109,087 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*)

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

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 on pages 14 and 16 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 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 on pages 17-26 of this report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

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 27-56 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 58-68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the sixth 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 \$6,797,332 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 \$2,926,812 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

Village of Taos Ski Valley's Net Position						
	June 30, 2016			June 30, 2015		
	Governmental	Business- type	Total	Governmental	Business- type	Total
Assets						
Current and other assets	\$ 3,980,502	793,915	4,774,417	3,250,497	493,625	3,744,122
Capital assets, net of accumulated depreciation	1,521,546	2,948,764	4,470,310	1,314,076	2,878,103	4,192,179
Deferred outflows of resources	103,844	-	103,844	44,820	-	44,820
Total assets	\$ 5,605,892	3,742,679	9,348,571	4,609,393	3,371,728	7,981,121
Liabilities						
Long-term liabilities outstanding	\$ 606,944	1,691,160	2,298,104	430,964	1,639,944	2,070,908
Other liabilities	78,165	140,076	218,241	58,492	177,966	236,458
Total liabilities	685,109	1,831,236	2,516,345	489,456	1,817,910	2,307,366
Deferred inflows of resources	34,894	-	34,894	186,206	-	186,206
Net Position						
Invested in capital assets, net of related debt	1,521,546	1,405,264	2,926,810	1,348,645	1,393,726	2,742,371
Restricted	1,432,866	-	1,432,866	1,503,032	104,543	1,607,575
Unrestricted	1,931,477	506,179	2,437,656	1,082,054	55,549	1,137,603
Total net position	4,885,889	1,911,443	6,797,332	3,933,731	1,553,818	5,487,549
Total liabilities, deferred inflows and net position	\$ 5,605,892	3,742,679	9,348,571	4,609,393	3,371,728	7,981,121

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 \$1,173,697 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

Changes in Net Position
For the Year Ended June 30, 2016

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for service	\$ 175,339	824,765	1,000,104
Operating grants and contributions	262,243	-	262,243
Capital grants and contributions	-	-	-
General revenue			
Property tax	471,028	-	471,028
Gross receipts tax	1,527,824	-	1,527,824
Motor vehicle and fuel tax	351,931	-	351,931
Interest income	4,853	539	5,392
Gain (Loss) on disposal of assets	2,710	(174,364)	(171,654)
Misc. revenues	94,962	579	95,541
Total revenue	2,890,890	651,519	3,542,409
<u>Expenses</u>			
General government	1,050,211	-	1,050,211
Public safety	351,282	-	351,282
Public works	290,249	-	290,249
Culture and recreation	264,700	-	264,700
Health and welfare	91,587	-	91,587
Interest on long-term debt	34,026	-	34,026
Joint utilities	-	691,963	691,963
Total expenses	2,082,055	691,963	2,774,018
(Decrease) Increase in assets before transfer	808,835	(40,444)	768,391
Transfers	143,323	261,983	405,306
(Decrease) Increase in net position	952,158	221,539	1,173,697
Net position, Beginning of year	3,933,731	1,553,818	5,487,549
Restatement	-	136,086	136,086
Ending net position	\$ 4,885,889	1,911,443	6,797,332

Governmental activities: Governmental activities increased the Village of Taos Ski Valley's net position by \$952,158. 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 \$221,539. The key element of this increase in revenues of \$120,568 or 17% ongoing construction projects in the Village.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

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

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for service	\$ 72,732	704,197	776,929
Operating grants and contributions	263,656	-	263,656
Capital grants and contributions	-	-	-
General revenue			
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	2,564,574	704,294	3,268,868
<u>Expenses</u>			
General government	1,458,047	-	1,458,047
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	2,689,659
(Decrease) Increase in assets before transfer	607,380	(28,171)	579,209
Transfers	(143,962)	143,962	-
(Decrease) Increase in net position	463,419	115,791	579,210
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	5,487,549

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

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 \$3,876,186, an increase of \$725,764 in comparison with the prior year. Of this amount, \$2,443,320 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$1,109,087 constitutes reserved fund balances for special revenue funds and \$323,779 constitutes reserved fund balance for capital project funds.

Revenues for governmental activities overall totaled \$2,890,890 in the fiscal year ended June 30, 2016, which represents an increase of \$326,716 from the fiscal year ended June 30, 2015. Expenditures for governmental activities, totaling \$2,082,055, increased by \$124,861 from the fiscal year ended June 30, 2015. In the fiscal year ended June 30, 2016, revenues exceed expenditures by \$808,835.

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 \$2,443,320, of which \$2,443,320 was unassigned.

The fund balance of the Village of Taos Ski Valley's general fund increased by \$566,917 during the current fiscal year. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2016 due to an increase in general fund revenues.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance \$374,443. The net increase in fund balance for the current year was \$82,549 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 \$323,779. The net decrease in fund balance for the year was \$1,238. The decrease was primarily due to an increase in expenditures.

Law Enforcement Fund. The Law Enforcement Fund has a fund balance of \$21,278. The net increase in fund balance of \$17,833 is due to revenues exceeding expenditures. The Village purchases police vehicles every other year.

Fire Fund. The Fire Fund has fund balance of \$335,854. The net increase in fund balance of \$33,312 is primarily due to decrease in expenditures from the prior year.

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 \$1,911,443. The total increase in net position for the proprietary funds was \$221,539. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Management's Discussion and Analysis
 June 30, 2016

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
\$ 1,240,867	1,225,495	15,372

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

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, 2016 amount to \$4,470,310 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. There was \$544,579 increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year due primarily to increases in construction in progress and machinery and equipment. There was \$403,457 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year, primarily related to the water and sewer plant.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

Capital Assets, June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Infrastructure	\$ 924,463	-	924,463
Land	130,000	131,332	261,332
Construction in progress	228,565	-	228,565
Buildings and improvements	214,502	199,738	414,240
Vehicles	-	89,006	89,006
Easements	-	33,196	33,196
Water and sanitation plant	-	5,662,775	5,662,775
Machinery and equipment	1,446,501	992,631	2,439,132
Total capital assets	2,944,031	7,108,678	10,052,709
Accumulated depreciation	1,422,485	4,159,910	5,582,395
Capital assets, Net of accumulated depreciation	\$ 1,521,546	2,948,768	4,470,314

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 \$1,767,498. Of this amount, \$1,543,500 is loan with the gross revenue from utility operations pledged to pay the payments.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
June 30, 2016

Village of Taos Ski Valley's Outstanding Debt
As of June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Wastewater facility construction	\$ -	1,021,043	1,021,043
Water project fund	-	522,457	522,457
Total long-term liabilities	\$ -	1,543,500	1,543,500

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 (4%) and Trash (4%) 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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets	\$		
Cash and cash equivalents	3,727,407	611,296	4,338,703
Taxes receivable	223,434	-	223,434
Accounts receivable	29,661	81,880	111,541
Inventory	-	100,739	100,739
Total current assets	3,980,502	793,915	4,774,417
Non-current assets			
Capital assets	2,944,031	7,108,676	10,052,707
Less: Accumulated depreciation	(1,422,485)	(4,159,912)	(5,582,397)
Total non-current assets	1,521,546	2,948,764	4,470,310
Deferred Outflows of Resources			
Deferred outflow of pension	103,844	-	103,844
Total deferred outflows of resources	103,844	-	103,844
Total assets and deferred outflows of resources	\$ 5,605,892	3,742,679	9,348,571

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Net Position (continued)
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 68,265	7,404	75,669
Accrued salaries and benefits	9,900	11,829	21,729
Due to other governments	-	7,452	7,452
Accrued interest	-	-	-
Current portion of loans/bonds payable	-	113,391	113,391
Unearned revenue-prepayment of utility accounts	-	-	-
Total current liabilities	78,165	140,076	218,241
Non-current liabilities			
Connection charges payable	-	223,998	223,998
Accrued compensated absences	37,764	37,053	74,817
Loans/bonds payable	-	1,430,109	1,430,109
Net pension liability	569,180	-	569,180
Total non-current liabilities	606,944	1,691,160	2,298,104
Total liabilities	685,109	1,831,236	2,516,345
Deferred inflows of resources			
Unavailable revenue - property taxes	26,151	-	26,151
Deferred inflow of pensions	8,743	-	8,743
Total deferred inflows of resources	34,894	-	34,894
Net position			
Net investment in capital assets	1,521,546	1,405,264	2,926,810
Restricted for:	-	-	-
Capital projects	323,779	-	323,779
Special revenue funds	1,109,087	-	1,109,087
Debt service funds	-	-	-
Unrestricted	1,931,477	506,179	2,437,656
Total net position	4,885,889	1,911,443	6,797,332
Total liabilities, deferred inflows of resources and net position	\$ 5,605,892	3,742,679	9,348,571

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Activities
For the Year Ended June 30, 2016

	<u>Program Revenues</u>				<u>Net Program (Expense) Revenue and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u>		
					Government Activities	Business- Type Activities	Total
Primary government							
General government	\$ 1,050,211	77,757	90,500	-	(881,954)	-	(881,954)
Public safety	351,282	8,695	126,743	-	(215,844)	-	(215,844)
Public works	290,249	32,544	45,000	-	(212,705)	-	(212,705)
Culture and recreation	264,700	-	-	-	(264,700)	-	(264,700)
Health and welfare	91,587	56,343	-	-	(35,244)	-	(35,244)
Interest on long-term debt	34,026	-	-	-	(34,026)	-	(34,026)
<i>Total government activities</i>	<u>2,082,055</u>	<u>175,339</u>	<u>262,243</u>	<u>-</u>	<u>(1,644,473)</u>	<u>-</u>	<u>(1,644,473)</u>
Business-type activities							
Joint utilities	691,963	824,765	-	-	-	132,802	132,802
<i>Total business-type activities</i>	<u>691,963</u>	<u>824,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,802</u>	<u>132,802</u>
Total	<u>\$ 2,774,018</u>	<u>1,000,104</u>	<u>262,243</u>	<u>-</u>	<u>(1,644,473)</u>	<u>132,802</u>	<u>(1,511,671)</u>
General revenues:							
Taxes							
					471,028	-	471,028
					1,527,824	-	1,527,824
					351,931	-	351,931
					4,853	539	5,392
					94,962	579	95,541
					2,710	(174,364)	(171,654)
					-	405,306	405,306
					143,323	(143,323)	-
					<u>2,596,631</u>	<u>88,737</u>	<u>2,685,368</u>
					952,158	221,539	1,173,697
					3,933,731	1,553,818	5,487,549
					-	136,086	136,086
					3,933,731	1,689,904	5,623,635
					<u>\$ 4,885,889</u>	<u>1,911,443</u>	<u>6,797,332</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Balance Sheet - Governmental Funds
June 30, 2016

	General Fund	Lodgers' Tax	Municipal Street Fund	Capital Project Fund	Other Governmental Fund	Total
Assets						
Cash and cash equivalents	\$ 119,305	2,561	2,077	117,727	219,799	461,469
Investments	2,193,474	357,480	35,015	211,099	468,870	3,265,938
Taxes receivable	<u>180,214</u>	<u>15,518</u>	<u>13,965</u>	<u>13,548</u>	<u>3,699</u>	<u>226,944</u>
Total assets	\$ <u>2,492,993</u>	<u>375,559</u>	<u>51,057</u>	<u>342,374</u>	<u>692,368</u>	<u>3,954,351</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 39,773	1,116	4,542	18,595	4,239	68,265
Accrued salaries and benefits	9,900	-	-	-	-	9,900
Accrued compensated absences	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>49,673</u>	<u>1,116</u>	<u>4,542</u>	<u>18,595</u>	<u>4,239</u>	<u>78,165</u>
Deferred in-flows of resources						
Unavailable revenue - Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted for:						
General fund	-	-	-	-	-	-
Special revenue funds	-	374,443	46,515	-	688,129	1,109,087
Capital projects funds	-	-	-	323,779	-	323,779
Debt service funds	-	-	-	-	-	-
Committed to:						
General fund	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Assigned to:						
General fund	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Unassigned:						
General fund	<u>2,443,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,443,320</u>
Total fund balances	<u>2,443,320</u>	<u>374,443</u>	<u>46,515</u>	<u>323,779</u>	<u>688,129</u>	<u>3,876,186</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>2,492,993</u>	<u>375,559</u>	<u>51,057</u>	<u>342,374</u>	<u>692,368</u>	<u>3,954,351</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Reconciliation of Balance Sheet to the Statement of Net Position -
Governmental Funds
June 30, 2016

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

Fund Balances - Total governmental funds	\$	3,876,186
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		1,521,546
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		(37,764)
Net pension liability and deferred inflows of resources		<u>(474,079)</u>
Net position of governmental activities	\$	<u><u>4,885,889</u></u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balances -
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Lodgers' Tax	Municipal Street Fund	Capital Project Fund	Other Governmental Fund	Total
Revenues:						
Taxes:						
Gross receipts taxes	\$ 1,270,635	-	114,306	114,306	28,577	1,527,824
Property taxes	471,028	-	-	-	-	471,028
Lodgers tax	-	346,799	-	-	-	346,799
Gasoline tax	-	-	5,132	-	-	5,132
State grant income	90,500	-	45,000	-	126,743	262,243
Charges for services	-	-	15,270	17,274	65,038	97,582
Licenses and fees	77,757	-	-	-	-	77,757
Investment income (loss)	2,963	490	-	520	880	4,853
Miscellaneous	87,107	-	3,355	-	4,500	94,962
Total revenues	1,999,990	347,289	183,063	132,100	225,738	2,888,180
Expenditures:						
Current:						
General government	971,519	-	-	-	-	971,519
Public safety	213,545	-	-	-	89,577	303,122
Public works	-	-	297,432	-	-	297,432
Culture and recreation	-	259,709	-	-	4,991	264,700
Health and welfare	-	-	-	-	46,455	46,455
Capital outlay	48,899	-	1,500	383,765	2,891	437,055
Debt service:						
Principal	-	-	-	60,499	-	60,499
Interest	-	-	-	34,026	-	34,026
Total expenditures	1,233,963	259,709	298,932	478,290	143,914	2,414,808
Excess (Deficiency) of revenues over expenditures	766,027	87,580	(115,869)	(346,190)	81,824	473,372
Other financing sources (uses)						
Gain (loss) from the sale of capital assets	-	-	2,450	-	-	2,450
Proceeds from the issuance of long-term debt	-	-	-	106,619	-	106,619
Transfers in	5,500	-	112,500	238,333	52,131	408,464
Transfers (out)	(204,610)	(5,031)	-	-	(55,500)	(265,141)
Total other financing sources (uses)	(199,110)	(5,031)	114,950	344,952	(3,369)	252,392
Net change in fund balance	566,917	82,549	(919)	(1,238)	78,455	725,764
Fund balance - Beginning of year	1,876,403	291,894	47,434	325,017	609,674	3,150,422
Fund balance - End of year	\$ 2,443,320	374,443	46,515	323,779	688,129	3,876,186

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Reconciliation of Statement of Revenues, Expenditures and Changes In Fund Balances
to the Statement of Activities -
Governmental Funds
For the Year Ended June 30, 2016

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

Net change in fund balances - Total governmental funds	\$	725,764
---------------------------------------------------------------	----	---------

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

Capital expenditures		471,879
Depreciation expense		(95,588)
Transfer of assets to proprietary funds		(265,018)

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

Unearned revenue related to property taxes receivable		(26,151)
-------------------------------------------------------	--	----------

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.

Decrease in deferred inflows		151,312
Proceeds from issuance of debt		(106,619)
Principal payments on notes payable		60,499
Decrease in accrued compensated absences		<u>36,080</u>

Change in net position of governmental activities	\$	<u><u>952,158</u></u>
----------------------------------------------------------	----	-----------------------

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual -
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,423,520	1,423,520	1,632,121	208,601
State grant income	100,000	100,000	90,500	(9,500)
Charges for services	2,500	2,500	-	(2,500)
Licenses and fees	223,765	223,765	77,717	(146,048)
Interest income	1,500	1,500	2,963	1,463
Investment income (loss)	-	-	-	-
Miscellaneous	30,066	30,066	59,533	29,467
<i>Total revenues</i>	<u>1,781,351</u>	<u>1,781,351</u>	<u>1,862,834</u>	<u>81,483</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	1,024,744	1,024,744	984,121	40,623
Public safety	216,123	216,123	213,612	2,511
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	27,762	(27,762)
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,240,867</u>	<u>1,240,867</u>	<u>1,225,495</u>	<u>15,372</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>540,484</u>	<u>540,484</u>	<u>637,339</u>	<u>96,855</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	9,300	9,300	5,500	(3,800)
Transfers out	(286,052)	(286,062)	(204,610)	81,452
<i>Total other financing sources (uses)</i>	<u>(276,752)</u>	<u>(276,762)</u>	<u>(199,110)</u>	<u>77,652</u>
<i>Excess (Deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	263,732	263,722	438,229	174,507
<i>Cash balance - Beginning of year</i>	<u>1,874,351</u>	<u>1,874,351</u>	<u>1,874,550</u>	<u>199</u>
<i>Cash balance - End of year</i>	\$ <u>2,138,083</u>	<u>2,138,073</u>	2,312,779	<u>174,706</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(8,468)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>137,156</u>	
<i>Net change in fund balance (GAAP basis)</i>		\$ <u><u>566,917</u></u>		

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual -
Lodgers Tax Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
	<i>Revenues:</i>			
Taxes	\$ 270,000	270,000	334,423	64,423
State grant income	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	490	490
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>270,000</u>	<u>270,000</u>	<u>334,913</u>	<u>64,913</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	259,750	259,750	258,593	1,157
Health and welfare	-	-	-	-
Capital outlay				
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>259,750</u>	<u>259,750</u>	<u>258,593</u>	<u>1,157</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>10,250</u>	<u>10,250</u>	<u>76,320</u>	<u>66,070</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(5,031)	4,969
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,031)</u>	<u>4,969</u>
<i>Excess (Deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>250</u>	<u>250</u>	<u>71,289</u>	<u>71,039</u>
<i>Cash balance - Beginning of year</i>	<u>288,753</u>	<u>288,753</u>	<u>288,752</u>	<u>(1)</u>
<i>Cash balance - End of year</i>	<u>\$ 289,003</u>	<u>289,003</u>	<u>360,041</u>	<u>71,038</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(1,116)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>12,376</u>	
<i>Net change in fund balance (GAAP basis)</i>		<u>\$ 82,549</u>		

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual -
Municipal Streets Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 92,923	92,923	108,712	15,789
State grant income	43,322	43,322	45,000	1,678
Charges for services	232,454	232,454	15,592	(216,862)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	3,355	3,355
<i>Total revenues</i>	<u>368,699</u>	<u>368,699</u>	<u>172,659</u>	<u>(196,040)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	628,638	628,638	294,904	333,734
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	1,500	(1,500)
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>628,638</u>	<u>628,638</u>	<u>296,404</u>	<u>332,234</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(259,939)</u>	<u>(259,939)</u>	<u>(123,745)</u>	<u>136,194</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Gain (loss) from the sale of capital assets	-	-	2,450	2,450
Transfers in	214,052	214,052	112,500	(101,552)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>214,052</u>	<u>214,052</u>	<u>114,950</u>	<u>(99,102)</u>
<i>Excess (Deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(45,887)</u>	<u>(45,887)</u>	<u>(8,795)</u>	<u>37,092</u>
<i>Cash balance - Beginning of year</i>	<u>45,888</u>	<u>45,888</u>	<u>45,887</u>	<u>(1)</u>
<i>Cash balance - End of year</i>	<u>\$ 1</u>	<u>1</u>	<u>37,092</u>	<u>37,091</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(2,528)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			10,404	
<i>Net change in fund balance (GAAP basis)</i>		<u>\$ (919)</u>		

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Net Position - Proprietary Funds
June 30, 2016

Assets

Current assets	
Cash and cash equivalents	\$ 611,296
Accounts receivable, net of allowance	81,880
Inventory	<u>100,739</u>
Total current assets	793,915
Non-current assets	
Capital assets	7,108,676
Less: Accumulated depreciation	<u>(4,159,912)</u>
Total non-current assets	<u>2,948,764</u>
Total assets	\$ <u><u>3,742,679</u></u>

Liabilities

Current liabilities	
Accounts payable	\$ 7,404
Accrued salaries and benefits	11,829
Due to other governments	7,452
Accrued compensated absences	-
Current portion of loans/bonds payable	113,391
Unearned revenue	<u>-</u>
Total current liabilities	140,076
Non-current liabilities	
Connection charges payable	223,998
Accrued compensated absences	37,053
Loans/bonds payable	<u>1,430,109</u>
Total non-current liabilities	<u>1,691,160</u>
Total liabilities	1,831,236
Net position	
Net investment in capital assets	1,405,264
Restricted for:	
Debt service	-
Unrestricted	<u>506,179</u>
Total net position	<u>1,911,443</u>
Total net position and liabilities	\$ <u><u>3,742,679</u></u>

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

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, 2016

Operating revenues:	
Charges for services	\$ <u>825,344</u>
Total operating revenues	825,344
Operating expenses:	
Operating expenses	55,911
Travel	2,731
Depreciation	191,663
Purchases for resale	700
Contract services	51,047
Salaries	271,523
Supplies	<u>118,388</u>
Total operating expenses	<u>691,963</u>
Operating income (loss)	133,381
Non-operating revenues (expenses):	
Interest income	539
Governmental grants	-
Interest expense	-
Loss on sale of asset	(174,364)
Total non-operating revenues (expenses)	<u>-</u>
Income (loss) before transfers	(40,444)
Net cash transfers	(143,323)
Transfers of assets from governmental funds	<u>405,306</u>
Change in net position	221,539
Net position, as previously stated	1,553,818
Restatement for intangible assets	<u>136,086</u>
Net position, as restated	<u>1,689,904</u>
Net position, end of year	\$ <u>1,911,443</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

	Water Fund
Cash flows from operating activities:	
Cash received from user charges	\$ 783,716
Cash payments to employees for services	(308,589)
Cash payments to supplies for goods and services	(247,702)
Net cash provided by operating activities	227,425
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(230,939)
Proceeds from loan	164,000
Principal paid on debt	(104,877)
Transfers in from other funds	417,157
Transfers to other funds	-
Interest paid on debt	(50,475)
Net cash provided by financing activities	194,866
Cash flows from capital and related investing activities:	
Loss on sale of assets	(174,364)
Interest earned	539
Net cash used by investing activities	(173,825)
Net increase in cash and cash equivalents	248,466
Cash and cash equivalents - beginning of year	362,830
Cash and cash equivalents - end of year	\$ 611,296
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 133,381
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	191,663
Changes in assets and liabilities:	
Receivables	(41,628)
Inventory	(10,196)
Accrued expenses	(39,870)
Accounts payable	(16,181)
Due to other governments	7,452
Accrued compensated absences	2,804
Net cash provided by operating activities	\$ 227,425

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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.

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*.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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.

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 Fund. 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing 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.

Inventories: Inventories are valued at cost using the first-in, first-out method. Inventory quantities are determined by physical count at each year-end. Inventory in the Water and Sewer Fund consists primarily of water meters and water and sewer line maintenance materials.

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.

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Notes to Financial Statements
 June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

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.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

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 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.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

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 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th 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 Re-

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

irement 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.

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 Fund. 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, 2016 is presented as part of the budgetary statements.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

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, 2016.

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 has an interest bearing account.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

3. Deposits and Investments (continued)

Type	Centinal Bank	Peoples Bank CD's	Total
General checking CD's, interest bearing	\$ 527,769	-	527,769
Certificates of Deposit, interest bearing	-	945,341	945,341
Total deposits	527,769	945,341	1,473,110
Less: FDIC Coverage	(250,000)	(942,782)	(1,192,782)
Total uninsured public funds	277,769	2,559	280,328
50% Collateral requirement	138,885	1,280	140,164
Pledged securities	225,000	-	225,000
(Over) Under collateralized risk-deposits	(86,116)	1,280	(84,836)
Uninsured and uncollateralized	52,769	2,559	55,328
Total deposits	\$ 527,769	945,341	1,473,110

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, 2016, \$55,328 of the Village's bank balance of \$1,473,110 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, 2016 is:

Governmental funds - Balance sheet	
Cash and cash equivalents per page 17	\$ 3,727,407
Cash and cash equivalents per page 24	611,296
Add outstanding deposits and checks	41,126
Less petty cash	(200)
Less investments	(3,745,789)
	\$ <u>633,840</u>

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Notes to Financial Statements
 June 30, 2016

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, 2016 include the following:

State Treasurer LGIP	AAAm	44 days WAM(R)	<u>\$2,799,574</u>
----------------------	------	----------------	--------------------

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, 2016. 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, 2016.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

4. Receivables

Receivables as of June 30, 2016 are as follows:

	General Fund	Lodgers' Tax Fund	Municipal Streets Fund	Capital Projects Fund	Other Government- al Funds	Total
Taxes receivable	\$ 180,214	15,518	13,965	13,548	3,387	226,632
Due from other governments	-	-	-	-	-	-
Other accounts receivable	-	-	-	-	312	312
	<u>\$ 180,214</u>	<u>15,518</u>	<u>13,965</u>	<u>13,548</u>	<u>3,699</u>	<u>226,944</u>
			Water Fund			
Account receivable, net of allowance of \$0	\$ 81,880					
Total	<u>\$ 81,880</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 \$26,151, 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

4. Receivables (continued)

	Interfund Receivable	Interfund Payable
Due from other funds		
None at June 30, 2016	\$ -	-
		Transfers
	Transfers In	Out
Transfers		
General fund	\$ 5,500	204,610
Lodgers' tax	-	5,031
Environmental gross receipts	-	500
Emergency medical services fund	7,100	-
Municipal street fund	112,500	-
Fire protection fund	40,000	40,000
Recreation fund	5,031	-
Other funds	-	15,000
Capital projects fund	238,333	-
Water fund	-	143,323
Total	\$ 408,464	408,464

5. Accounts Payables

Accounts payable as of June 30, 2016 are as follows:

Payable to suppliers	\$	75,671
Accrued salaries and taxes		21,729
Total accounts payable and accrued expenses	\$	97,400

6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

6. Capital Assets (continued)

	June 30, 2015	<u>Additions</u>	<u>Deletions</u>	June 30, 2016
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 130,000	-	-	130,000
Construction in progress	<u>151,423</u>	<u>228,565</u>	<u>151,423</u>	<u>228,565</u>
Total capital assets not being depreciated	281,423	228,565	151,423	358,565
Capital assets being depreciated:				
Buildings and improvements	194,502	20,000	-	214,502
Machinery and equipment	1,358,024	178,251	89,774	1,446,501
Infrastructure	<u>896,798</u>	<u>117,763</u>	<u>90,098</u>	<u>924,463</u>
Total capital assets being depreciated	<u>2,449,324</u>	<u>316,014</u>	<u>179,872</u>	<u>2,585,466</u>
Total capital assets	2,730,747	544,579	331,295	2,944,031
Less accumulated depreciation:				
Buildings and improvements	85,127	4,863	-	89,990
Machinery and equipment	1,176,678	68,113	89,774	1,155,017
Infrastructure	<u>154,866</u>	<u>22,612</u>	<u>-</u>	<u>177,478</u>
Total accumulated depreciation	<u>1,416,671</u>	<u>95,588</u>	<u>89,774</u>	<u>1,422,485</u>
Total capital assets net of depreciation	\$ <u>1,314,076</u>	<u>448,991</u>	<u>241,521</u>	<u>1,521,546</u>

Capital assets, net of accumulated depreciation, at June 30, 2016, appear in the statement of net position as follows:

Governmental activities	\$ 1,521,546
-------------------------	--------------

Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

General government	\$ 1,996
Public safety	40,117
Public works	8,343
Culture and recreation	-
Health and welfare	<u>45,132</u>
Total depreciation expense - governmental funds	\$ <u>95,588</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

6. Capital Assets (continued)

Business-type activities	June 30, 2015 Restated	Additions	Deletions	June 30, 2016
Capital assets not being depreciated:				
Land	\$ 108,378	22,954	-	131,332
Easements	33,196	-	-	33,196
Total capital assets not being depreciated	141,574	22,954	-	164,528
Capital assets being depreciated:				
Water and sanitation plant	5,478,052	321,017	136,294	5,662,775
Buildings and improvements	246,463	-	46,725	199,738
Machinery and equipment	1,213,410	15,586	236,365	992,631
Vehicles	129,582	43,900	84,476	89,006
Total capital assets being depreciated	7,067,507	380,503	503,860	6,944,150
Total capital assets	7,209,081	403,457	503,860	7,108,678
Less accumulated depreciation:				
Water and sanitation plant	2,870,730	149,589	131,670	2,888,649
Buildings and improvements	195,354	5,722	-	201,076
Machinery and equipment	999,229	35,052	85,963	948,318
Vehicles	129,581	1,300	9,014	121,867
Total accumulated depreciation	4,194,894	191,663	226,647	4,159,910
Total capital assets net of depreciation	\$ 3,014,187	211,794	277,213	2,948,768

Depreciation expense relating to business-type activities for the year ended June 30, 2016 totaled \$191,663.

7. Long-Term Debt

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

<u>Description</u>	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due within one year
Compensated absences	\$ 73,844	20,134	56,214	37,764	-
Total long-term debt	\$ 73,844	20,134	56,214	37,764	-

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

7. Long-Term Debt (continued)

In prior years, the general fund has typically liquidated the compensated absences.

Business-Type Activities:

Description	Balance			Balance	
	June 30, 2015	Additions	Retirements	June 30, 2016	Due within one year
Wastewater facility loan	\$ 1,098,442	-	77,399	1,021,043	79,720
Water project fund 0176	385,935	-	25,282	360,653	25,345
Water project fund 0351	-	164,000	2,196	161,804	8,326
Compensated absences	34,249	19,842	17,038	37,053	-
Total	\$ <u>1,518,626</u>	<u>183,842</u>	<u>121,915</u>	<u>1,580,553</u>	<u>113,391</u>

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, 2016. 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, 2016, including interest payments are as follows:

Year ended	Principal	Interest	Total
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	89,726	20,626	110,352
2022-2026	490,660	61,100	551,760
2027-2031	107,138	3,214	110,352
Total	\$ <u>1,021,045</u>	<u>192,826</u>	<u>1,213,871</u>

The annual requirements to amortize the water project fund 0176 as of June 30, 2016, including interest payments are as follows:

Water project fund 0176			
Year ended	Principal	Interest	Total
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	25,599	647	26,246
2022-2026	128,960	2,273	131,233
2027-2031	104,333	653	104,986
Total	\$ <u>360,653</u>	<u>6,799</u>	<u>367,452</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

7. Long-Term Debt (continued)

The annual requirements to amortize the water project fund 0351 as of June 30, 2016, including interest payments are as follows:

Water project fund 0351			
Year ended	Principal	Interest	Total
2017	\$ 8,326	405	8,731
2018	8,347	384	8,731
2019	8,368	363	8,731
2020	8,389	342	8,731
2021	8,409	321	8,730
2022-2026	42,364	1,289	43,653
2027-2031	42,896	756	43,652
2032-2035	34,705	218	34,923
Total	\$ 161,804	4,078	165,882

Pledged Revenues for Long-Term Debt

The Village has pledged portions of future revenues to repay the wastewater and water project fund loans noted above. The loans are payable solely from these pledged sources of revenues. The pledged revenues are projected to be sufficient to produce enough funds to meet the debt service obligations. Should these revenues not be sufficient to meet the required debt service obligations, the Village, subject to annual appropriation and in its own discretion, may make such debt service payments from other funds though is not contractual obligated to do so. The Village intends to annually appropriate funds sufficient to make all payments required.

Loan Description	Use of Proceeds	Type	Revenue Pledged			Current Year	
			Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Wastewater facility loan	Design and construction of wastewater treatment plant improvements.	Net system revenues of water and wastewater utility system minus approved costs and municipal gross receipts tax revenues.	100%	2007-2031	\$ 1,213,871	\$ 110,351	\$ 189,955
Water project fund 0176	Design and construction of chlorination station.	Net system revenues of water and wastewater utility system minus approved costs.	100%	2010-2031	\$ 367,452	\$ 26,247	\$ 132,802
Water project fund 0351	Design and construction of water system improvements including 250,000 gallon tank	Net system revenues of water and wastewater utility system minus approved costs.	100%	2017-2035	\$ 165,882	\$ 2,304	\$ 132,802

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

7. Long-Term Debt (continued)

Operating Leases

The Village has no short-term leases at June 30, 2016.

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 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, 2016, 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.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

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, 2016, 2015, and 2014 respectively the Village incurred \$63,587, \$15,168, and \$20,621 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, 2016, 2015, and 2014 was \$849,441, \$807,356, and \$725,414, respectively.

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

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

11. PERA Pension Plans (continued)

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, 2015 available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.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 FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 44 of the PERA FY15 annual audit report at:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$51,770 and employer paid member benefits that were “picked up” by the employer were \$11,817 for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

11. PERA Pension Plans (continued)

PERA Fund Division – the Village’s Municipal General Division, at June 30, 2016, the Village reported a liability of \$454,736 for its proportionate share of the net pension liability. At June 30, 2015, the Village’s proportion was 0.0446 percent, which was changed from its proportion measured as of June 30, 2014 of 0.0360 percent.

For the year ended June 30, 2016, the Village recognized PERA Fund Municipal General Division, pension expense of \$104,491.

At June 30, 2016, the Village reported PERA Fund Division General Fund 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	\$ -	10,073
Changes of assumptions	-	177
Net difference between projected and actual earnings on pension plan investments	-	1,438
Changes in proportion and differences between the Village contributions and proportionate share of contributions	-	-
Village contributions subsequent to the measurement date	94,336	-
Total	\$ 94,336	11,688

Deferred outflows of resources related to PERA Fund Division General Pension Fund in the amount of \$94,336 resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERA Fund Division General Fund will be recognized in pension expense as follows:

	Year ended June 30
2017	\$ (12,044)
2018	(12,044)
2019	(12,044)
2020	24,444
2021	-
Thereafter	-
	\$ (11,688)

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

11. PERA Pension Plans (continued)

For PERA Fund Division - the Village's Police Division, at June 30, 2016, the Village reported a liability of \$114,444 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.02348 percent, which was changed from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division - Police pension expense of \$16,328. At June 30, 2016, 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	-	4,735
Net difference between projected and actual earnings on pension plan investments	-	317
Changes in proportion and differences between the Village contributions and proportionate share of contributions	-	(7,997)
Village contributions subsequent to the measurement date	9,659	-
Total	\$ 9,659	(2,945)

Deferred outflows of resources related to PERA Fund Division Police Pension Fund in the amount of \$9,659 resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERA Fund Division Police Fund will be recognized in pension expense as follows:

	Year ended June 30
2017	\$ (974)
2018	(974)
2019	(974)
2020	5,867
2021	-
Thereafter	-
	\$ 2,945

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, 2014 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, 2015 using generally accepted actuarial principles. See discussion of any significant changes in benefit provisions as

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

11. PERA Pension Plans (continued)

of June 30, 2015 in the notes to the required supplementary information regarding pensions. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
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>	4.15
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.

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Notes to Financial Statements
 June 30, 2016

11. PERA Pension Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the 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. Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County’s net pension liability in each PERA Fund Division the County participate 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.

	1% Decrease <u>(6.75%)</u>	Current Single Rate Assumption Rate <u>(7.75%)</u>	1% Increase <u>8.75%</u>
Village’s proportionate share			
PERA Fund Division Municipal General Fund	\$774,234	\$454,736	\$189,094
PERA Fund Division Police Fund	\$188,997	\$114,444	\$53,285

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2016, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

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.

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.

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:

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

15. Water Rights (continued)

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.

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

16. Joint Powers Agreements (continued)

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 North Central Regional Transit District (RTD) to the Village of Taos Ski Valley

Participants: The Village of Taos Ski Valley and North Central Regional Transit District

Responsible Party for Operation and Audit: North Central Regional Transit District (RTD)

Beginning and Ending Date of Agreement: Started December 20, 2015 to March 30, 2016 and is renewed thereafter annually

Total Estimated Amount of Project and Actual Amount Contributed: \$13,350

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.

18. Change in Accounting Principle

During the year, the Village chose to apply the retroactive part of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* and stop amortizing water rights and easements with an indefinite life. As they were and still are a Tier 3 entity as defined by GASB Statement No. 34 standards, they were not required to implement during fiscal year ending June 30, 2010.

Based on further evaluation, the Village has determined this method of reporting showing the assets at their full value without any related amortization is the most appropriate reflection of the Village's financial standing. This adjustment amounted to \$136,086.

The Village believes that restating prior audited financial statements is not going to provide useful information to users of their financial statements and are showing this as a prior period adjustment in the current financial statements to beginning net position in the respective government and proprietary financial statements. They believe this as users of the financial statements are most interested in the Village's most recent financial statements and rather than previously reported years.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2016

19. Recent and New Accounting Pronouncements

In June 2015, the GASB issues Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. GASB Statement No. 76 is effective for fiscal year beginning after June 15, 2015. The Village has adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the Village's financial statements.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, aims to clarify the definition of fair value for reporting purposes, provide additional fair value application guidance and improve fair value disclosures. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Village adopted GASB Statement No. 72 during fiscal year 2016 with no significant impact to the Village's financial statements.

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

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

20. Subsequent Review

The Village of Taos Ski Valley has evaluated subsequent events through December 14, 2016, which is the date the financial statements were available for issuance. They had one subsequent event related to the purchase of the Taos Mountain Lodge and the related debt issued amounting to \$1,266,477 related to this purchase.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
June 30, 2016

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
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2016

	Correction Fund	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund	Law Enforcement Protection Fund	Recreation Fund	Other Funds	Total Nonmajor Governmental Funds
<i>Assets</i>								
Cash and cash equivalents	\$ -	29,553	87	7,340	5,718	40	177,061	219,799
Investments	957	89,379	-	331,124	15,560	41	31,809	468,870
Taxes receivable	-	3,699	-	-	-	-	-	3,699
Total assets	\$ 957	122,631	87	338,464	21,278	81	208,870	692,368
<i>Liabilities</i>								
Accounts payable	\$ -	1,629	-	2,610	-	-	-	4,239
Accrued salaries and benefits	-	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	-	1,629	-	2,610	-	-	-	4,239
<i>Deferred inflows of resources</i>								
Unavailable revenue-property taxes	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
<i>Fund Balances</i>								
Fund Balance restricted for:								
General fund	-	-	-	-	-	-	-	-
Special revenue fund	957	121,002	87	335,854	21,278	81	208,870	688,129
Capital projects fund	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-
Committed for:								
General fund	-	-	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-
Assigned for:								
General fund	-	-	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-
Unassigned for:								
General fund	-	-	-	-	-	-	-	-
Total fund balances	957	121,002	87	335,854	21,278	81	208,870	688,129
Total liabilities, deferred inflows of resources, and fund balances	\$ 957	122,631	87	338,464	21,278	81	208,870	692,368

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Correction Fund	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund	Law Enforcement Protection Fund	Recreation Fund	Other Funds	Total Nonmajor Governmental Funds
<i>Revenues</i>								
Taxes								
Gross receipts taxes	\$ -	28,577	-	-	-	-	-	28,577
State grant income	-	-	5,033	99,910	21,800	-	-	126,743
Charges for services	-	56,343	-	-	-	-	8,695	65,038
Licenses and fees	-	-	-	-	-	-	-	-
Investment income (loss)	-	203	-	490	33	-	154	880
Miscellaneous	-	41	-	40	-	-	4,419	4,500
<i>Total Revenues</i>	-	85,164	5,033	100,440	21,833	-	13,268	225,738
<i>Expenditures:</i>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	11,592	64,237	4,000	-	9,748	89,577
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	4,991	-	4,991
Health and welfare	-	46,455	-	-	-	-	-	46,455
Capital outlay	-	-	-	2,891	-	-	-	2,891
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<i>Total expenditures</i>	-	46,455	11,592	67,128	4,000	4,991	9,748	143,914
<i>Excess (deficiency) of revenues over expenditures</i>	-	38,709	(6,559)	33,312	17,833	(4,991)	3,520	81,824
<i>Other financing sources (uses)</i>								
Transfers in	-	-	7,100	40,000	-	5,031	-	52,131
Transfers out	-	(500)	-	(40,000)	-	-	(15,000)	(55,500)
<i>Total other financing sources (uses)</i>	-	(500)	7,100	-	-	5,031	(15,000)	(3,369)
<i>Net change in fund balances</i>	-	38,209	541	33,312	17,833	40	(11,480)	78,455
<i>Fund balances - Beginning of year</i>	957	82,793	(454)	302,542	3,445	41	220,350	609,674
<i>Fund balances - End of year</i>	\$ 957	121,002	87	335,854	21,278	81	208,870	688,129

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Corrections 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, 2016

	Budgeted amounts		Actual	Variances
	Original	Final	(Non-GAAP basis)	favorable (unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	200	200	-	200
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	200	200	-	200
<i>Excess (deficiency) of revenues over expenditures</i>	(200)	(200)	-	200
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(200)	(200)	-	200
<i>Cash balance - Beginning of year</i>	957	957	957	-
<i>Cash balance- End of year</i>	\$ 757	757	957	200
Adjustment for 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>		\$	-	

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

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, 2016

	Budgeted amounts		Actual	Variances
	Original	Final	(Non-GAAP basis)	favorable
				(unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ 21,975	21,975	25,895	3,920
State grant income	-	-	-	-
Charges for services	61,892	61,892	61,063	(829)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	203	203
Miscellaneous	-	-	41	41
<i>Total Revenues</i>	<u>83,867</u>	<u>83,867</u>	<u>87,202</u>	<u>3,335</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	52,794	52,794	50,717	2,077
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,794</u>	<u>52,794</u>	<u>50,717</u>	<u>2,077</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>31,073</u>	<u>31,073</u>	<u>36,485</u>	<u>5,412</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	(500)	(500)	(500)	-
<i>Total other financing sources (uses)</i>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	30,573	30,573	35,985	5,412
<i>Cash balance - Beginning of year</i>	<u>82,948</u>	<u>82,948</u>	<u>82,947</u>	<u>(1)</u>
<i>Cash balance- End of year</i>	\$ <u>113,521</u>	<u>113,521</u>	118,932	<u>5,411</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			4,262	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>(2,038)</u>	
<i>Net change in fund balance (GAAP basis)</i>		\$	<u>38,209</u>	

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

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, 2016

	Budgeted amounts		Actual (Non-GAAP basis)	Variances favorable (unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	5,033	5,033	5,033	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	5,033	5,033	5,033	-
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	21,600	21,600	12,124	9,476
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	21,600	21,600	12,124	9,476
<i>Excess (deficiency) of revenues over expenditures</i>	(16,567)	(16,567)	(7,091)	9,476
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	17,000	17,000	7,100	(9,900)
<i>Total other financing sources (uses)</i>	17,000	17,000	7,100	(9,900)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	433	433	9	(424)
<i>Cash balance - Beginning of year</i>	78	78	78	-
<i>Cash balance- End of year</i>	\$ 511	511	87	(424)
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			532	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net change in fund balance (GAAP basis)</i>		\$ 541		

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

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, 2016

	Budgeted amounts		Actual	Variances
	Original	Final	(Non-GAAP basis)	favorable (unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	79,139	79,139	99,910	20,771
Charges for services	4,000	4,000	-	(4,000)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	490	490
Miscellaneous	-	-	40	40
<i>Total Revenues</i>	83,139	83,139	100,440	17,301
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	124,401	124,401	65,267	59,134
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	2,891	(2,891)
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	124,401	124,401	68,158	56,243
<i>Excess (deficiency) of revenues over expenditures</i>	(41,262)	(41,262)	32,282	73,544
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(41,262)	(41,262)	32,282	73,544
<i>Cash balance - Beginning of year</i>	306,183	306,183	306,182	(1)
<i>Cash balance- End of year</i>	\$ 264,921	264,921	338,464	73,543
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			1,030	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net change in fund balance (GAAP basis)</i>		\$	33,312	

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

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, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	Variances favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	(Non-GAAP basis)	<u>Final to Actual</u>
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	21,800	21,800	21,800	-
Charges for services	27,092	27,092	-	(27,092)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	33	33
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>48,892</u>	<u>48,892</u>	<u>21,833</u>	<u>(27,059)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	32,192	32,192	4,000	28,192
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,192</u>	<u>32,192</u>	<u>4,000</u>	<u>28,192</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,700</u>	<u>16,700</u>	<u>17,833</u>	<u>1,133</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	16,700	16,700	17,833	1,133
<i>Cash balance - Beginning of year</i>	<u>3,445</u>	<u>3,445</u>	<u>3,445</u>	<u>-</u>
<i>Cash balance- End of year</i>	\$ <u>20,145</u>	<u>20,145</u>	21,278	<u>1,133</u>
Adjustment for 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>17,833</u>	

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

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, 2016

	Budgeted amounts		Actual	Variances
			(Non-GAAP	favorable
	Original	Final	basis)	(unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	-	-	-	-
Charges for services	15,202	15,202	-	(15,202)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>15,202</u>	<u>15,202</u>	<u>-</u>	<u>(15,202)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	25,202	25,202	4,991	20,211
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,202</u>	<u>25,202</u>	<u>4,991</u>	<u>20,211</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(4,991)</u>	<u>5,009</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	10,000	10,000	5,031	(4,969)
<i>Total other financing sources (uses)</i>	<u>10,000</u>	<u>10,000</u>	<u>5,031</u>	<u>(4,969)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	40	40
<i>Cash balance - Beginning of year</i>	<u>41</u>	<u>41</u>	<u>41</u>	<u>-</u>
<i>Cash balance- End of year</i>	<u>\$ 41</u>	<u>41</u>	<u>81</u>	<u>40</u>
Adjustment for 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>40</u>	

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

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, 2016

	Budgeted amounts		Actual (Non-GAAP basis)	Variances favorable (unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	-	-	-	-
Charges for services	161,414	161,414	8,695	(152,719)
Licenses and fees	-	-	-	-
Interest income	500	500	154	(346)
Investment income (loss)	-	-	-	-
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>4,574</u>	<u>(5,426)</u>
<i>Total Revenues</i>	<u>171,914</u>	<u>171,914</u>	<u>13,423</u>	<u>(158,491)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	58,765	58,765	9,748	49,017
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>58,765</u>	<u>58,765</u>	<u>9,748</u>	<u>49,017</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>113,149</u>	<u>113,149</u>	<u>3,675</u>	<u>(109,474)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	<u>(18,800)</u>	<u>(18,800)</u>	<u>(15,000)</u>	<u>3,800</u>
<i>Total other financing sources (uses)</i>	<u>(18,800)</u>	<u>(18,800)</u>	<u>(15,000)</u>	<u>3,800</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	94,349	94,349	(11,325)	(105,674)
<i>Cash balance - Beginning of year</i>	<u>220,195</u>	<u>220,195</u>	<u>220,195</u>	<u>-</u>
<i>Cash balance- End of year</i>	<u>\$ 314,544</u>	<u>314,544</u>	208,870	<u>(105,674)</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>(155)</u>	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (11,480)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	Variances favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	(Non-GAAP basis)	<u>Final to Actual</u>
<i>Revenues:</i>				
Taxes	\$ 87,924	87,924	103,580	15,656
State grant income	400,000	400,000	-	(400,000)
Charges for services	919,178	919,178	17,274	(901,904)
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	520	520
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>1,407,102</u>	<u>1,407,102</u>	<u>121,374</u>	<u>(1,285,728)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	898,000	898,000	404,218	493,782
<i>Debt service:</i>				
Principal	125,000	125,000	60,499	64,501
Interest	75,000	75,000	34,026	40,974
<i>Total expenditures</i>	<u>1,098,000</u>	<u>1,098,000</u>	<u>498,743</u>	<u>599,257</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>309,102</u>	<u>309,102</u>	<u>(377,369)</u>	<u>(686,471)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	30,000	30,000	140,352	110,352
Transfers out	(76,424)	(76,424)	-	76,424
<i>Total other financing sources (uses)</i>	<u>(46,424)</u>	<u>(46,424)</u>	<u>140,352</u>	<u>186,776</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	262,678	262,678	(237,017)	(499,695)
<i>Cash balance - Beginning of year</i>	<u>327,326</u>	<u>327,326</u>	<u>327,326</u>	<u>-</u>
<i>Cash balance - End of year</i>	\$ <u>590,004</u>	<u>590,004</u>	90,309	<u>(499,695)</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(13,465)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>249,244</u>	
<i>Net change in fund balance (GAAP basis)</i>			\$ <u>(1,238)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Water Proprietary Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2016

	Budgeted amounts		Actual (Non-GAAP basis)	Variances favorable (unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	-	-	-	-
Charges for services	716,067	716,067	783,302	67,235
Investment income (loss)	-	-	539	539
Miscellaneous	-	-	414	414
<i>Total Revenues</i>	716,067	716,067	784,255	68,188
<i>Expenditures:</i>				
<i>Current:</i>				
Operating expenses	407,511	407,521	68,076	339,445
Travel	5,000	5,000	2,632	2,368
Depreciation	-	-	-	-
Purchases for resale	750	750	700	50
Contract services	58,000	58,000	51,246	6,754
Salaries	-	-	262,649	(262,649)
Supplies	79,500	79,500	137,070	(57,570)
<i>Debt service:</i>				
Principal	186,776	186,776	-	186,776
Interest	26,247	26,247	-	26,247
<i>Total expenditures</i>	763,784	763,794	522,373	241,421
<i>Excess (deficiency) of revenues over expenditures</i>	(47,717)	(47,727)	261,882	309,609
<i>Other financing sources (uses)</i>				
Loss on sale of asset	-	-	(175)	(175)
Transfers in of assets	-	10	97,981	97,971
Transfers out	(155,352)	(155,352)	(143,323)	12,029
<i>Total other financing sources (uses)</i>	(155,352)	(155,342)	(45,517)	109,825
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(203,069)	(203,069)	216,365	419,434
<i>Cash balance - Beginning of year</i>	362,829	362,829	1,553,818	1,190,989
<i>Cash balance - End of year</i>	\$ 159,760	159,760	1,770,183	1,610,423
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(272,150)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			277,324	
<i>Net change in fund balance (GAAP basis)</i>		\$ 221,539		

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

PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
June 30, 2016

**SCHEDULE OF THE VILLAGE’S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

**Public Employees Retirement Association (PERA) Pension Plan
Municipal General Pension Fund**

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0446%	0.0360%
Village's proportionate share of the net pension liability (asset)	\$ 454,736	\$ 280,839
Village's covered-employee payroll	\$ 708,904	\$ 504,379
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.14%	55.68%
Plan fiduciary net position as a percentage of the total pension liability	76.8%	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.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
June 30, 2016

**SCHEDULE OF THE VILLAGE’S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

**Public Employees Retirement Association (PERA) Pension Plan
Police Pension Fund**

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0238%	0.0234%
Village's proportionate share of the net pension liability (asset)	\$ 114,444	\$ 76,281
Village's covered-employee payroll	\$ 88,764	\$ 88,192
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	76.8%	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.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
June 30, 2016

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS

**Public Employees Retirement Association (PERA) Pension Plan
Municipal General Pension Fund**

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 35,295	\$ 80,196
Contributions in relation to the contractually required contribution	\$ 35,295	\$ 80,196
Contribution deficiency (excess)	\$ -	\$ -
Village's covered-employee payroll	\$ 708,904	\$ 504,379
Contributions as a percentage of covered-employee payroll	4.98%	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.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
June 30, 2016

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS

**Public Employees Retirement Association (PERA) Pension Plan
Police Pension Fund**

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,819	\$ 16,668
Contributions in relation to the contractually required contribution	\$ 8,819	\$ 16,668
Contribution deficiency (excess)	\$ -	\$ -
Village's covered-employee payroll	\$ 88,765	\$ 88,192
Contributions as a percentage of covered-employee payroll	9.93%	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.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
June 30, 2016

Notes to Required Supplementary Information

For the Year Ended June 30, 2016

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf. See Appendix B on pages 53-61 of the report, which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Cash and Investment Accounts
June 30, 2016

Bank Account Type/Name	Centinal Bank	Peoples Bank	Total
Checking - General, interest bearing	\$ 403,216	-	403,216
Checking - General government impact fee, interest bearing	71,694	-	71,694
Checking - Roads impact fee, interest bearing	42,005	-	42,005
Checking - EMS impact fee, interest bearing	-	-	-
Checking - Parking and recreation impact fee, interest bearing	7,683	-	7,683
Checking - Law enforcement impact fee, interest bearing	43,223	-	43,223
Certificate of deposit	-	946,215	946,215
Total on deposit	567,821	946,215	1,514,036
Reconciling items	(40,013)	(1,113)	(41,126)
Reconciled balance	\$ 527,808	945,102	1,472,910
Petty cash			200
Cash held with others			66,019
Investments in NM treasurer			2,799,574
Total June 30, 2016		\$	<u>4,338,703</u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents - Government activities page 17	\$ 3,727,407
Cash and cash equivalents - Business-type activities page 24	<u>611,296</u>
	\$ <u>4,338,703</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2016

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2016	Name and Location of Safe Keeper
Centennial Bank	NMMI Revenue Cusip 647183BM3, 3.0% 6/1/2023	\$ 50,000	Texas Independent Bank Dallas, Texas
Centennial Bank	Espanola School District Cusip 29662RBA5, 2.125% 9/1/2025	100,000	Texas Independent Bank Dallas, Texas
Centennial Bank	Taos School District Cusip 87601UAH6, 1.4% 10/1/2016	25,000	Texas Independent Bank Dallas, Texas
Centennial Bank	Hobbs School District Cusip 433866EV8, 2.25% 7/15/2021	50,000	Texas Independent Bank Dallas, Texas
		\$ <u>225,000</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFB# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of awarded contract</i>	<i>\$ amount of amended contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief description of the scope of work?</i>	<i>If the procurement is attributable to a component unit, name of component unit</i>
6171	Village of Taos Ski Valley	Municipality	None										

The accompanying notes are an integral part of these financial statements.
 76

COMPLIANCE SECTION

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

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
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, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Village of Taos Ski Valley, New Mexico (the "Village") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Village's basic financial statements. We also have audited the financial statements of each of the Village's nonmajor special revenue funds and the budgetary comparisons for the major capital project funds, nonmajor special revenue funds, and the enterprise fund presented as supplementary information, as defined by the Government Accounting Standards Board, and the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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.

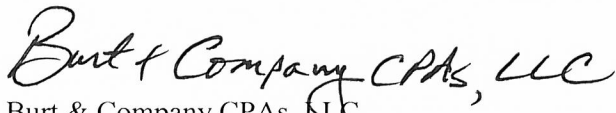
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, 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.

Compliance and Other Matters

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

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


Burt & Company CPAs, LLC

December 14, 2016

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Findings and Responses
June 30, 2016

A. FINDINGS-FINANCIAL STATEMENT AUDIT

None.

B. PRIOR YEAR AUDIT FINDINGS

2014-001 Noncompliance with revenue collection policy (Significant Deficiency) – Resolved

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Other Disclosures
June 30, 2016

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 December 7, 2016. The following individuals were in attendance.

Village of Taos Ski Valley

Neil King, Mayor

Nancy Grabowski, Finance Director

Mark G. Fratrack, Village Administrator

Burt & Company CPAs, LLC

Ronald E. Schranz, CPA, CVA

Christopher J. Schmitz, CPA, CGMA (via telephone)