

STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT

JUNE 30, 2012

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INTRODUCTORY SECTION

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State of New Mexico
 Village of Taos Ski Valley
 ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2012

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OFFICIAL ROSTER
June 30, 2012

Name

Village Council

Title

Neal King

Mayor

Barbara Wiard

Mayor Pro-tem

Kathy Bennett

Council Member

J. Christopher Stagg

Council Member

Thomas Wittman

Council Member

Village Officials

Vanessa Chisholm

Village Clerk/Treasurer

Mark G. Fratrack

Village Administrator

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Village Council
Village of Taos Ski Valley
Taos Ski Valley, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Taos Ski Valley (the "Village") as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparison statements of each of the Village's non-major governmental funds and the budgetary comparisons for the major capital projects fund, and the enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of Village of Taos Ski Valley's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Village of Taos Ski Valley as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison statements for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Village of Taos Ski Valley as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison statements for each non-major governmental fund, the major capital projects fund, and the enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Where Quality & Accuracy Count

6565 Americas Parkway NE, Ste 670
Albuquerque, NM 87110

Office: 505-563-5525
Fax: 505-563-5524

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012 on our consideration of the Village of Taos Ski Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-20 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 the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Village of Taos Ski Valley's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison statements. The accompanying financial information listed as supporting Schedules I and II in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Taos Ski Valley. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Precision Accounting, LLC

Albuquerque, New Mexico

September 21, 2012

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STATE OF NEW MEXICO
Village of Taos Ski Valley
Management's Discussion and Analysis
for the Year Ended June 30, 2012
Unaudited

As management of Village of Taos Ski Valley, we offer readers of Village of Taos Ski Valley financial statements this narrative overview and analysis of the financial activities of Village of Taos Ski Valley for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements of Village of Taos Ski Valley and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets \$ 6,896,788 of Village of Taos Ski Valley exceeded its liabilities of \$ 2,731,477 at the close of the most recent fiscal year by \$ 4,165,311 (*net assets*). Of this amount, \$ 998,573 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$ 97,743 during the fiscal year. The majority of this increase is due to the Village controlling expenditures.
- As of June 30, 2012, the Village's governmental funds reported combined ending fund balances of \$1,037,111 of this total; \$ 62,880 is restricted for capital projects and \$ 455,906 is restricted for special revenue projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Village of Taos Ski Valley's basic financial statements. Village of Taos Ski Valley's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of Village of Taos Ski Valley's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Village of Taos Ski Valley is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 Village of Taos Ski Valley that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Village of Taos Ski Valley include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include Sewer, Water & Trash Utility billing and various licensing.

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

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Village of Taos Ski Valley
Management's Discussion and Analysis
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Unaudited

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. Village of Taos Ski Valley, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Village of Taos Ski Valley can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

Village of Taos Ski Valley maintains eight individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodger's Tax Fund, Infrastructure Fund, Law Enforcement Fund, Fire Fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-59 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 65-75 of this report.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Management's Discussion and Analysis
for the Year Ended June 30, 2012
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second 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 Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Village of Taos Ski Valley, assets exceeded liabilities by \$ 4,165,311 at the close of the current fiscal year.

The largest portion of Village of Taos Ski Valley's net assets represents the Village's investment of \$ 2,674,692 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. Village of Taos Ski Valley uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Village of Taos Ski Valley's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Taos Ski Valley's Net Assets						
	June 30, 2012			June 30, 2011		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Assets						
Current and other assets	1,097,553	801,669	1,899,222	1,013,310	803,980	1,817,290
Capital assets, net of accumulated depreciation	1,420,635	3,576,931	4,997,566	1,425,501	3,761,661	5,187,162
Total Assets	2,518,188	4,378,600	6,896,788	2,438,811	4,565,641	7,004,452
Liabilities						
Long-term liabilities outstanding	465,319	1,929,703	2,395,022	569,899	2,039,166	2,609,065
Other Liabilities	186,112	150,343	336,455	164,721	163,098	327,819
Total Liabilities	651,431	2,080,046	2,731,477	734,620	2,202,264	2,936,884
Net Assets						
Invested in capital assets, net of related debt	905,984	1,768,708	2,674,692	812,772	37,016	849,788
Restricted	455,030	37,016	492,046	412,972	-	412,972
Unrestricted	505,743	492,830	998,573	478,447	2,326,361	2,804,808
Total Net Assets	1,866,757	2,298,554	4,165,311	1,704,191	2,363,377	4,067,568
Total Liabilities and Net Assets	2,518,188	4,378,600	6,896,788	2,438,811	4,565,641	7,004,452

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

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

The Village of Taos Ski Valley's total net assets increased by \$97,743 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of increased expenses in the governmental activities and decreased expenses in the business-type activities during the fiscal year.

Changes in Net Assets
For the Year Ended June 30, 2012

Analysis of Changes in Net Assets	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	77,181	899,866	977,047
Operating grants and contributions	151,448	-	151,448
Capital Grants and Contributions	37,500	-	37,500
General Revenue			
Property Tax	192,615	-	192,615
Franchise Tax	-	-	-
Gross Receipts Tax	939,132	-	939,132
Motor Vehicle and Fuel Tax	315,311	-	315,311
Interest Income	1,432	1,031	2,463
Misc Revenues	62,775	(35)	62,740
Total Revenue	1,777,394	900,862	2,678,256
Expenses			
General Government	834,155	-	834,155
Public Safety	244,249	-	244,249
Culture and Recreation	244,389	-	244,389
Health and Welfare	98,657	-	98,657
Public Works	154,723	-	154,723
Interest on Long-term debt	103,297	-	103,297
Joint Utilities	-	901,041	901,041
Total Expenses	1,679,470	901,041	2,580,511
(Decrease) Increase in Assets before transfer	97,922	(179)	97,743
Transfers	64,644	(64,644)	-
(Decrease) Increase in Net Assets	162,566	(64,823)	97,743
Net Assets, Beginning of Year, restated	1,704,191	2,363,377	4,067,568
Ending Net Assets	1,866,757	2,298,554	4,165,311

Governmental activities: Governmental activities increased the Village of Taos Ski Valley's net assets by \$162,566. The key element of this increase is a result of the Village controlling expenditures.

Business-type activities: Business-type activities decrease the Village's net assets by \$64,823. The key element of this decrease was a decrease in revenues of 472,071 or 34% and a decrease in expenditures of 662,209 or 42.%.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Management's Discussion and Analysis
for the Year Ended June 30, 2012
Unaudited

Changes in Net Assets
For the Year Ended June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	67,479	1,063,681	1,131,160
Operating grants and contributions	153,313	315,776	469,089
Capital Grants and Contributions	33,618		33,618
General Revenue			
Property Tax	183,529	-	183,529
Franchise Tax	-	-	-
Gross Receipts Tax	419,690	-	419,690
Motor Vehicle and Fuel Tax	231,539	-	231,539
Interest Revenues	1,706	535	2,241
Misc Revenues	73,169	(7,089)	66,080
Total Revenue	1,164,043	1,372,903	2,536,946
Expenses			
General Government	943,257	-	943,257
Public Safety	220,937	-	220,937
Culture and Recreation	220,064	-	220,064
Health and Welfare	77,137	-	77,137
Public Works	77,521	-	77,521
Interest on Long-term debt	58,969	-	58,969
Joint Utilities	-	1,563,250	1,563,250
Total Expenses	1,597,885	1,563,250	3,161,135
(Decrease) Increase in Assets before transfer	(433,842)	(183,258)	(867,684)
Transfers	42,984	(50,073)	(7,089)
(Decrease) Increase in Net Assets	(390,858)	(233,331)	(624,189)
Net Assets, Beginning of Year	2,095,049	2,583,958	4,679,007
Ending Net Assets	1,704,191	2,350,627	4,054,818

STATE OF NEW MEXICO
Village of Taos Ski Valley
Management's Discussion and Analysis
for the Year Ended June 30, 2012
Unaudited

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

Governmental funds. The focus of Village of Taos Ski Valley's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Village of Taos Ski Valley's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. 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, Village of Taos Ski Valley's governmental funds reported combined ending fund balances of \$1,037,111, an increase of \$78,110 in comparison with the prior year. Of this amount, \$474,873 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$455,906 constitutes reserved fund balances for special revenue funds and \$62,880 constitutes reserved fund balance for capital project funds.

Revenues for governmental activities overall totaled \$1,797,184 in the fiscal year ended June 30, 2012, which represents an increase of \$112,673 from the fiscal year ended June 30, 2011. Expenditures for governmental activities, totaling \$1,783,718, increased by \$79,068 from the fiscal year ended June 30, 2011. In the fiscal year ended June 30, 2012, expenditures exceed revenues by \$13,466.

The General Fund is the chief operating fund of Village of Taos Ski Valley. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$518,325, of which \$43,452 was assigned.

The fund balance of Village of Taos Ski Valley's general fund decreased by \$(52,640) during the current fiscal year due to expenditures and operating transfers in excess of revenues. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2012 due to an increase in general fund revenues.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance \$161,413. The net increase in fund balance for the current year was \$70,166 increase in fund balance is due primarily to a better than expected revenue during ski season.

Infrastructure. The Infrastructure Fund has a fund balance of \$62,880. The net decrease in fund balance for the year was \$(750). The decrease was primarily due to an increase in expenditures.

Law Enforcement Fund. The Law Enforcement Fund has a fund balance of \$21,985 The net increase in fund balance of \$15,704 is due to carry over from prior year. The Village purchases police vehicles every other year.

Fire Fund. The Fire Fund has fund balance of \$257,532. The net increase in fund balance of \$56,731 is primarily due to increase in revenues and a decrease in expenditures.

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

At the end of the fiscal year, the unrestricted net assets for Joint Utility was \$2,298,554. The total decrease in net assets for the proprietary funds was \$(64,823). Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

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Unaudited

General Fund Budgetary Highlights

Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Village level, Village of Taos Ski Valley utilizes goals and objectives defined by the Village Councilors, community input meetings, long term plans and input from various staff groups to develop the Village budget. 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
\$ 1,104,511	\$1,123,553	\$(19,042)

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

The Capital Project Funds (non-major) are not included in the original budget which is submitted to the Department of Finance and Administration (DFA). These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment requests (BAR's).

Capital Asset and Debt Administration

Capital assets. Village of Taos Ski Valley's capital assets for its governmental and business-type activities as of June 30, 2012 amount to \$4,997,566 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. There was \$67,320 increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year due primarily to participation in a road project and the purchase of an all in one copier. There was \$6,271 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year.

Capital Assets,
June 30, 2012

Governmental Business-like
Total Activities Activities

	\$	671,054	\$	-	\$	671,054
Infrastructure		130,000		108,378		238,378
Land		274,156		955,436		1,229,592
Construction in Progress		194,502		199,738		394,240
Buildings and improvements		-		129,582		129,582
Vehicles		-		33,196		33,196
Easements		-		4,681,834		4,681,834
Water and Sanitation Plant		1,228,493		1,069,302		2,297,795
Equipment		2,498,205		7,177,466		9,675,671
Total capital assets		1,077,570		3,600,535		4,678,105
Accumulated depreciation		1,420,635		3,576,931		4,997,566
Capital assets, net of accumulated depreciation	\$		\$		\$	

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

Debt Administration- At the end of the current fiscal year, Village of Taos Ski Valley had total long-term obligations outstanding of \$ 2,322,874. Of this amount, \$1,317,373 is loan with the gross revenue from utility operations pledged to pay the payments.

Village of Taos Ski Valley's Outstanding Debt
As of June 30, 2012

	Governmental Activities	Business-like Activities	Total
Wastewater Facility Construction	\$ -	\$ 1,317,373	\$ 1,317,373
2011 Case Loader	14,724	29,447	44,171
NMFA Multipurpose Building	499,927	-	499,927
Water Project Fund	-	461,403	461,403
Total long-term liabilities	\$ 514,651	\$ 1,808,223	\$ 2,322,874

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

Economic Factors and Next Year's Budgets and Rates

There are no currently known facts, decisions, or conditions that are expected to have a significant effect or impact on the Village's financial position or operations. Mil levy rates were increased in an effort to restore reserve funds.

REQUESTS FOR INFORMATION

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

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

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF NET ASSETS
June 30, 2012

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,090,071	\$ 668,431	\$ 1,758,502
Taxes receivable	-	-	-
Accounts receivable	7,482	56,332	63,814
Inventory	-	76,906	76,906
	1,097,553	801,669	1,899,222
Total Current Assets			
Noncurrent Assets			
Capital assets	2,498,205	7,177,466	9,675,671
Less: accumulated depreciation	(1,077,570)	(3,600,535)	(4,678,105)
	1,420,635	3,576,931	4,997,566
Total Noncurrent Assets			
Total Assets	\$ 2,518,188	\$ 4,378,600	\$ 6,896,788

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF NET ASSETS
June 30, 2012

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 41,503	\$ 27,197	\$ 68,700
Accrued salaries and benefits	14,628	6,728	21,356
Accrued interest	23,623	-	23,623
Accrued compensated absences	4,311	1,125	5,436
Current portion of loans/bonds payable	102,047	115,293	217,340
Total Current Liabilities	186,112	150,343	336,455
Noncurrent Liabilities			
Connection charges Payable	-	215,520	215,520
Accrued Compensated Absences	52,715	21,253	73,968
Loans/bonds payable	412,604	1,692,930	2,105,534
Total Noncurrent Liabilities	465,319	1,929,703	2,395,022
Total Liabilities	651,431	2,080,046	2,731,477
Net Assets			
Invested in capital assets, net of related debt	905,984	1,768,708	2,674,692
Restricted for:			
Capital projects	221,871	-	221,871
Special revenue funds	233,159	-	233,159
Debt Service funds	-	37,016	37,016
Unrestricted	505,743	492,830	998,573
Total Net Assets	1,866,757	2,298,554	4,165,311
Total Net Assets and Liabilities	\$ 2,518,188	\$ 4,378,600	\$ 6,896,788

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2012

Exhibit A-2

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government			
General government	\$ 834,155	\$ 42,953	\$ 35,000
Public safety	244,249	15,553	116,448
Public works	154,723	17,579	-
Culture and recreation	244,389	1,096	-
Health and welfare	98,657	-	-
Interest on long-term debt	103,297	-	-
	<u>1,679,470</u>	<u>77,181</u>	<u>151,448</u>
<i>Total governmental activities</i>			
Business-type Activities:			
Joint Utilities	901,041	899,866	-
	<u>901,041</u>	<u>899,866</u>	<u>-</u>
<i>Total business type activities</i>			
	<u>901,041</u>	<u>899,866</u>	<u>-</u>
<i>Total</i>	<u>\$ 2,580,511</u>	<u>\$ 977,047</u>	<u>\$ 151,448</u>

General Revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Franchise taxes

Gross receipts taxes

Public service taxes

Interest income

Miscellaneous income

Transfers

Total General Revenues and Transfers

Changes in net assets

Net assets, beginning

Net assets, ending

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2012

Exhibit A-2

<u>Program Revenues</u>	<u>Net Program (Expense) Revenue and Changes in Net Assets</u>		
	<u>Primary Government</u>		
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ -	\$ (756,202)	\$ -	\$ (756,202)
-	(112,248)	-	(112,248)
37,500	(99,644)	-	(99,644)
-	(243,293)	-	(243,293)
-	(98,657)	-	(98,657)
-	(103,297)	-	(103,297)
<u>37,500</u>	<u>(1,413,341)</u>	<u>-</u>	<u>(1,413,341)</u>
<u>-</u>	<u>-</u>	<u>(1,175)</u>	<u>(1,175)</u>
<u>-</u>	<u>-</u>	<u>(1,175)</u>	<u>(1,175)</u>
<u>\$ 37,500</u>	<u>(1,413,341)</u>	<u>(1,175)</u>	<u>(1,414,516)</u>
	192,615	-	192,615
	-	-	-
	-	-	-
	-	-	-
	939,132	-	939,132
	315,311	-	315,311
	1,432	1,031	2,463
	62,773	(35)	62,738
	<u>64,644</u>	<u>(64,644)</u>	<u>-</u>
	<u>1,575,907</u>	<u>(63,648)</u>	<u>1,512,259</u>
	<u>162,566</u>	<u>(64,823)</u>	<u>97,743</u>
	<u>1,704,191</u>	<u>2,363,377</u>	<u>4,067,568</u>
	<u>\$ 1,866,757</u>	<u>\$ 2,298,554</u>	<u>\$ 4,165,311</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Infrastructure Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 132,615	\$ 4,573	\$ 70,702	\$ 86,171	\$ 294,061
Investments	420,759	153,350	-	221,901	796,010
Accounts and taxes receivable	-	-	-	-	-
Other receivables	3,992	3,490	-	-	7,482
<i>Total assets</i>	<u>\$ 557,366</u>	<u>\$ 161,413</u>	<u>\$ 70,702</u>	<u>\$ 308,072</u>	<u>\$ 1,097,553</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 25,745	\$ -	\$ 5,367	\$ 10,391	\$ 41,503
Accrued salaries and benefits	8,985	-	2,455	3,188	14,628
Accrued compensated absences	4,311	-	-	-	4,311
Deferred revenue	-	-	-	-	-
Due to other governments	-	-	-	-	-
<i>Total liabilities</i>	<u>39,041</u>	<u>-</u>	<u>7,822</u>	<u>13,579</u>	<u>60,442</u>
<i>Fund Balances</i>					
Fund Balance					
Restricted for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	161,413	-	294,493	455,906
Capital Projects Funds	-	-	62,880	-	62,880
Debt Service Funds	-	-	-	-	-
Committed for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Assigned for:					
General Fund	43,452	-	-	-	43,452
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Unassigned for:					
General Fund	474,873	-	-	-	474,873
<i>Total fund balances</i>	<u>518,325</u>	<u>161,413</u>	<u>62,880</u>	<u>294,493</u>	<u>1,037,111</u>
<i>Total liabilities and fund balances</i>	<u>\$ 557,366</u>	<u>\$ 161,413</u>	<u>\$ 70,702</u>	<u>\$ 308,072</u>	<u>\$ 1,097,553</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

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

Fund balances - total governmental funds	\$	1,037,111
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		1,420,635
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Deferred property taxes		-
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		(514,651)
Accrued compensated absences		(52,715)
Accrued interest		(23,623)
		<hr style="border-top: 1px solid black;"/>
Net assets of governmental activities	\$	<u><u>1,866,757</u></u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ending June 30, 2012

	General Fund	Lodgers' Tax Fund	Infrastructure Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes					
Gross receipts taxes	\$ 843,361	\$ -	\$ 76,618	\$ 19,153	\$ 939,132
Property taxes	192,615	-	-	-	192,615
Lodgers' Tax	-	310,321	-	-	310,321
Gasoline tax	-	-	4,990	-	4,990
Intergovernmental Income	40,783	-	37,500	116,448	194,731
Charges for Services	35,000	-	-	-	35,000
Licenses and Fees	62,848	-	29,146	21,898	113,892
Investment Income (Loss)	565	119	113	654	1,451
Miscellaneous	-	3,567	995	490	5,052
	<u>1,175,172</u>	<u>314,007</u>	<u>149,362</u>	<u>158,643</u>	<u>1,797,184</u>
<i>Expenditures:</i>					
Current:					
General Government	846,112	-	-	-	846,112
Public Safety	183,180	-	-	72,728	255,908
Public Works	-	-	178,510	42,943	221,453
Culture and Recreation	-	243,841	-	548	244,389
Health and Welfare	-	-	-	-	-
Capital Outlay	32	-	95,397	8,627	104,056
Debt Service:					
Principal	86,675	-	-	-	86,675
Interest	25,125	-	-	-	25,125
	<u>1,141,124</u>	<u>243,841</u>	<u>273,907</u>	<u>124,846</u>	<u>1,783,718</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>34,048</u>	<u>70,166</u>	<u>(124,545)</u>	<u>33,797</u>	<u>13,466</u>
<i>Other financing sources (uses)</i>					
Transfers (Out)	(447,838)	-	-	(16,772)	(464,610)
Transfers In	361,150	-	123,795	44,309	529,254
<i>Total other financing sources (uses)</i>	<u>(86,688)</u>	<u>-</u>	<u>123,795</u>	<u>27,537</u>	<u>64,644</u>
<i>Net change in fund balance</i>	(52,640)	70,166	(750)	61,334	78,110
<i>Fund balance - beginning of year</i>	<u>570,965</u>	<u>91,247</u>	<u>63,630</u>	<u>233,159</u>	<u>959,001</u>
<i>Fund balance - end of year</i>	<u>\$ 518,325</u>	<u>\$ 161,413</u>	<u>\$ 62,880</u>	<u>\$ 294,493</u>	<u>\$ 1,037,111</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2012

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

Net change in fund balances - total governmental funds	\$	78,110
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures		67,320
Depreciation expense		(72,188)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Property tax revenue recognized when billed in Statement of Activites and when received in Governmental Funds Statement		(19,790)
<p>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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Difference in accrued interest		8,503
Principal payments on notes payable		98,078
Increase in accrued compensated absences		2,533
		162,566
Change in net assets of governmental activities	\$	162,566

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,024,334	\$ 1,024,334	\$ 986,576	\$ (37,758)
Intergovernmental Income	-	-	40,783	40,783
Charges For Services	-	-	35,000	35,000
Licenses and Fees	-	-	62,848	62,848
Interest Income	-	-	566	566
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,024,334	1,024,334	1,125,773	101,439
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	1,104,511	1,104,511	832,781	271,730
Public Safety	-	-	178,940	(178,940)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	32	(32)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,104,511	1,104,511	1,011,753	92,758
<i>Excess (deficiency) of revenues over expenditures</i>	(80,177)	(80,177)	114,020	194,197
<i>Other financing sources (uses)</i>				
Designated Cash	319,745	319,745	-	(319,745)
Transfers In	(239,568)	(239,568)	361,150	600,718
Transfers Out	-	-	(447,838)	(447,838)
<i>Total other financing sources (uses)</i>	80,177	80,177	(86,688)	(166,865)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	27,332	27,332
<i>Cash Balance - Beginning of Year</i>	-	-	526,043	526,043
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 553,375	\$ 553,375
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(82,191)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			2,219	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ (52,640)	

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
LODGERS TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 270,000	\$ 275,446	\$ 311,954	\$ 36,508
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	119	119
Miscellaneous	-	-	3,567	3,567
<i>Total revenues</i>	270,000	275,446	315,640	40,194
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	249,850	255,296	244,923	10,373
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	249,850	255,296	244,923	10,373
<i>Excess (deficiency) of revenues over expenditures</i>	20,150	20,150	70,717	50,567
<i>Other financing sources (uses)</i>				
Designated Cash	(20,150)	(20,150)	-	20,150
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(20,150)	(20,150)	-	20,150
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	70,717	70,717
<i>Cash Balance - Beginning of Year</i>	-	-	87,205	87,205
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 157,922	\$ 157,922
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(1,633)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			1,082	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 70,166	

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

Assets	
Current Assets	
Cash and cash equivalents	\$ 668,431
Accounts receivable, net of allowance	56,332
Inventory	<u>76,906</u>
Total Current Assets	<u>801,669</u>
Noncurrent Assets	
Capital assets	7,177,466
Less: accumulated depreciation	<u>(3,600,535)</u>
Total Noncurrent Assets	<u>3,576,931</u>
Total Assets	<u><u>\$ 4,378,600</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 27,197
Accrued salaries and benefits	6,728
Accrued compensated absences	-
Current portion loans/bonds payable	<u>115,293</u>
Total Current Liabilities	<u>149,218</u>
Noncurrent Liabilities	
Connection charges Payable	215,520
Accrued Compensated Absences	22,378
Loans/bonds payable	<u>1,692,930</u>
Total Noncurrent Liabilities	<u>1,930,828</u>
Total Liabilities	<u>2,080,046</u>
Net Assets	
Invested in capital assets, net of related debt	1,768,708
Restricted for:	
Debt service	37,016
Unrestricted	<u>492,830</u>
Total Net Assets	<u>2,298,554</u>
Total Net Assets and Liabilities	<u><u>\$ 4,378,600</u></u>

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

<i>Operating revenues:</i>	
Charges for services	\$ 937,181
<i>Total operating revenues</i>	<u>937,181</u>
<i>Operating expenses:</i>	
Operating Expenses	191,179
Travel	3,390
Depreciation	191,001
Purchases for Resale	-
Contract Services	214,214
Salaries	238,384
Supplies	<u>75,754</u>
<i>Total operating expenses</i>	<u>913,922</u>
<i>Operating income (loss)</i>	<u>23,259</u>
<i>Non-operating revenues (expenses):</i>	
Interest Income	1,031
Governmental grants	(35)
Interest expense	<u>(24,434)</u>
<i>Total non-operating revenues (expenses)</i>	<u>(23,438)</u>
<i>Income (loss) before transfers</i>	(179)
Transfers	<u>(64,644)</u>
<i>Change in net assets</i>	(64,823)
<i>Net assets, beginning of year</i>	<u>2,363,377</u>
<i>Net assets, end of year</i>	<u><u>\$ 2,298,554</u></u>

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	<u>Joint Utility Fund</u>
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 942,263
Cash payments to employees for services	(244,489)
Cash payments to suppliers for goods and services	(703,478)
Depreciation	191,001
<i>Net cash provided by operating activities</i>	<u>185,297</u>
<i>Cash flows from capital and related financing activities:</i>	
Acquisition of capital assets	(6,271)
Proceeds from loan	-
Principal paid on debt	(105,209)
Government grants	-
Transfers from other funds	(64,644)
Interest paid on debt	(24,434)
<i>Net cash used by financing activities:</i>	<u>(200,558)</u>
<i>Cash flows from capital and related investing activities:</i>	
Interest earned	1,031
<i>Net cash used by investing activities:</i>	<u>1,031</u>
<i>Net decrease in cash and cash equivalents</i>	(14,230)
<i>Cash and cash equivalents - beginning of year</i>	<u>682,661</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 668,431</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>	
<i>by operating activities</i>	
Operating income (loss)	\$ 23,259
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	191,001
Non-operating revenue-Govt Grants	(35)
Changes in assets and liabilities	
Receivables	5,117
Inventory	(17,036)
Accrued expenses	(6,105)
Accounts payable	(10,904)
Accrued compensated absences	-
<i>Net cash (used) by operating activities</i>	<u>\$ 185,297</u>

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies

The Village of Taos Ski Valley (Village) was incorporated in 1996, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

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

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

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14 and No. 39. Blended component units are in substance, although legally separate entities, are part of the government's operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) 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 Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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

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

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

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1.

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

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

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

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

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

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

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

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

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.

Infrastructure Fund (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 Joint Utility Fund (Proprietary funds) as a major business-type fund. Additionally, the government reports the following fund types:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

D. Assets, Liabilities, and Net Assets 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 three months or less from the date of acquisition. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	30
Infrastructure	40
Vehicles	5
Office Equipment	5

Deferred 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 deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

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. Upon termination, employees will be paid for all hours of current year accrued annual leave not yet taken.

Qualified employees are entitled to accumulate sick leave at a rate (8) eight hours per month. Sick leave can be carried over from year to year and up to 700 hours can be accrued. Upon termination employees receive no pay for sick time accumulated.

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Net Asset or Fund Equity:

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

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

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

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

Invested in capital assets, net of related debt consists of net assets 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 debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2012 is presented as part of the budgetary statements.

NOTE 3. Deposits and Investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. 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 Dodd Frank Act of 2011 required that all funds in a non-interest bearing bank

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 3. Deposits and Investments (continued)

account be fully insured by the FDIC through December 31, 2012. The Village of Taos Ski Valley has an interest bearing account therefore; they are not subject to the Dodd-Frank Act of 2011.

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

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

	Type	<u>Centinel Bank</u>
General	Checking	<u>\$ 474,264</u>
Total Deposits		474,264
Less: FDIC Coverage		<u>(250,000)</u>
Total uninsured public funds		<u>224,264</u>
50 % Collateral requirement		112,132
Pledged Securities		339,832
(Over)Under collateralized		(227,700)
Custodial Credit Risk-Deposits		
Account Balance		\$ 474,264
FDIC Insured		250,000
Pledged Collateral:		
Collateral held by the pledging bank, not in the Village's name		
Uninsured and uncollateralized		<u>224,264</u>
Total Deposits		<u><u>\$ 474,264</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$224,264 of the Village's bank balance of \$474,264 was exposed to custodial credit risk.

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

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2012 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$1,090,071
Cash and cash equivalents per Exhibit D-1	668,431
Subtract outstanding deposits and checks	(14,841)
Less Petty Cash	(200)
Less State Treasurers LGIP reflected in investments	<u>(1,269,197)</u>
	<u><u>\$ 474,264</u></u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 3. Deposits and Investments (continued)

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

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

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village’s investments at June 30, 2012 include the following:

State Treasurer LGIP	AAAm	60-day WAM	\$ <u>1,269,197</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2012. Participation in the Local Government Investment Pool is voluntary.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2012.

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4.

Receivables

Receivables as of June 30, 2012, are as follows:

	General Fund	Lodger's Tax Fund	Total
Property Taxes Receivables	\$ -	\$ -	\$ -
Due from other governments:	-	-	-
Other accounts receivable	3,992	3,490	7,482
	<u>\$ 3,992</u>	<u>\$ 3,490</u>	<u>\$ 7,482</u>

	Joint Utility Fund
Accounts receivable, net of allowance of \$0	\$ 56,332
Total	<u>\$ 56,332</u>

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of deferred revenue in the governmental balance sheet. Deferred revenue- property taxes totaled \$0 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 joint utility fund to cover expenditures in other funds.

	Interfund Receivable	Interfund Payable
None at June 30, 2012	\$ -	\$ -

	Transfers In	Transfers Out
General Fund	\$ 361,150	\$ 447,838
Infrastructure Fund	123,795	-
Environmental Gross receipts	21,000	500
EMS	7,007	-
Fire Fund	16,302	16,272
Joint Utility Fund	-	64,644
Total	<u>\$ 529,254</u>	<u>\$ 529,254</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2012, are as follows:

Payable to suppliers	\$ 41,503
Accrued salaries and taxes	<u>14,628</u>
Total accounts payable and accrued expenses	<u><u>\$ 56,131</u></u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2012 follows.

Governmental Activities	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Construction in Progress	<u>274,156</u>	<u>-</u>	<u>-</u>	<u>274,156</u>
Total capital assets not being depreciated	<u>404,156</u>	<u>-</u>	<u>-</u>	<u>404,156</u>
Capital assets being depreciated:				
Buildings & Improvements	194,502	-	-	194,502
Equipment	1,220,019	8,474	-	1,228,493
Infrastructure	<u>612,208</u>	<u>58,846</u>	<u>-</u>	<u>671,054</u>
Total capital assets being depreciated	<u>2,026,729</u>	<u>67,320</u>	<u>-</u>	<u>2,094,049</u>
Total Capital Assets	<u>2,430,885</u>	<u>67,320</u>	<u>-</u>	<u>2,498,205</u>
Less accumulated depreciation:				
Buildings & Improvements	65,922	4,863	-	70,785
Equipment	872,431	52,351	-	924,782
Infrastructure	<u>67,031</u>	<u>14,972</u>	<u>-</u>	<u>82,003</u>
Total Accumulated Depreciation	<u>1,005,384</u>	<u>72,186</u>	<u>-</u>	<u>1,077,570</u>
Total capital assets net of depreciation	<u>\$ 1,425,501</u>	<u>\$ (4,866)</u>	<u>\$ -</u>	<u>\$ 1,420,635</u>

Capital assets, net of accumulated depreciation, at June 30, 2012 appear in the Statement of Net Assets as follows:

Governmental activities	\$ 1,420,635
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Depreciation expense for the year ended June 30, 2012 was charged to the following functions and funds:

General Government	\$ 908
Public Safety	39,807
Public Works	-
Culture and Recreation	-
Health and Welfare	<u>31,471</u>
Total depreciation expense governmental funds	<u><u>\$ 72,186</u></u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6. Capital Assets (continued)

Business-Like Activities	June 30, 2011	Additions	Deletions	June 30, 2012
Capital assets, not being depreciated				
Land	\$ 108,378	-	-	\$ 108,378
Easements	33,196	-	-	33,196
Construction in progress	955,436	-	-	955,436
Total Capital assets, not being depreciated	1,097,010	-	-	1,097,010
 Water and Sanitation Plant	 4,681,834	 -	 -	 4,681,834
Building & Improvements	199,738	-	-	199,738
Equipment	1,063,031	6,271	-	1,069,302
Vehicles	129,582	-	-	129,582
Total Capital assets being depreciated	6,074,185	6,271	-	6,080,456
Total Capital Assets	7,171,195	6,271	-	7,177,466
 Water and Sanitation Plant	 2,490,763	 129,584	 -	 2,620,347
Building & Improvements	145,984	8,427	-	154,411
Equipment	643,205	52,990	-	696,195
Vehicles	129,582	-	-	129,582
Total Accumulated Depreciation	3,409,534	191,001	-	3,600,535
 Total capital assets net of depreciation	 \$ 3,761,661	 \$ 184,730	 \$ -	 \$ 3,576,931

Depreciation expense relating to business-like activities for the year ended June 30, 2012 totaled \$191,001.

NOTE 7. Long-term Debt

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities

	Balance 6/30/2011	Additions	Retirements	Balance 6/30/2012	Due Within One Year
NMFA Infrastructure	\$ 588,822	\$ -	\$ 88,895	\$ 499,927	\$ 92,362
2009 Case Loader	23,907	-	9,183	14,724	9,685
Compensated Absences	55,248	15,678	13,900	57,026	4,311
Total Long-Term Debt	\$ 667,977	\$ 15,678	\$ 111,978	\$ 571,677	\$ 106,359

The annual requirements to amortize the loan payable to NMFA as of June 30, 2012, including interest payments are as follows:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the loans payable to the NMFA Infrastructure Improvements as of June 30, 2012, including interest payments are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 92,362	\$ 20,025	\$ 112,387
2014	95,991	16,405	112,396
2015	99,792	12,613	112,405
2016	103,784	8,631	112,415
2017	107,998	4,428	112,426
2018-2021	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 499,927</u>	<u>\$ 62,102</u>	<u>\$ 562,029</u>

The unused loan proceeds for infrastructure improvements have not been drawn down and the Village of Taos Ski Valley plans on utilizing the balance of the debt for other purposes this year.

The annual requirements to liquidate the 2011 Case Loader as of June 30, 2012 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 9,685	\$ 1,166	\$ 10,851
2014	<u>5,039</u>	<u>801</u>	<u>5,840</u>
Total	<u>\$ 14,724</u>	<u>\$ 1,967</u>	<u>\$ 16,691</u>

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

Business-type Activities:

<u>Description</u>	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2012</u>	<u>Due Within One Year</u>
Wastewater Facility Loan	\$ 1,386,141	\$ -	\$ 68,768	\$ 1,317,373	\$ 70,831
2009 Case Loader	47,813	-	18,366	29,447	19,369
Water Project Fund	486,433	-	25,030	461,403	25,093
Compensated Absences	<u>15,424</u>	<u>28,307</u>	<u>21,353</u>	<u>22,378</u>	<u>1,125</u>
Total	<u>\$ 1,935,811</u>	<u>\$ 28,307</u>	<u>\$ 133,517</u>	<u>\$ 1,830,601</u>	<u>\$ 116,418</u>

In addition to the Village's Long Term Debt, they have a long term accrued liability for connection charges payable of \$ 215,520 at June 30, 2012. Payments on these payables will be made upon termination of services by customers.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the Wastewater Facility Construction Loan as of June 30, 2012, including interest payments are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 70,831	\$ 39,521	\$ 110,352
2014	72,956	37,396	110,352
2015	75,144	35,208	110,352
2016	77,398	32,953	110,351
2017	79,720	30,631	110,351
2018-2022	435,945	115,814	551,759
2023-2027	505,379	46,380	551,759
Total	<u>\$ 1,317,373</u>	<u>\$ 337,903</u>	<u>\$ 1,655,276</u>

The annual requirements to liquidate the 2011 Case Loader as of June 30, 2012 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 19,369	\$ 2,333	\$ 21,702
2014	<u>10,078</u>	<u>1,600</u>	<u>11,678</u>
Total	<u>\$ 29,447</u>	<u>\$ 3,933</u>	<u>\$ 33,380</u>

The annual requirements to amortize the Water Project Fund as of June 30, 2012, including interest payments are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,093	\$ 1,154	\$ 26,247
2014	25,156	1,091	26,247
2015	25,219	1,028	26,247
2016	25,282	965	26,247
2017	25,345	902	26,247
2018-2022	127,678	3,555	131,233
2023-2027	129,283	1,921	131,204
2028-2032	78,347	392	78,739
Total	<u>\$ 461,403</u>	<u>\$ 11,008</u>	<u>\$ 472,411</u>

Operating Leases

The Village has entered into three short term leases of which the annual requirements are disclosed as follows:

<u>Year Ended</u>	<u>Total</u>
2012	<u>\$ 10,238</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 8. Risk Management

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

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

At June 30, 2012, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

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

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.

None

NOTE 10. Pension Plans

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

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

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

On March 1, 2011, the Village adopted the State of New Mexico Public Employee Retirement Association (PERA) pension plan (see Note 11). At the time the Village adopted PERA as the new Village pension plan, employees were given the option of electing to continue to participate with MPPP or switching to PERA. As of March 19, 2012, three employees have elected and continue to be covered under the MPPP.

For the fiscal years ending June, 30, 2012, 2011, and 2010 respectively the Village incurred \$ 60,656, \$ 55,089, and \$ 53,828 in total pension costs. Pension costs are in current service costs accrued and funded on a current basis. There are no prior service costs. Total compensation for the years ended June 30, 2012, 2011, and 2010 respectively was \$ 790,595, \$1,112,760, and \$746,861.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11. PERA Pension Plans

Plan Description. All but three of the Village of Taos Ski Valleys' full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Effective March 1, 2011, plan members are required to contribute 5% or 7% (police) of their gross salary. The Village of Taos Ski Valley is required to contribute 9% to 10% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Village of Taos Ski Valley are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village of Taos Ski Valley's contributions to PERA for the fiscal year ending June 30, 2012 was \$38,499 and \$10,489 for 2011, their initial year of participation.

NOTE 12. Post-Employment Benefits

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

NOTE 13. Contingent Liabilities

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

NOTE 14. Federal and State Grants

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

NOTE 15. Water Rights

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

Diversion Points:

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

Kachina (Phoenix) Spring:

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 15. Water Rights (continued)

Gunsite Spring:

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

Beaver pond:

This point is developed but no 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 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.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 16. Joint Powers Agreements

Creation of “The Enchanted Circle Regional Fire Protection Association”

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

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

Responsible Party for Operation and Audit: The Town of Taos

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

Total Estimated Amount of Project and Actual Amount Contributed: None

Energy Minerals and Natural Resources Department

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

Participants: The Village of Taos Ski Valley and EMNRD

Responsible Party for Operation and Audit: EMNRD

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

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

NOTE 16. Commitments

The Village had the following commitments on contracts at June 30, 2012:

VIS-COM Inc. for the Kachina Lift Station and Force Main Project. The contract amount is \$ 270,971.00. At June 30, 2012, The Village of Taos Ski Valley had an outstanding balance due of \$ 68,976.

Parker for the Base Village Water System Improvements. The contract amount is \$626,522.00. At June 30, 2012, The Village of Taos Ski Valley had an outstanding balance due of \$ 159,263.

NOTE 17. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 64. Statement 64 is effective for financial statements for periods beginning after December 15, 2012, with early application encouraged. The objective of this statement is clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty’s credit support provider is replaced. The Village is reviewing the effects of the implementation of this statement but does not believe it will have an impact on their financial statements.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 17. Subsequent Accounting Standard Pronouncements (continued)

The GASB issued Statement No. 65, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Village is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The Village is reviewing the effects of the implementation of this statement.

NOTE 18. Subsequent Review

The Village of Taos Ski Valley has evaluated subsequent events through September 21, 2012, which is the date the financial statements were dated.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
June 30, 2012

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. Funding is provided by a ¼ of 1% tax on the Gross Receipts within the Village.

Emergency 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

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

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.

Fire Fund

To account for the revenues for the state fire allotment and public safety related expenditures. Authority NMSA 1978 59A-53-1 to 17.

PROPRIETARY MAJOR FUNDS

Joint Utility 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, 2012

Schedule A-1
1 of 2

	Environmental Gross Receipts Tax Fund	Emergency Services Fund	Recreation Fund	Law Enforcement Protection Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 13,140	\$ 9,891	\$ 5,017	\$ 21,985
Investments	-	-	-	-
Other receivables	-	-	-	-
<i>Total assets</i>	<u>\$ 13,140</u>	<u>\$ 9,891</u>	<u>\$ 5,017</u>	<u>\$ 21,985</u>
<i>Liabilities</i>				
Accounts payable	\$ 2,683	\$ 855	\$ -	\$ 6,346
Accrued salaries and benefits	-	-	-	3,188
Accrued compensated absences	-	-	-	-
<i>Total liabilities</i>	<u>2,683</u>	<u>855</u>	<u>-</u>	<u>9,534</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	10,457	9,036	5,017	12,451
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
<i>Total fund balances</i>	<u>10,457</u>	<u>9,036</u>	<u>5,017</u>	<u>12,451</u>
<i>Total liabilities and fund balances</i>	<u>\$ 13,140</u>	<u>\$ 9,891</u>	<u>\$ 5,017</u>	<u>\$ 21,985</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2012

Schedule A-1
 2 of 2

Fire Fund	Total Nonmajor Governmental Funds
\$ 36,138	\$ 86,171
221,901	221,901
-	-
\$ 258,039	308,072
\$ 507	\$ 10,391
-	3,188
-	-
507	13,579
-	-
257,532	294,493
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
257,532	294,493
\$ 258,039	\$ 308,072

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, 2012

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Recreation Fund	Law Enforcement Protection fund
<i>Revenues:</i>				
Taxes				
Gross receipts taxes	\$ 19,153	\$ -	\$ -	\$ -
Intergovernmental Income	-	5,084	-	21,800
Charges for Services	-	-	-	-
Licenses and Fees	5,758	502	1,096	492
Investment Income (Loss)	7	45	7	19
Miscellaneous	-	295	-	-
<i>Total revenues</i>	<u>24,918</u>	<u>5,926</u>	<u>1,103</u>	<u>22,311</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	27,064	-	3,807
Public Works	42,943	-	-	-
Culture and Recreation	-	-	548	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	2,800
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>42,943</u>	<u>27,064</u>	<u>548</u>	<u>6,607</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18,025)</u>	<u>(21,138)</u>	<u>555</u>	<u>15,704</u>
<i>Other financing sources (uses)</i>				
Transfers In	21,000	7,007	-	-
Transfers Out	(500)	-	-	-
<i>Total other financing sources (uses)</i>	<u>20,500</u>	<u>7,007</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	2,475	(14,131)	555	15,704
<i>Fund balances - beginning of year</i>	<u>7,982</u>	<u>23,167</u>	<u>4,462</u>	<u>(3,253)</u>
<i>Fund balances - end of year</i>	<u>\$ 10,457</u>	<u>\$ 9,036</u>	<u>\$ 5,017</u>	<u>\$ 12,451</u>

Fire Fund	Total Nonmajor Governmental Funds
\$ -	\$ 19,153
89,564	116,448
-	-
14,050	21,898
576	654
195	490
<u>104,385</u>	<u>158,643</u>
-	-
41,857	72,728
-	42,943
-	548
-	-
5,827	8,627
-	-
-	-
<u>47,684</u>	<u>124,846</u>
<u>56,701</u>	<u>33,797</u>
16,302	44,309
<u>(16,272)</u>	<u>(16,772)</u>
<u>30</u>	<u>27,537</u>
56,731	61,334
<u>200,801</u>	<u>233,159</u>
<u>\$ 257,532</u>	<u>\$ 294,493</u>

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
ENVIRONMENTAL GROSS RECEIPTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 36,020	\$ 36,020	\$ 20,345	\$ (15,675)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	5,759	5,759
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	36,020	36,020	26,111	(9,909)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	4,600	-	4,600
Public Works	44,389	44,389	42,578	1,811
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	44,389	48,989	42,578	6,411
<i>Excess (deficiency) of revenues over expenditures</i>	(8,369)	(12,969)	(16,467)	(3,498)
<i>Other financing sources (uses)</i>				
Designated Cash	(8,369)	(12,969)	-	(12,969)
Transfers (In) Out	-	-	20,500	20,500
<i>Total other financing sources (uses)</i>	(8,369)	(12,969)	20,500	7,531
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(16,738)	(25,938)	4,033	4,033
<i>Cash Balance - Beginning of Year</i>	-	-	9,108	9,108
<i>Cash Balance - End of Year</i>	\$ (16,738)	\$ (25,938)	\$ 13,141	\$ 13,141
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(1,192)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(366)	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 2,475	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
EMERGENCY MEDICAL SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	5,580	5,580	5,084	(496)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	502	502
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	45	45
Miscellaneous	-	-	295	295
<i>Total revenues</i>	5,580	5,580	5,926	346
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	22,841	22,841	26,209	(3,368)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	22,841	22,841	26,209	(3,368)
<i>Excess (deficiency) of revenues over expenditures</i>	(17,261)	(17,261)	(20,283)	(3,022)
<i>Other financing sources (uses)</i>				
Designated Cash	17,261	(10,682)	-	10,682
Transfers (In) Out	-	27,943	7,007	(20,936)
<i>Total other financing sources (uses)</i>	17,261	17,261	7,007	(10,254)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(13,276)	(13,276)
<i>Cash Balance - Beginning of Year</i>	-	-	23,167	23,167
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 9,891	\$ 9,891
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(855)	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ (14,131)	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	959	959	1,096	137
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	959	959	1,103	144
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	959	959	548	411
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	959	959	548	411
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	555	555
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	555	555
<i>Fund Balance - Beginning of Year</i>	-	-	4,462	4,462
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 5,017	\$ 5,017
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 555	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	22,282	22,282	21,800	(482)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	492	492
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	19	19
Miscellaneous	-	-	-	-
<i>Total revenues</i>	22,282	22,282	22,311	29
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	6,557	1,105	5,452
Public Works	-	-	-	-
Culture and Recreation	-	15,000	-	15,000
Health and Welfare	-	-	-	-
Capital Outlay	22,282	22,282	-	22,282
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	22,282	43,839	1,105	42,734
<i>Excess (deficiency) of revenues over expenditures</i>	-	(21,557)	21,206	42,763
<i>Other financing sources (uses)</i>				
Designated Cash	-	21,557	-	(21,557)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	21,557	-	(21,557)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	21,206	21,206
<i>Cash Balance - Beginning of Year</i>	-	-	779	779
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 21,985	\$ 21,985
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(5,502)	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 15,704	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	89,564	89,564
Charges For Services	-	-	-	-
Licenses and Fees	-	-	14,050	14,050
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	576	576
Miscellaneous	103,937	103,937	193	(103,744)
<i>Total revenues</i>	<u>103,937</u>	<u>103,937</u>	<u>104,383</u>	<u>446</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	126,189	126,189	43,311	82,878
Public Works	-	-	-	-
Culture and Recreation	-	15,000	-	15,000
Health and Welfare	-	-	-	-
Capital Outlay	-	-	5,827	(5,827)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>126,189</u>	<u>141,189</u>	<u>49,138</u>	<u>92,051</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(22,252)</u>	<u>(37,252)</u>	<u>55,245</u>	<u>92,497</u>
<i>Other financing sources (uses)</i>				
Designated Cash	22,252	37,252	-	(37,252)
Transfers (In) Out	-	-	30	30
<i>Total other financing sources (uses)</i>	<u>22,252</u>	<u>37,252</u>	<u>30</u>	<u>(37,222)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	55,275	55,275
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>202,764</u>	<u>202,764</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>258,039</u>	<u>\$ 258,039</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>1,456</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 56,731</u>	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
INFRASTRUCTURE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 129,370	\$ 129,370	\$ 86,794	\$ (42,576)
Intergovernmental Income	-	-	37,500	37,500
Charges For Services	-	-	-	-
Licenses and Fees	-	-	30,275	30,275
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	113	113
Miscellaneous	-	-	995	995
<i>Total revenues</i>	129,370	129,370	155,677	26,307
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	304,990	304,990	174,340	130,650
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	95,397	(95,397)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	304,990	304,990	269,737	35,253
<i>Excess (deficiency) of revenues over expenditures</i>	(175,620)	(175,620)	(114,060)	61,560
<i>Other financing sources (uses)</i>				
Designated Cash	175,620	175,620	-	(175,620)
Transfers (In) Out	-	-	123,795	123,795
<i>Total other financing sources (uses)</i>	175,620	175,620	123,795	(51,825)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	9,735	9,735
<i>Cash Balance - Beginning of Year</i>	-	-	60,967	60,967
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 70,702	\$ 70,702
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(6,315)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(4,170)	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ (750)	

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
JOINT UTILITY PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	905,989	905,989	937,181	31,192
Investment Income(Loss)	-	-	1,031	1,031
Miscellaneous	<u>2,608,963</u>	<u>2,608,963</u>	<u>(35)</u>	<u>(2,608,998)</u>
<i>Total revenues</i>	<u>3,514,952</u>	<u>3,514,952</u>	<u>938,177</u>	<u>(2,576,775)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	1,162,898	1,162,898	191,179	971,719
Travel	-	-	3,390	(3,390)
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	191,001	(191,001)
Purchases for Resale	-	-	-	-
Contract Services	-	-	214,214	(214,214)
Salaries	439,796	519,796	238,384	281,412
Supplies	-	-	75,754	(75,754)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	56,474	24,434	32,040
<i>Total expenditures</i>	<u>1,602,694</u>	<u>1,739,168</u>	<u>938,356</u>	<u>800,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,912,258</u>	<u>1,775,784</u>	<u>(179)</u>	<u>(1,775,963)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(2,206,330)	(2,069,856)	-	2,069,856
Transfers (In) Out	<u>294,072</u>	<u>294,072</u>	<u>(64,644)</u>	<u>(358,716)</u>
<i>Total other financing sources (uses)</i>	<u>(1,912,258)</u>	<u>(1,775,784)</u>	<u>(64,644)</u>	<u>1,711,140</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(64,823)	(64,823)
<i>Fund balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>2,363,377</u>	<u>2,363,377</u>
<i>Fund balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>2,298,554</u>	<u>\$ 2,298,554</u>

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
SCHEDULE OF CASH AND INVESTMENT ACCOUNTS
JUNE 30, 2012

Schedule I

Bank Account Type/Name	Centinel Bank	Total
Checking - General	\$ 168,295	\$ 168,295
Checking - General Government Impact Fee	70,774	70,774
Checking - Roads Impact Fee	66,254	66,254
Checking - EMS Impact Fee	2,059	2,059
Checking - Parking and Recreation Impact Fee	4,690	4,690
Checking - Law Enforcement Impact Fee	823	823
Checking - Replacement Reserve	74,051	74,051
Checking - Fire Dept Debt Service	55,085	55,085
Checking - Fire Department Impact Fee	32,233	32,233
Total On Deposit	474,264	474,264
Reconciling Items	14,841	14,841
Reconciled Balance	<u>\$ 489,105</u>	\$ 489,105
Petty cash		200
Investments in NM State Treasurer		1,269,197
Total June 30, 2012		<u>\$ 1,758,502</u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Governmental activities Ex-B-1	\$ 1,090,071
Cash and cash equivalents-Business type activities Ex-D-1	668,431
	<u>\$ 1,758,502</u>

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2012

Schedule II

Name of Depository	Description of Pledged Collateral	Par Value June 30, 2012	Name and Location of Safekeeper
Centinel Bank	FFCB Cusip 31331GCR8 4.25% Due 09/30/15	\$ 339,832	Texas Independent Bank Dallas, Texas
		<u>\$ 339,832</u>	

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COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Village Council
Village of Taos Ski Valley
Taos Ski Valley, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Taos Ski Valley (Village), as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated September 21, 2012. We also have audited the financial statements and budgetary comparison schedules of each of the Village's non-major governmental funds and the major capital projects fund and the enterprise fund presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012. 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.

Internal Control Over Financial Reporting

Management of the Village of Taos Ski Valley is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing an audit, we considered Village of Taos Ski Valley's internal control over financial reporting as a basis for designing our auditing procedures 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 of Taos Ski Valley's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Taos Ski Valley's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Village of Taos Ski Valley's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Where Quality & Accuracy Count

6565 Americas Parkway NE, Ste 670
Albuquerque, NM 87110

Office: 505-563-5525
Fax: 505-563-5524

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Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, the New Mexico State Auditor, the New Mexico Department of Finance and Administration, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Precision Accounting LLC".

Precision Accounting LLC
Albuquerque, New Mexico
September 21, 2012

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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2012

A. FINDINGS-FINANCIAL STATEMENT AUDIT

None

B. PRIOR YEAR AUDIT FINDINGS

FS 2012-01 Travel and Per Diem-cleared

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
OTHER DISCLOSURES
June 30, 2012

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

The contents of this report were discussed on September 13, 2012. The following individuals were in attendance.

Village of Taos Ski Valley
Barbara Wiard, Mayor Pro Tem
Vanessa Chisholm, Village Clerk/Treasurer
Mark G. Fratrack, Village Administrator

Precision Accounting LLC
Melissa R. Santistevan, CPA, CFE, CGMA
C. Jack Emmons, CPA, CFE, CGMA