

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

For the Year Ended June 30, 2018

INTRODUCTORY SECTION

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VILLAGE OF TAOS SKI VALLEY
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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Official Roster
June 30, 2018

Name

Title

Village Council

Christof Brownell	Mayor (as of March 2018) Council Member (through March 2018)
Neal King	Mayor (through March 2018)
Thomas Wittman	Mayor Pro Tem
Kathy Bennett	Council Member (through March 2018)
J. Christopher Stagg	Council Member
Jeffrey Kern	Council Member (as of March 2018)
Roger Pattison	Council Member (as of April 2018)

Village Officials

Mark G. Fratrack	Village Administrator
Nancy Grabowski	Finance Director
Ann Marie Wooldridge	Village Clerk
Ray Keen	Public Works Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Christof Brownell, Mayor
Village Council of the State of New Mexico, Village of Taos Ski Valley
Taos Ski Valley, New Mexico
and
Mr. Wayne Johnson, New Mexico State Auditor

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 State of New Mexico, Village of Taos Ski Valley (Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements 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.

Auditors' 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 judgement, 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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and budgetary comparison information on pages 4-13 and 67, the Schedule of the Proportionate Share of the Net Pension Liability on pages 59-60, the Schedule of Contributions on pages 61-62, and the notes to the required supplementary information on page 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the Village basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 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 12, 2018

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
(Unaudited)
June 30, 2018

As management of the State of New Mexico Village of Taos Ski Valley, New Mexico (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, 2018. 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 and deferred outflows of resources of \$15,718,343 of the Village exceeded its liabilities and deferred inflows resources of \$6,530,259 at the close of the most recent fiscal year by \$9,188,084 (*net position*). Of this amount, \$2,726,898 (*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 \$870,726 during the fiscal year. The majority of this increase is due to the increase in general revenues and transfers.
- As of June 30, 2018, the Village's governmental funds reported combined ending fund balances of \$8,699,645 of this total; and \$4,593,318 is restricted for capital projects and special revenue projects.

Overview of the Financial Statements

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

The *statement of net position* presents information on all of the Village'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 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 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

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 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.

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, 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 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 maintains eleven 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, Municipal Street Fund and Capital Projects 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 nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village 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, Municipal Street Fund and Capital Projects Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor governmental fund types include budgetary comparison data.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

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.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the seventh 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 and deferred outflows exceeded liabilities and deferred inflows by \$8,699,645 at the close of the current fiscal year.

The largest portion of the Village's net position represents the Village's investment of \$1,681,112 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'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 (continued)
(Unaudited)
June 30, 2018

Village of Taos Ski Valley's Net Position						
	June 30, 2018			June 30, 2017		
	Governmental	Business-type	Total	Governmental	Business-type	Total
Assets						
Current and other assets	\$ 8,147,319	747,510	8,894,829	5,750,242	921,349	6,671,591
Capital assets, net of accumulated depreciation	2,614,080	3,806,952	6,421,032	2,248,046	3,517,207	5,765,253
Deferred outflows of resources	316,226	86,256	402,482	473,906	-	473,906
Total assets	11,077,625	4,640,718	15,718,343	8,472,194	4,438,556	12,910,750
Liabilities						
Long-term liabilities outstanding	1,970,835	3,823,257	5,794,092	2,241,764	1,821,975	4,063,739
Other liabilities	332,275	315,595	647,870	249,609	265,778	515,387
Total liabilities	2,303,110	4,138,852	6,441,962	2,491,373	2,087,753	4,579,126
Deferred inflows of resources	74,870	13,427	88,297	14,266	-	14,266
Net Position						
Invested in capital assets, net of related debt	1,438,401	242,711	1,681,112	1,015,038	1,748,572	2,763,610
Restricted	4,593,318	186,756	4,780,074	2,332,863	220,025	2,552,888
Unrestricted	2,667,926	58,972	2,726,898	2,618,654	382,206	3,000,860
Total net position	8,699,645	488,439	9,188,084	5,966,555	2,350,803	8,317,358
Total liabilities, deferred inflows and net position	\$ 11,077,625	4,640,718	15,718,343	8,472,194	4,438,556	12,910,750

A portion of the Village's net position represents resources that are subject to restrictions. The restrictions relate to capital projects, debt service and special revenue fund purpose restrictions.

At the end of the current fiscal year, the Village 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's total net position increased by \$870,726 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 revenues in the governmental activities and decreased expenses in the business-type activities during the fiscal year.

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Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

Changes in Net Position
For the Year Ended June 30, 2018

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for services	\$ 291,504	851,967	1,143,471
Operating grants and contributions	244,893	-	244,893
Capital grants and contributions	228,915	-	228,915
General revenue			
Property tax	454,707	-	454,707
Gross receipts tax	1,602,025	-	1,602,025
Fuel tax	5,114	-	5,114
Lodgers tax	333,679	-	333,679
Interest income	42,550	4,875	47,425
Misc. revenues	140,957	859	141,816
Total revenue	3,344,344	857,701	4,202,045
<u>Expenses</u>			
General government	739,716	-	739,716
Public safety	308,647	-	308,647
Public works	864,591	-	864,591
Culture and recreation	308,570	-	308,570
Health and welfare	91,981	-	91,981
Interest on long-term debt	44,015	-	44,015
Joint utilities	-	973,799	973,799
Total expenses	2,357,520	973,799	3,331,319
(Decrease) increase in assets before transfer	986,824	(116,098)	870,726
Transfers	1,746,266	(1,746,266)	-
(Decrease) increase in net position	2,733,090	(1,862,364)	870,726
Net position, beginning of year	5,966,555	2,350,803	8,317,358
Net position, end of year	\$ 8,699,645	488,439	9,188,084

Governmental activities: Governmental activities increased the Village's net position by \$2,733,090. The key element of this increase is a result of the Village controlling expenditures and increased revenue.

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VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

Business-type activities: Business-type activities decreased the Village's net position by \$1,862,364. The key element of this decrease is the transfer of the proceeds from the revenue bonds to the governmental funds.

Changes in Net Position
For the Year Ended June 30, 2017

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for service	\$ 1,120,889	859,465	1,980,354
Operating grants and contributions	219,049	-	219,049
Capital grants and contributions	45,000	-	45,000
General revenue			
Property tax	478,287	-	478,287
Gross receipts tax	1,486,612	-	1,486,612
Fuel tax	5,004	-	5,004
Lodgers tax	325,903	-	325,903
Interest income	15,822	2,941	18,763
Misc. revenues	110,610	495	111,105
Total revenue	3,807,176	862,901	4,670,077
<u>Expenses</u>			
General government	1,227,113	-	1,227,113
Public safety	337,134	-	337,134
Public works	319,366	-	319,366
Culture and recreation	336,784	-	336,784
Health and welfare	94,291	-	94,291
Interest on long-term debt	37,473	-	37,473
Joint utilities	-	691,271	691,271
Total expenses	2,352,161	691,271	3,043,432
(Decrease) increase in assets before transfer	1,455,015	171,630	1,626,645
Transfers	(374,349)	374,349	-
(Decrease) increase in net position	1,080,666	545,979	1,626,645
Net position, beginning of year	4,885,889	1,911,443	6,797,332
Restatement	-	(106,619)	(106,619)
Net position, end of year	\$ 5,966,555	2,350,803	8,317,358

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

Governmental funds. The focus of the Village'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'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's governmental funds reported combined ending fund balances of \$8,699,645, an increase of \$2,733,090 in comparison with the prior year. Of this amount, \$2,667,926 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$4,593,318 constitutes reserved fund balances for special revenue funds and capital project funds.

Revenues for governmental activities overall totaled \$3,344,344 in the fiscal year ended June 30, 2018, which represents a decrease of \$462,832 from the fiscal year ended June 30, 2017. Expenditures for governmental activities, totaling \$2,357,520, increased by \$5,359 from the fiscal year ended June 30, 2017. In the fiscal year ended June 30, 2018, revenues exceed expenditures by \$986,824.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$3,303,627, of which \$3,303,627 was unassigned.

The fund balance of the Village's general fund increased by \$67,983 during the current fiscal year. Overall, the general fund's performance resulted in expenditures in excess of revenues in the fiscal year ended June 30, 2018 due to an increase in general fund expenditures related to capital outlay.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance \$391,517. The net increase in fund balance for the current year was \$26,506; the increase in fund balance is due primarily to a better ski season.

Municipal Street Fund. The Municipal Street Fund has a fund balance of \$133,890. The net increase in fund balance of \$36,865 is due to revenues received in the current year related to improvements of the Village's municipal streets.

Capital Project Fund. The Capital Project Fund has a fund balance of \$2,774,622. The net increase in fund balance for the year was \$2,349,421. The increase was primarily due to an increase in proceeds from revenue bonds related to ongoing capital projects.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

At the end of the fiscal year, the net position for the Water Fund was \$488,439. The total decrease in net position for the proprietary funds was \$1,862,364. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

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 fund level, the Village 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
\$ 1,903,734	1,570,056	333,678

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 (nonmajor) 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's capital assets for its governmental and business-type activities as of June 30, 2018 amount to \$6,421,032 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. There was \$481,479 increase in the Village's governmental capital assets (excluding accumulated depreciation) for the current fiscal year due primarily to increases in construction in progress and machinery and equipment. There was \$440,052 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year, primarily related to the water and sewer plant.

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VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

Capital Assets, June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Infrastructure	\$ 932,916	-	932,916
Land	628,403	144,603	773,006
Construction in progress	125,748	1,155,397	1,281,145
Buildings and improvements	885,642	199,738	1,085,380
Vehicles	234,174	89,006	323,180
Easements	-	33,196	33,196
Water and sanitation plant	-	5,669,242	5,669,242
Machinery and equipment	1,452,952	1,005,422	2,458,374
Total capital assets	4,259,835	8,296,604	12,556,439
Accumulated depreciation	1,645,755	4,489,652	6,135,407
Capital assets, net of accumulated depreciation	\$ 2,614,080	3,806,952	6,421,032

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 Capital Assets footnote 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 had total long-term obligations outstanding of \$4,768,741. Of this amount, \$2,424,241 are loans with gross revenue from utility operations pledged to pay the payments.

Village of Taos Ski Valley's Outstanding Debt
As of June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Taos Mountain Lodge	\$ 1,204,500	-	1,204,500
Wastewater Facility Construction	-	859,210	859,210
Water Project Fund	-	455,031	455,031
CWSRF Loan Payable	-	350,000	350,000
Water & Sewer Revenue Bonds Series 2017A	-	760,000	760,000
GRT Revenue Bonds Series 2017B	-	1,140,000	1,140,000
Total long-term liabilities	\$ 1,204,500	3,564,241	4,768,741

See Long-term Debt footnote in the accompanying Notes to the Financial Statements for further information regarding the Village's long-term debt.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2018

Economic Factors and Next Year's Budgets and Rates

The Village is forecasting unprecedented growth/construction over the next three to five years that should produce elevated revenues over this time period.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village'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, NM, 87525.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Net Position
June 30, 2018

	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	
Assets			
Current assets			
Cash and investments	\$ 7,940,012	555,457	8,495,469
Taxes receivable	155,885	-	155,885
Due from other governments	40,183	-	40,183
Accounts receivable	-	78,044	78,044
Inventory	-	114,009	114,009
Prepaid expense	<u>11,239</u>	<u>-</u>	<u>11,239</u>
Total current assets	8,147,319	747,510	8,894,829
Non-current assets			
Capital assets	4,259,835	8,296,604	12,556,439
Less: accumulated depreciation	<u>(1,645,755)</u>	<u>(4,489,652)</u>	<u>(6,135,407)</u>
Total non-current assets	2,614,080	3,806,952	6,421,032
Deferred outflows of resources			
Deferred outflow of resources - due to pension	<u>316,226</u>	<u>86,256</u>	<u>402,482</u>
Total deferred outflows of resources	<u>316,226</u>	<u>86,256</u>	<u>402,482</u>
Total assets and deferred outflows of resources	\$ <u>11,077,625</u>	<u>4,640,718</u>	<u>15,718,343</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 (continued)
June 30, 2018

	Governmental Activities	Business- Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 214,027	10,042	224,069
Accrued salaries and benefits	36,347	15,376	51,723
Accrued interest	6,734	67,769	74,503
Current portion of compensated absences	46,346	35,652	81,998
Current portion of non-current liabilities	28,821	186,756	215,577
Total current liabilities	332,275	315,595	647,870
Non-current liabilities			
Connection charges payable	-	223,998	223,998
Accrued compensated absences	30,897	3,624	34,521
Loans/bonds payable	1,175,679	3,377,485	4,553,164
Net pension liability	764,259	218,150	982,409
Total non-current liabilities	1,970,835	3,823,257	5,794,092
Total liabilities	2,303,110	4,138,852	6,441,962
Deferred inflows of resources			
Deferred inflow of resources - due to pensions	74,870	13,427	88,297
Total deferred inflows of resources	74,870	13,427	88,297
Net position			
Net investment in capital assets	1,438,401	242,711	1,681,112
Restricted for:			
Nonspendable	11,239	-	11,239
Capital projects	2,774,622	-	2,774,622
Special revenue	1,807,457	-	1,807,457
Debt service	-	186,756	186,756
Unrestricted	2,667,926	58,972	2,726,898
Total net position	8,699,645	488,439	9,188,084
Total liabilities, deferred inflows of resources and net position	\$ 11,077,625	4,640,718	15,718,343

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, 2018

	Program Revenues				Net Program (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business- Type Activities	Total
Primary government							
General government	\$ 739,716	61,308	110,978	150,000	(417,430)	-	(417,430)
Public safety	308,647	27,118	133,915	-	(147,614)	-	(147,614)
Public works	864,591	137,970	-	78,915	(647,706)	-	(647,706)
Culture and recreation	308,570	-	-	-	(308,570)	-	(308,570)
Health and welfare	91,981	65,108	-	-	(26,873)	-	(26,873)
Interest on long-term debt	44,015	-	-	-	(44,015)	-	(44,015)
<i>Total government activities</i>	<u>2,357,520</u>	<u>291,504</u>	<u>244,893</u>	<u>228,915</u>	<u>(1,592,208)</u>	<u>-</u>	<u>(1,592,208)</u>
Business-type activities							
Joint utilities	973,799	851,967	-	-	-	(121,832)	(121,832)
Total business-type activities	<u>973,799</u>	<u>851,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,832)</u>	<u>(121,832)</u>
Total	<u>\$ 3,331,319</u>	<u>1,143,471</u>	<u>244,893</u>	<u>228,915</u>	<u>(1,592,208)</u>	<u>(121,832)</u>	<u>(1,714,040)</u>
General revenues:							
Taxes							
Property taxes, levied for general purposes				454,707	-		454,707
Gross receipts taxes				1,607,139	-		1,607,139
Public service taxes				333,679	-		333,679
Interest income				42,550	4,875		47,425
Miscellaneous income				140,957	859		141,816
Transfer of assets				(426,224)	426,224		-
Transfers				2,172,490	(2,172,490)		-
Total general revenues and transfers				<u>4,325,298</u>	<u>(1,740,532)</u>		<u>2,584,766</u>
Changes in net position				2,733,090	(1,862,364)		870,726
Net position, beginning				<u>5,966,555</u>	<u>2,350,803</u>		<u>8,317,358</u>
Net position, ending				<u>\$ 8,699,645</u>	<u>488,439</u>		<u>9,188,084</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, 2018

	General Fund	Lodgers' Tax	Municipal Street Fund	Other Funds	Capital Project Fund	Other Non- major Governmental Funds	Total
Assets							
Cash and investments	\$ 3,279,653	369,695	132,950	704,066	2,852,787	600,861	7,940,012
Due from other governments	2,529	-	-	-	37,090	564	40,183
Taxes receivable	154,157	11,454	9,074	-	7,186	1,796	183,667
Prepaid expense	-	10,387	-	-	-	852	11,239
Total assets	\$ 3,436,339	391,536	142,024	704,066	2,897,063	604,073	8,175,101
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 68,602	19	8,134	467	122,441	14,364	214,027
Accrued salaries and benefits	36,328	-	-	-	-	19	36,347
Accrued compensated absences	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Total liabilities	104,930	19	8,134	467	122,441	14,383	250,374
Deferred inflows of resources							
Unavailable revenue - Property taxes	27,782	-	-	-	-	-	27,782
Total deferred inflows of resources	27,782	-	-	-	-	-	27,782
Fund balances							
Nonspendable - prepaids	-	10,387	-	-	-	852	11,239
Restricted for:							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	381,130	133,890	703,599	-	588,838	1,807,457
Capital projects funds	-	-	-	-	2,774,622	-	2,774,622
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	3,303,627	-	-	-	-	-	3,303,627
Total fund balances	3,303,627	391,517	133,890	703,599	2,774,622	589,690	7,896,945
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,436,339	391,536	142,024	704,066	2,897,063	604,073	8,175,101

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, 2018

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

Fund Balances - Total governmental funds	\$ 7,896,945
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,614,080
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds	(1,211,234)
Accrued compensated absences	(77,243)
Net pension liability, deferred inflows of resources, and deferred outflows of resources	<u>(522,903)</u>
Net position of governmental activities	\$ <u>8,699,645</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, 2018

	General Fund	Lodgers' Tax	Municipal Street Fund	Other Funds	Capital Project Fund	Other Non- major Governmental Funds	Total
Revenues:							
Taxes:							
Gross receipts taxes	\$ 1,361,376	-	106,638	-	112,466	26,659	1,607,139
Property taxes	454,707	-	-	-	-	-	454,707
Lodgers tax	-	333,679	-	-	-	-	333,679
Gasoline tax	-	-	-	-	-	-	-
Appropriations	-	-	-	-	20,978	-	20,978
Federal grant income	-	-	-	-	150,000	-	150,000
State grant income	90,000	-	25,614	-	53,301	133,915	302,830
Charges for services	-	-	17,594	27,118	120,376	65,108	230,196
Licenses and fees	61,308	-	-	-	-	-	61,308
Investment income (loss)	21,009	4,131	1,603	678	9,630	5,499	42,550
Miscellaneous	122,846	-	10,622	7,394	-	95	140,957
Total revenues	2,111,246	337,810	162,071	35,190	466,751	231,276	3,344,344
Expenditures:							
Current:							
General government	1,059,391	-	7,924	-	456	-	1,067,771
Public safety	190,918	-	66	5,572	-	74,644	271,200
Public works	-	-	340,439	-	-	-	340,439
Culture and recreation	-	301,222	-	-	-	7,348	308,570
Health and welfare	-	-	-	-	-	56,585	56,585
Capital outlay	350,064	-	-	-	712,781	11,825	1,074,670
Debt service:							
Principal	28,508	-	-	-	-	-	28,508
Interest	40,653	-	-	-	-	-	40,653
Total expenditures	1,669,534	301,222	348,429	5,572	713,237	150,402	3,188,396
Excess (deficiency) of revenues over expenditures	441,712	36,588	(186,358)	29,618	(246,486)	80,874	155,948
Other financing sources (uses)							
Proceeds from the issuance of long-term debt	-	-	-	-	1,911,473	-	1,911,473
Transfers in	501,523	-	223,223	141,493	684,434	16,082	1,566,755
Transfers (out)	(875,252)	(10,082)	-	(420,404)	-	-	(1,305,738)
Total other financing sources (uses)	(373,729)	(10,082)	223,223	(278,911)	2,595,907	16,082	2,172,490
Net change in fund balance	67,983	26,506	36,865	(249,293)	2,349,421	96,956	2,328,438
Fund balance - Beginning of year	3,235,644	365,011	97,025	952,892	425,201	492,734	5,568,507
Fund balance - End of year	\$ 3,303,627	391,517	133,890	703,599	2,774,622	589,690	7,896,945

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, 2018

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

Net change in fund balances - Total governmental funds	\$ 2,328,438
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense:

Capital expenditures	907,703
Depreciation expense	(115,445)
Transfer of assets to proprietary funds	1,485,249

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.

Proceeds from issuance of debt	(1,911,473)
Principal payments on notes payable	28,508
Change in accrued compensated absences	(17,253)
Change in accrued interest on notes payable	(3,362)
Change in net pension liability	<u>30,725</u>

Change in net position of governmental activities	\$ <u><u>2,733,090</u></u>
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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 and Actual (Non-GAAP Budgetary Basis) -
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 1,806,380	1,806,380	1,697,553	(108,827)
State grant income	90,000	90,000	90,000	-
Charges for services	10,000	10,000	-	(10,000)
Licenses and fees	81,500	81,500	60,988	(20,512)
Interest income	-	-	-	-
Investment income (loss)	20,000	20,000	21,009	1,009
Miscellaneous	5,000	5,000	110,984	105,984
<i>Total revenues</i>	<u>2,012,880</u>	<u>2,012,880</u>	<u>1,980,534</u>	<u>(32,346)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	1,305,103	1,538,603	965,637	572,966
Public safety	295,970	295,970	185,194	110,776
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	350,064	(350,064)
<i>Debt service:</i>				
Principal	28,508	28,508	28,508	-
Interest	40,653	40,653	40,653	-
<i>Total expenditures</i>	<u>1,670,234</u>	<u>1,903,734</u>	<u>1,570,056</u>	<u>333,678</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>342,646</u>	<u>109,146</u>	<u>410,478</u>	<u>301,332</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Proceeds from the issuance of long-term debt	-	-	-	-
Transfers in	63,800	63,800	501,523	437,723
Transfers out	(570,161)	(570,161)	(875,252)	(305,091)
<i>Total other financing sources (uses)</i>	<u>(506,361)</u>	<u>(506,361)</u>	<u>(373,729)</u>	<u>132,632</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(163,715)	(397,215)	36,749	433,964
<i>Cash balance - Beginning of year</i>	-	-	3,221,216	3,221,216
<i>Cash balance - End of year</i>	\$ (163,715)	(397,215)	3,257,965	3,655,180
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(129,789)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			161,023	
<i>Net change in fund balance (GAAP basis)</i>		\$	<u>67,983</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 and Actual (Non-GAAP Budgetary Basis) -
Lodgers Tax Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final	Amounts (Non- GAAP Budgetary Basis)	with Final Budget - Favorable (Unfavorable)
<i>Revenues:</i>				
Taxes	\$ 310,000	310,000	324,987	14,987
State grant income	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	85	85	4,131	4,046
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>310,085</u>	<u>310,085</u>	<u>329,118</u>	<u>19,033</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	348,137	348,137	311,590	36,547
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>348,137</u>	<u>348,137</u>	<u>311,590</u>	<u>36,547</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(38,052)</u>	<u>(38,052)</u>	<u>17,528</u>	<u>55,580</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(16,000)	(16,000)	(10,082)	5,918
<i>Total other financing sources (uses)</i>	<u>(16,000)</u>	<u>(16,000)</u>	<u>(10,082)</u>	<u>5,918</u>
<i>Excess (Deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(54,052)	(54,052)	7,446	61,498
<i>Cash balance - Beginning of year</i>	-	-	352,931	352,931
<i>Cash balance - End of year</i>	\$ (54,052)	(54,052)	360,377	414,429
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			10,368	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>8,692</u>	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 26,506</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 and Actual (Non-GAAP Budgetary Basis) -
Municipal Streets Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final	Amounts (Non- GAAP Budgetary Basis)	with Final Budget - Favorable (Unfavorable)
<i>Revenues:</i>				
Taxes	\$ 117,692	117,692	99,452	(18,240)
State grant income	45,000	45,000	25,614	(19,386)
Charges for services	-	-	16,159	16,159
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	1,603	1,603
Miscellaneous	2,100	2,100	10,169	8,069
<i>Total revenues</i>	<u>164,792</u>	<u>164,792</u>	<u>152,997</u>	<u>(11,795)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	5,123	(5,123)
Public safety	-	-	66	(66)
Public works	656,255	734,755	335,106	399,649
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>656,255</u>	<u>734,755</u>	<u>340,295</u>	<u>394,460</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(491,463)</u>	<u>(569,963)</u>	<u>(187,298)</u>	<u>382,665</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Gain (loss) from the sale of capital assets	-	-	-	-
Transfers in	399,500	478,000	223,223	(254,777)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>399,500</u>	<u>478,000</u>	<u>223,223</u>	<u>(254,777)</u>
<i>Excess (Deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(91,963)</u>	<u>(91,963)</u>	<u>35,925</u>	<u>127,888</u>
<i>Cash balance - Beginning of year</i>	<u>-</u>	<u>-</u>	<u>98,060</u>	<u>98,060</u>
<i>Cash balance - End of year</i>	<u>\$ (91,963)</u>	<u>(91,963)</u>	<u>133,985</u>	<u>225,948</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(8,134)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			9,074	
<i>Net change in fund balance (GAAP basis)</i>		<u>\$ 36,865</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 and Actual (Non-GAAP Budgetary Basis) -
Other Funds
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final	Amounts (Non- GAAP Budgetary Basis)	with Final Budget - Favorable (Unfavorable)
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	-	-	-	-
Charges for services	-	-	27,118	27,118
Licenses and fees	-	-	-	-
Interest income	128	128	-	(128)
Investment income (loss)	-	-	678	678
Miscellaneous	5,500	5,500	7,394	1,894
<i>Total revenues</i>	<u>5,628</u>	<u>5,628</u>	<u>35,190</u>	<u>29,562</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	48,077	48,077	5,105	42,972
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>48,077</u>	<u>48,077</u>	<u>5,105</u>	<u>42,972</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(42,449)</u>	<u>(42,449)</u>	<u>30,085</u>	<u>72,534</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Gain (loss) from the sale of capital assets	-	-	-	-
Transfers in	-	-	141,493	141,493
Transfers out	(208,300)	(286,300)	(420,404)	(134,104)
<i>Total other financing sources (uses)</i>	<u>(208,300)</u>	<u>(286,300)</u>	<u>(278,911)</u>	<u>7,389</u>
<i>Excess (Deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(250,749)</u>	<u>(328,749)</u>	<u>(248,826)</u>	<u>79,923</u>
<i>Cash balance - Beginning of year</i>	<u>-</u>	<u>-</u>	<u>444,225</u>	<u>444,225</u>
<i>Cash balance - End of year</i>	<u>\$ (250,749)</u>	<u>(328,749)</u>	<u>195,399</u>	<u>524,148</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(467)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net change in fund balance (GAAP basis)</i>		<u>\$ (249,293)</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 and Actual (Non-GAAP Budgetary Basis) -
Capital Projects Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 97,692	97,692	105,280	7,588
Appropriations	50,000	50,000	20,978	(29,022)
State grant income	600,000	600,000	16,211	(583,789)
Federal grant income	243,381	243,381	150,000	(93,381)
Charges for services	-	-	120,376	120,376
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	500	500	9,630	9,130
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>991,573</u>	<u>991,573</u>	<u>422,475</u>	<u>(569,098)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	456	(456)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,053,413	1,148,740	590,340	558,400
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,053,413</u>	<u>1,148,740</u>	<u>590,796</u>	<u>557,944</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(61,840)</u>	<u>(157,167)</u>	<u>(168,321)</u>	<u>(11,154)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Proceeds from the issuance of long-term debt	-	1,900,000	1,911,473	11,473
Transfers in	190,000	190,000	684,434	494,434
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>190,000</u>	<u>2,090,000</u>	<u>2,595,907</u>	<u>505,907</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	128,160	1,932,833	2,427,586	494,753
<i>Cash balance - Beginning of year</i>	-	-	447,849	447,849
<i>Cash balance- End of year</i>	\$ <u>128,160</u>	<u>1,932,833</u>	2,875,435	<u>942,602</u>
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(122,441)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			44,276	
<i>Net change in fund balance (GAAP basis)</i>		\$ <u>2,349,421</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, 2018

Assets

Current assets	
Cash and investments	\$ 555,457
Accounts receivable, net of allowance	78,044
Inventory	<u>114,009</u>
Total current assets	747,510
Non-current assets	
Capital assets	8,296,604
Less: Accumulated depreciation	<u>(4,489,652)</u>
Total non-current assets	3,806,952

Deferred outflows of resources

Deferred outflow of resources - due to pension	<u>86,256</u>
Total deferred outflows of resources	<u>86,256</u>

Total assets and deferred outflows of resources \$ 4,640,718

Liabilities

Current liabilities	
Accounts payable	\$ 10,042
Accrued salaries and benefits	15,376
Due to other governments	-
Accrued interest	67,769
Current portion of compensated absences	35,652
Current portion of non-current liabilities	186,756
Unearned revenue	<u>-</u>
Total current liabilities	315,595
Non-current liabilities	
Connection charges payable	223,998
Accrued compensated absences	3,624
Loans/bonds payable	3,377,485
Net pension liability	<u>218,150</u>
Total non-current liabilities	<u>3,823,257</u>

Total liabilities 4,138,852

Deferred inflows of resources

Deferred inflow of resources - due to pensions	13,427
--	--------

Net position

Net investment in capital assets	242,711
Restricted for:	
Debt service	186,756
Unrestricted	<u>58,972</u>

Total net position 488,439

Total net position and liabilities \$ 4,640,718

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, 2018

Operating revenues:	
Charges for services	\$ <u>851,967</u>
Total operating revenues	851,967
Operating expenses:	
Salaries	367,640
Retirement	145,321
Depreciation	150,307
Operating	68,338
Supplies	97,589
Contract services	56,166
Travel	<u>796</u>
Total operating expenses	<u>886,157</u>
Operating income (loss)	(34,190)
Non-operating revenues (expenses):	
Interest income	4,875
Governmental grants	-
Interest expense	(87,642)
Loss on sale of asset	-
Miscellaneous	<u>859</u>
Total non-operating revenues (expenses)	<u>(81,908)</u>
Income (loss) before transfers	(116,098)
Transfers of assets from governmental funds	426,224
Net cash transfers	<u>(2,172,490)</u>
Change in net position	(1,862,364)
Net position, beginning of year	<u>2,350,803</u>
Net position, end of year	\$ <u><u>488,439</u></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, 2018

	Water Fund
Cash flows from operating activities:	
Cash received from user charges	\$ 852,772
Cash payments to employees for services and benefits	(368,783)
Cash payments to supplies for goods and services	(203,077)
Net cash provided by operating activities	280,912
Cash flows from noncapital financing activities:	
Other receipts	859
Net cash provided by noncapital financing activities	859
Cash flows from capital financing activities:	
Proceeds from loan	1,900,000
Acquisition of capital assets	(13,828)
Principal and interest paid on debt	(154,077)
Transfers to other funds for debt payments	(2,172,490)
Net cash used by capital financing activities	(440,395)
Cash flows from capital and related investing activities:	
Interest earned	4,875
Net cash provided by investing activities	4,875
Net decrease in cash and cash equivalents	(153,749)
Cash and cash equivalents - beginning of year	709,206
Cash and cash equivalents - end of year	\$ 555,457
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (34,190)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	150,307
Changes in assets and liabilities:	
Receivables	805
Inventory	19,285
Deferred outflows	(86,256)
Accounts payable	4,612
Accrued expenses	842
Due to other governments	(7,452)
Accrued compensated absences	1,382
Net pension liability	218,150
Deferred inflows	13,427
Net cash provided by operating activities	\$ 280,912

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, 2018

1. Summary of Significant Accounting Policies

The State of New Mexico 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 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, 2018

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, 2018

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, 2018

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 primarily through property, gross receipts and other miscellaneous taxes.

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

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 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

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.

Municipal Street Fund (Special Revenue Fund) - to account for the collection of a quarter cent sales tax imposed by the Village Council to fund the construction and maintenance of streets within the Village limits.

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 fund) 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, along with transfers between governmental and business-type 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's water & sewer utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

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

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

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."

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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).

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 inflows of resources.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

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, 2018

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, 2018

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 fund's budget in total.

These budgets are prepared on the Non-GAAP budgetary 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, 2018 is presented as part of the budgetary statements.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

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, 2018.

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.

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, 2018, \$2,958,416 of the Village's bank balance of \$4,472,051 was exposed to custodial credit risk. See Schedule of Depository Accounts in the supporting schedules.

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository. 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.

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 the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is not subject to custodial credit risk.

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Notes to Financial Statements
 June 30, 2018

3. Deposits and Investments (continued)

Interest Rate Risk and Credit Rating- Investment in State Treasurer 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, 2018 include the following:

State Treasurer LGIP	AAAm	58 days WAM(R)	\$4,237,630
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The State Treasurer Local Government Investment Pool is not SEC registered. State Statute 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, 2018. 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 50% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2018.

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.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of June 30, 2018:

- Investment with State Treasurer LGIP in the amount of \$4,237,630 (level 2 inputs).

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

4. Receivables

Receivables as of June 30, 2018 are as follows:

	General Fund	Lodgers' Tax Fund	Municipal Streets Fund	Debt Service Fund	Environ- mental GRT Fund	Capital Projects Fund	Total
Taxes receivable	\$ 126,375	11,454	9,074	7,186	1,796	-	155,885
Due from other governments	2,529	-	-	-	564	37,090	40,183
	<u>\$ 128,904</u>	<u>11,454</u>	<u>9,074</u>	<u>7,186</u>	<u>2,360</u>	<u>37,090</u>	<u>196,068</u>

	<u>Water Fund</u>
Account receivable, net of allowance of \$0	\$ <u>78,044</u>
Total	\$ <u><u>78,044</u></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 are 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 \$27,782, 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.

Cash Transfers	Transfers	
	Transfers In	Out
General fund	\$ 501,523	875,252
Lodgers' tax	-	10,082
Emergency medical services fund	8,382	-
Municipal street fund	223,223	-
Recreation fund	7,700	-
Other funds	141,493	420,404
Capital projects fund	2,595,907	-
Water fund	149,077	2,321,567
Subtotal	<u>\$ 3,627,305</u>	<u>3,627,305</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

4. Receivables (continued)

	Transfers In	Transfers Out
Transfers of Assets		
Governmental funds	\$ 426,224	-
Proprietary funds	-	426,224
Total	\$ 426,224	426,224

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2018 are as follows:

Payable to suppliers	\$ 224,069
Accrued salaries and benefits	51,723
Total accounts payable and accrued expenses	\$ 275,792

6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows:

	June 30, 2017	Additions	Deletions	Reclass	June 30, 2018
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 330,000	298,403	-	-	628,403
Construction in progress	36,052	89,696	-	-	125,748
Total capital assets not being depreciated	366,052	388,099	-	-	754,151
Capital assets being depreciated:					
Buildings and improvements	885,642	-	-	-	885,642
Machinery and equipment	1,602,199	84,927	-	(234,174)	1,452,952
Vehicles	-	-	-	234,174	234,174
Infrastructure	924,463	8,453	-	-	932,916
Total capital assets being depreciated	3,412,304	93,380	-	-	3,505,684
Total capital assets	3,778,356	481,479	-	-	4,259,835
Less accumulated depreciation:					
Buildings and improvements	113,361	24,129	-	-	137,490
Machinery and equipment	1,216,359	48,576	-	(63,891)	1,201,044
Vehicles	-	19,276	-	63,891	83,167
Infrastructure	200,590	23,464	-	-	224,054
Total accumulated depreciation	1,530,310	115,445	-	-	1,645,755
Total capital assets net of depreciation	\$ 2,248,046	366,034	-	-	2,614,080

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

6. Capital Assets (continued)

Capital assets, net of accumulated depreciation, at June 30, 2018, appear in the statement of net position as follows:

Governmental activities \$ 2,614,080

Depreciation expense for the year ended June 30, 2018 was charged to the following functions and funds:

General government	\$ 23,546
Public safety	42,739
Public works	13,764
Health and welfare	<u>35,396</u>
Total depreciation expense - governmental funds	<u>\$ 115,445</u>

	<u>June 30,</u>	<u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>June 30,</u>
Business-type activities						
Capital assets not being depreciated:						
Land	\$	144,603	-	-	-	144,603
Construction in progress		728,136	427,261	-	-	1,155,397
Easements		<u>33,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,196</u>
Total capital assets not being depreciated		905,935	427,261	-	-	1,333,196
Capital assets being depreciated:						
Water and sanitation plant		5,669,242	-	-	-	5,669,242
Buildings and improvements		199,738	-	-	-	199,738
Machinery and equipment		992,631	12,791	-	-	1,005,422
Vehicles		<u>89,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,006</u>
Total capital assets being depreciated		<u>6,950,617</u>	<u>12,791</u>	<u>-</u>	<u>-</u>	<u>6,963,408</u>
Total capital assets		7,856,552	440,052	-	-	8,296,604
Less accumulated depreciation:						
Water and sanitation plant		3,038,179	120,871	-	-	3,159,050
Buildings and improvements		202,710	1,634	-	-	204,344
Machinery and equipment		974,389	25,852	-	-	1,000,241
Vehicles		<u>124,067</u>	<u>1,950</u>	<u>-</u>	<u>-</u>	<u>126,017</u>
Total accumulated depreciation		<u>4,339,345</u>	<u>150,307</u>	<u>-</u>	<u>-</u>	<u>4,489,652</u>
Total capital assets net of depreciation	\$	<u>3,517,207</u>	<u>289,745</u>	<u>-</u>	<u>-</u>	<u>3,806,952</u>

Depreciation expense relating to business-type activities for the year ended June 30, 2018 totaled \$150,307.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

7. Long-Term Debt

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Government-Type Activities:

Description	Balance June			Balance	Due within one year
	30, 2017	Additions	Retirements	June 30, 2018	
Taos Mountain Lodge 055	\$ 1,233,008	-	28,508	1,204,500	28,821
Compensated absences	59,990	21,465	4,212	77,243	46,346
Total long-term debt	\$ <u>1,292,998</u>	<u>21,465</u>	<u>32,720</u>	<u>1,281,743</u>	<u>75,167</u>

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

The annual requirements to amortize the Taos Mountain Lodge 055 as of June 30, 2018, including interest payments are as follows:

Year ended	Principal	Interest	Total
2019	\$ 28,821	40,340	69,161
2020	29,231	39,930	69,161
2021	29,722	39,440	69,162
2022	30,269	38,892	69,161
2023	30,898	38,262	69,160
2024-2028	166,420	179,116	345,536
2029-2033	193,314	152,490	345,804
2034-2038	228,970	116,836	345,806
2039-2043	274,657	71,148	345,805
2044-2046	192,198	15,556	207,754
Total	\$ <u>1,204,500</u>	<u>732,010</u>	<u>1,936,510</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

7. Long-Term Debt (continued)

Business-Type Activities:

Description	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due within one year
Wastewater facility loan	\$ 941,322	-	82,112	859,210	84,576
Water project fund loan 0176	335,308	-	25,408	309,900	25,472
Water project fund loan 0351	153,478	-	8,347	145,131	8,368
CWSRF Loan Payable	338,527	11,473	-	350,000	68,340
NMED Wastewater treat- ment plant water and sewer revenue bonds	-	760,000	-	760,000	-
NMED Wastewater treatment plant GRT revenue bonds	-	1,140,000	-	1,140,000	-
Compensated absences	49,367	10,556	20,647	39,276	35,652
Total	\$ <u>1,818,002</u>	<u>1,922,029</u>	<u>136,514</u>	<u>3,603,517</u>	<u>222,408</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, 2018. Payments on these payables will be made upon termination of services by customers.

The annual requirements to amortize the wastewater facility construction loan 037 as of June 30, 2018, including interest payments are as follows:

Year ended	Principal	Interest	Total
2019	\$ 90,977	10,311	101,288
2020	92,068	9,219	101,287
2021	93,173	8,114	101,287
2022	94,291	6,996	101,287
2023	95,423	5,864	101,287
2024-2027	393,278	11,869	405,147
Total	\$ <u>859,210</u>	<u>52,373</u>	<u>911,583</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

7. Long-Term Debt (continued)

The annual requirements to amortize the water project fund 0176 as of June 30, 2018, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,472	775	26,247
2020	25,536	711	26,247
2021	25,599	647	26,246
2022	25,663	583	26,246
2023	25,728	519	26,247
2024-2028	129,606	1,628	131,234
2029-2030	52,296	196	52,492
Total	\$ <u>309,900</u>	<u>5,059</u>	<u>314,959</u>

The annual requirements to amortize the water project fund 0351 as of June 30, 2018, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 8,368	363	8,731
2020	8,389	342	8,731
2021	8,409	321	8,730
2022	8,430	300	8,730
2023	8,452	279	8,731
2024-2028	42,576	1,077	43,653
2029-2033	43,111	541	43,652
2034-2035	17,396	66	17,462
Total	\$ <u>145,131</u>	<u>3,289</u>	<u>148,420</u>

The annual requirements to amortize the Clean Water State Revolving Fund (CWSRF) loan as of June 30, 2018, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 68,340	4,200	72,540
2020	69,160	3,380	72,540
2021	69,990	2,550	72,540
2022	70,830	1,710	72,540
2023	71,680	860	72,540
Total	\$ <u>350,000</u>	<u>12,700</u>	<u>362,700</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

7. Long-Term Debt (continued)

The annual requirements to amortize the NMED Water & Sewer Bonds 2017A loan as of June 30, 2018, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	37,800	37,800
2020	-	84,000	84,000
2021	<u>2,800,000</u>	<u>42,000</u>	<u>2,842,000</u>
Total	<u>\$ 2,800,000</u>	<u>163,800</u>	<u>2,963,800</u>

Proceeds from the bonds for the current fiscal year are \$760,000. The balance of the remaining principal of \$2,040,000 is scheduled to be drawn down in FY19.

The annual requirements to amortize the NMED GRT Revenue Bonds 2017B loan as of June 30, 2018, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	56,700	56,700
2020	-	126,000	126,000
2021	<u>4,200,000</u>	<u>63,000</u>	<u>4,263,000</u>
Total	<u>\$ 4,200,000</u>	<u>245,700</u>	<u>4,445,700</u>

Proceeds from the bonds for the current fiscal year are \$1,140,000. The balance of the remaining principal of \$3,060,000 is scheduled to be drawn down in FY19.

Pledged Revenues for Long-Term Debt

The Village has pledged portions of future revenues to repay the wastewater, water project fund and Taos Mountain Lodge 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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

7. Long-Term Debt (continued)

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	\$ 911,583	\$ 110,352	\$ 1,784,383
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	\$ 314,959	\$ 26,426	\$ 177,244
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	\$ 148,420	\$ 8,730	\$ 177,244
Taos Mountain Lodge 055	Purchase the Taos Mountain Lodge.	1/4th Increment of municipal gross receipts tax.	100%	2017-2046	\$ 1,936,510	\$ 69,161	\$ 105,280
NMED Water & Sewer Revenue Bonds Series 2017A	Design and construction of wastewater treatment plant	Net system revenues of water and wastewater utility system minus approved costs.	100%	2017-2046	\$ 2,963,800	\$ 413	177,244
NMED GRT Bonds Series 2017B	Design and construction of wastewater treatment plant	Hold harmless gross receipts tax.	100%	2017-2046	\$ 4,445,700	\$ 413	156,530

Operating Leases

The Village has no short-term leases at June 30, 2018.

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 esti-

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

8. Risk Management (continued)

mates 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, 2018, 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 on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

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. No deficit fund balances of individual funds exist as of June 30, 2018.

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

B. No expenditures exceeded appropriations by fund.

10. Public Employees Retirement Fund (PERA) Pension Plan

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 www.nmpera.org www.saonm.org/ using the Audit Report Search function for agency 366 or writing: PERA P.O. Box 2123 Santa Fe, NM 87504-2123.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

10. Public Employees Retirement Fund (PERA) Pension Plan (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, 2017 available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-FINAL.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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 40-44 of the PERA FY17 annual audit report at:

http://saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf.

The PERA coverage options that apply to Village are: Municipal General Division, and Municipal Police Division. Statutorily required contributions to the pension plan from the Village were \$76,540 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the Village reported a liability of \$982,409 for its proportionate share of the net pension liability. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

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, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 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, 2018

10. Public Employees Retirement Fund (PERA) Pension Plan (continued)

PERA Fund Division Municipal General Division For PERA Municipal General Division at June 30, 2018, the Village reported a liability of \$807,962 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.0588%, which was changed from its proportion measured as of June 30, 2017 of 0.0520%.

For the year ended June 30, 2018, the Village recognized PERA Fund Municipal General Division pension expense of \$96,419.

At June 30, 2018, 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	\$ 31,748	41,382
Changes of assumptions	37,259	8,349
Net difference between projected and actual earnings on pension plan investments	66,288	-
Changes in proportion and differences between contributions and proportionate share of contributions	121,969	-
Contributions subsequent to the measurement date	62,204	-
Total	\$ 319,468	49,731

\$62,204 reported as deferred outflows of resources related to pensions resulting from Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		
2019	\$	83,804
2020		114,911
2021		28,191
2022		(19,373)
2023		-
Thereafter		-
	\$	207,533

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

10. Public Employees Retirement Fund (PERA) Pension Plan (continued)

PERA Municipal Police Division For PERA Municipal Police Division, at June 30, 2018, the Village reported a liability of \$174,447 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.0772%, which was changed from its proportion measured as of June 30, 2016 of 0.0230 %.

For the year ended June 30, 2018, the Village recognized PERA Fund Division - Police pension expense of \$18,177. At June 30, 2018, 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	\$ 10,595	32,594
Changes of assumptions	10,379	4,056
Net difference between projected and actual earnings on pension plan investments	14,049	-
Changes in proportion and differences between contributions and proportionate share of contributions	33,655	1,916
Contributions subsequent to the measurement date	<u>14,336</u>	<u>-</u>
Total	\$ <u>83,014</u>	<u>38,566</u>

\$14,336 reported as deferred outflows of resources related to pensions in the resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2019	\$ 10,396
2020	19,078
2021	4,746
2022	(4,108)
2023	-
Thereafter	<u>-</u>
	\$ <u>30,112</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

10. Public Employees Retirement Fund (PERA) Pension Plan (continued)

Actuarial assumptions. The total pension liabilities in the June 30, 2017 and net pension actuarial valuations was determined using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 year smoothed market-value
Actuarial assumptions:	
• Investment of rate of return	7.51% annual rate, net of investment expense
• Payroll growth	2.15% for first 9 years, then
• Projected salary increases	2.75% to 14.00% annual rate
• Includes inflation at	2.25% annual rate for the first 10 years, 2.75% all other years
• Projected benefit payment	100 years
• Mortality Assumption	RP-2000 Morality Tables (Combined table for healthy post retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
• Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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 best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

10. Public Employees Retirement Fund (PERA) Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Orientated Fixed Income	15.00%	5.77%
Real Assets to include Real Estate Equity	<u>20.00%</u>	7.35%
Total	100.00%	

Discount rate. A single discount rate of 7.51% was used as the discount rate used to measure the total pension liability. 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. Therefore, the 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 Net Pension Liability to Changes in the Discount Rate. The tables present the Village's net pension liability in each PERA Fund Division the Village participates in, calculated using the discount rate of 7.51%, as well as what the Village's proportionate liability would be if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
PERA Fund - Municipal General Division			
Net pension liability	\$ 1,266,343	807,962	426,754
PERA Fund - Municipal Police Division			
Net pension liability	\$ 278,195	174,447	89,307

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.nmpera.org/publications.html>.

11. 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, 2018

12. Contingent Liabilities

The Village 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.

13. 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.

14. 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 undeveloped and 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 heavy summer appropriation of the Rio Hondo River. The permit approved for all diversion points for all uses.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

14. Water Rights (continued)

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.

15. 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, 2018

15. Joint Power 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 16, 2016 to March 26, 2017 and is renewed thereafter annually.

Total Estimated Amount of Project and Actual Amount Contributed: \$67,114.

16. Related Party Transactions

The Village paid \$1,950 for cleaning services provided by a family member of a Village employee.

At year end the Village of Taos Ski Valley Tax Increment Development District owed the Village \$2,529 for services provided by the village finance director and village clerk.

17. Tax Abatements

The Village negotiated Gross Receipts and Ad Valorem tax abatement agreements with the Village of Taos Ski Valley Tax Increment Development District. The Village has tax abatement agreements with one entity relating to two different abatements as of June 30, 2018.

Each of these agreements was negotiated under state and local laws and have been passed by legislation or resolution as applicable. The eligibility criteria is for the entity to provide for financing of the infrastructure improvements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

Tax Abatement Program			
Village of Taos Ski Valley TIDD - GRT	\$	104,344	75.00%
Village of Taos Ski Valley TIDD - Ad Valorem		76,585	75.00%
Total tax abatements	\$	180,929	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2018

18. Restatement of Net Position

The Other Funds was reported as a non-major fund in the prior year, but has been reported as a major fund in the current year. The beginning fund balance for the major fund has been increased by \$952,892 and, non-major funds have decreased by the same amount.

19. Recent and New Accounting Pronouncements

The following GASB pronouncements have been issued:

- GASB Statement No. 84, *Fiduciary Activities*, has been issued and is effective for fiscal years ending on or after December 31, 2019, but is not yet effective at June 30, 2018.
- The Village has adopted GASB Statement No. 85, *OMNIBUS 2018*, during fiscal year 2018, with no significant impact to the Village's financial statements.
- GASB Statement No. 87, *Leases*, has been issued and is effective for reporting periods beginning after December 15, 2019, but is not yet effective at June 30, 2018.

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 Events

The Village has evaluated subsequent events through December 12, 2018, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
For the Year Ended June 30, 2018

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

Public Employees Retirement Association (PERA) Pension Plan
Municipal General Division
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0588%	0.0528%	0.0446%	0.0360%
Village's proportionate share of the net pension liability (asset)	\$ 807,962	843,567	454,736	280,839
Village's covered-employee payroll	\$ 660,092	660,757	708,904	504,379
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	122.40%	128.00%	64.14%	64.14%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%	81.29%

*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.

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Pension Plan
Municipal General Division
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 49,288	43,185	35,295	80,196
Contributions in relation to the contractually required	<u>(62,204)</u>	<u>(49,288)</u>	<u>(35,295)</u>	<u>(80,196)</u>
Contribution deficiency (excess)	\$ <u>(12,916)</u>	<u>(6,103)</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 660,092	660,757	708,904	504,379
Contributions as a percentage of covered-employee payroll	9.42%	7.46%	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.

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
For the Year Ended June 30, 2018

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

Public Employees Retirement Association (PERA) Pension Plan
Municipal Police Division
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0772%	0.0230%	0.0238%	0.0234%
Village's proportionate share of the net pension liability (asset)	\$ 174,447	169,701	114,444	76,281
Village's covered-employee payroll	\$ 139,164	123,652	88,764	88,192
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	125.35%	136.00%	129.00%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%	81.29%

*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 those years for which information is available.

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Pension Plan
Police Pension Fund
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 30,077	8,662	8,819	16,668
Contributions in relation to the contractually required	<u>(14,336)</u>	<u>(12,235)</u>	<u>(8,819)</u>	<u>(16,668)</u>
Contribution deficiency (excess)	\$ <u>15,741</u>	<u>(3,573)</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 139,164	123,652	88,765	88,192
Contributions as a percentage of covered-employee payroll	10.30%	9.89%	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.

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA's FY17 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017.pdf>

Assumptions. The PERA of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/PERA-valuation-6-30-2017-FINAL.pdf>

SUPPLEMENTARY INFORMATION

**NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
AND
PROPRIETARY MAJOR FUNDS DESCRIPTIONS**

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
June 30, 2018

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:

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 Funds

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

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

PROPRIETARY MAJOR FUNDS

Water and Sewer Fund

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund	Law Enforcement Protection Fund	Recreation Fund	Total Nonmajor Governmental Funds
<i>Assets</i>						
Cash and investments	\$ 196,475	1,001	395,635	7,312	438	600,861
Taxes receivable	2,360	-	-	-	-	2,360
Prepaid expenses	-	-	852	-	-	852
<i>Total assets</i>	<u>\$ 198,835</u>	<u>1,001</u>	<u>396,487</u>	<u>7,312</u>	<u>438</u>	<u>604,073</u>
<i>Liabilities</i>						
Accounts payable	\$ 8,476	76	4,676	1,136	-	14,364
Accrued salaries and benefits	-	-	-	19	-	19
Accrued compensated absences	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<i>Total liabilities</i>	<u>8,476</u>	<u>76</u>	<u>4,676</u>	<u>1,155</u>	<u>-</u>	<u>14,383</u>
<i>Deferred inflows of resources</i>						
Unavailable revenue-property taxes	-	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>						
Nonspendable - prepaids						
Fund Balance restricted for:			852	-	-	852
General fund	-	-	-	-	-	-
Special revenue fund	190,359	925	390,959	6,157	438	588,838
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	-	-	-	-	-	-
<i>Total fund balances</i>	<u>190,359</u>	<u>925</u>	<u>391,811</u>	<u>6,157</u>	<u>438</u>	<u>589,690</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 198,835</u>	<u>1,001</u>	<u>396,487</u>	<u>7,312</u>	<u>438</u>	<u>604,073</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund	Law Enforcement Protection Fund	Recreation Fund	Total Nonmajor Governmental Funds
<i>Revenues</i>						
Taxes						
Gross receipts taxes	\$ 26,659	-	-	-	-	26,659
State grant income	-	5,043	107,072	21,800	-	133,915
Charges for services	65,108	-	-	-	-	65,108
Licenses and fees	-	-	-	-	-	-
Investment income (loss)	1,735	1	3,737	25	1	5,499
Miscellaneous	95	-	-	-	-	95
<i>Total Revenues</i>	<u>93,597</u>	<u>5,044</u>	<u>110,809</u>	<u>21,825</u>	<u>1</u>	<u>231,276</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	13,821	55,533	5,290	-	74,644
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	7,348	7,348
Health and welfare	56,585	-	-	-	-	56,585
Capital outlay	-	-	-	11,825	-	11,825
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Total expenditures</i>	<u>56,585</u>	<u>13,821</u>	<u>55,533</u>	<u>17,115</u>	<u>7,348</u>	<u>150,402</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>37,012</u>	<u>(8,777)</u>	<u>55,276</u>	<u>4,710</u>	<u>(7,347)</u>	<u>80,874</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	8,382	-	-	7,700	16,082
Transfers out	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>8,382</u>	<u>-</u>	<u>-</u>	<u>7,700</u>	<u>16,082</u>
<i>Net change in fund balances</i>	<u>37,012</u>	<u>(395)</u>	<u>55,276</u>	<u>4,710</u>	<u>353</u>	<u>96,956</u>
<i>Fund balances - Beginning of year</i>	<u>153,347</u>	<u>1,320</u>	<u>336,535</u>	<u>1,447</u>	<u>85</u>	<u>492,734</u>
<i>Fund balances - End of year</i>	<u>\$ 190,359</u>	<u>925</u>	<u>391,811</u>	<u>6,157</u>	<u>438</u>	<u>589,690</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Water Proprietary Fund
Statement of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted amounts		Actual	Variances
	Original	Final	(Non-GAAP	favorable
			budgetary basis)	(unfavorable)
				Final to
				Actual
<i>Revenues:</i>				
Charges for services	\$ 935,300	935,300	775,498	(159,802)
Investment income (loss)	1,240	1,240	4,875	3,635
Miscellaneous	2,000	2,000	859	(1,141)
<i>Total Revenues</i>	<u>938,540</u>	<u>938,540</u>	<u>781,232</u>	<u>(157,308)</u>
<i>Expenditures:</i>				
Current:				
Operating expenses	601,581	601,581	68,338	533,243
Travel	-	-	796	(796)
Purchases for resale	-	-	-	-
Contract services	-	-	56,676	(56,676)
Salaries	-	-	362,923	(362,923)
Debt service:				
Principal	101,632	110,380	110,380	-
Interest	38,210	38,210	38,210	-
Miscellaneous	-	-	-	-
<i>Total expenditures</i>	<u>741,423</u>	<u>750,171</u>	<u>637,323</u>	<u>112,848</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>197,117</u>	<u>188,369</u>	<u>143,909</u>	<u>(44,460)</u>
<i>Other financing sources (uses)</i>				
Loss on sale of asset	-	-	-	-
Transfers in of assets	320,000	320,000	-	(320,000)
Net cash transfers	(450,329)	(450,329)	(261,017)	189,312
<i>Total other financing sources (uses)</i>	<u>(130,329)</u>	<u>(130,329)</u>	<u>(261,017)</u>	<u>(130,688)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>66,788</u>	<u>58,040</u>	<u>(117,108)</u>	<u>(175,148)</u>
<i>Cash balance - Beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,242,605</u>	
<i>Cash balance - End of year</i>	\$ <u>66,788</u>	\$ <u>58,040</u>	<u>2,125,497</u>	
<i>Unbudgeted revenues and expenses:</i>				
Change in accounts receivable			76,469	
Change in inventory			-	
Change in capital assets			289,745	
Change in deferred outflows			86,256	
Change in accounts payable			-	
Change in accrued salaries			(15,335)	
Change in due to other governments			-	
Change in compensated absences			(30,304)	
Change in accrued interest			(49,432)	
Change in net pension liability			(218,150)	
Change in loans/bonds payable			(1,871,078)	
Change in inflows			(13,427)	
Change in connection charges payable			-	
<i>Net change in net position (GAAP basis)</i>		\$	<u>(1,862,364)</u>	

See independent auditors' report.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Depository Accounts
June 30, 2018

Type	People's Bank/LPL Financial							Subtotal People's Group	Total	Bank Balance	Outstanding Items	Book Balance
	Centinel Bank	People's/ Hillcrest Bank	Barclays Bank Delaware	Mizuho Bank USA	First Financial Bank	Goldman Sachs Bank						
General checking, interest bearing	\$ 465,136	2,087,560	-	-	-	-	2,087,560	2,552,696	2,552,696	(214,412)	2,338,284	
Savings, interest bearing	659,720	-	-	-	-	-	-	659,720	659,720	-	659,720	
Money market, interest bearing	-	-	246,528	22,978	-	-	269,506	269,506	269,506	-	269,506	
CDs, interest bearing	-	-	-	-	496,000	195,000	691,000	691,000	691,000	-	691,000	
Total deposits	1,124,856	2,087,560	246,528	22,978	496,000	195,000	3,048,066	4,172,922				
Less: FDIC Coverage	(250,000)	(250,000)	(246,528)	(22,978)	(250,000)	(195,000)	(964,506)	(1,214,506)				
Total uninsured public funds	874,856	1,837,560	-	-	246,000	-	2,083,560	2,958,416				
50% Collateral requirement	437,428	918,780	-	-	123,000	-	1,041,780	1,479,208				
Pledged collateral	549,500						1,790,080	2,339,580				
(Over) under collateralized risk-deposits	(112,072)						(748,300)	(860,372)				
Uninsured and uncollateralized	874,856						2,083,560	2,958,416				
Petty cash, imprest									-	-	200	
Held with fiscal agent									299,129	-	299,129	
Total cash and cash equivalents									4,472,051	(214,412)	4,257,839	

This amount is reflected in the financial statements on the statement of net position as follows:

Cash and cash equivalents - Government activities	\$ 7,940,012
Cash and cash equivalents - Business-type activities	<u>555,457</u>
	<u>\$ 8,495,469</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Pledged Collateral by Depository for Public Funds
June 30, 2018

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2018	Name and Location of Safe Keeper
Centinel Bank	NMMI Revenue Cusip 647183BM3, 3.0% 6/1/2023	\$ 50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Espanola School District Cusip 29662RBA5, 2.125% 9/1/2025	100,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Ally Bank Cusip 02006LWX7, 1.7% 12/24/2018	124,500	Texas Independent Bank Dallas, Texas
Centinel Bank	Questa Independent School District Cusip 748352CT6, 3.5% 9/1/2020	100,000	Texas Independent Bank Dallas, Texas
Centinel Bank	West Las Vegas NM School District Cusip 953769KV7, 2%, 8/15/2020	125,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Hobbs School District Cusip 433866EV8, 2.25% 7/15/2021	<u>50,000</u>	Texas Independent Bank Dallas, Texas
Subtotal Centinel Bank		549,500	
Peoples/Hillcrest Bank	FNMA 2011-1141 CA2, Cusip 3136A25W9, 2%, 12/25/2025	<u>1,790,080</u>	FTN Financial Memphis, Tennessee
Total Pledged Collateral		\$ <u>2,339,580</u>	

See independent auditors' report.

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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***

The Governing Board
Village of Taos Ski Valley
Taos Ski Valley, NM
and
Mr. Wayne Johnson, New Mexico State Auditor

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, 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 (Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 the 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 is 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 the 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 12, 2018

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Summary Schedule of Findings and Responses
June 30, 2018

Current Year Findings:

None.

Prior Year Findings:

2017-001 Noncompliance with Governmental Conduct Act	Resolved
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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Other Disclosures
June 30, 2018

AUDITOR PREPARED FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of Management of the Village and are based on information from the Village's financial records. Assistance was provided by Burt & Company CPAs, LLC to the Village in preparing the financial statements.

EXIT CONFERENCE

The contents of this report were discussed on December 12, 2018. The following individuals were in attendance.

Village of Taos Ski Valley

Christof Brownell, Mayor
Mark G. Fratrack, Village Administrator
John Avila, Incoming Village Administrator
Nancy Grabowski, Finance Director

Burt & Company CPAs, LLC

Ronald E. Schranz, CPA, CVA
Misty L. Schuck, CPA, CGMA, CFE, CGFM (telephonically)