

**STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY**

Annual Financial Report
For the Year Ended June 30, 2019

INTRODUCTORY SECTION

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VILLAGE OF TAOS SKI VALLEY
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STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Official Roster
June 30, 2019

Name

Title

Village Council

Christof Brownell	Mayor
Thomas Wittman	Mayor Pro Tem
J. Christopher Stagg	Council Member
Jeffrey Kern	Council Member
Roger Pattison	Council Member

Village Officials

John Avila	Village Administrator (as of December 2018)
Mark G. Fratrack	Village Administrator (through December 2018)
Nancy Grabowski	Finance Director
Ann Marie Wooldridge	Village Clerk
Anthony Martinez	Public Works Director (as of February 2019)
Ray Keen	Public Works Director (through November 2018)

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Christof Brownell, Mayor
Village Council of the State of New Mexico, Village of Taos Ski Valley
Taos Ski Valley, New Mexico

and Honorable State Auditor Brian S. Colón, Esq.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of the State of New Mexico, Village of Taos Ski Valley (Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

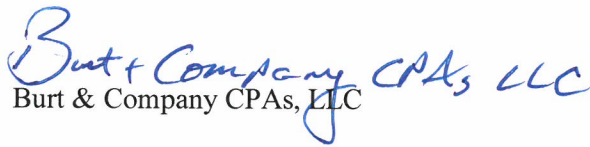
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the Village basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the schedules as required by 2.2.2 NMAC as listed Supporting Schedules in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2020 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.


Burt & Company CPAs, LLC

January 7, 2020

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis
(Unaudited)
June 30, 2019

As management of the State of New Mexico Village of Taos Ski Valley, New Mexico (Village) we offer readers of the Village of Taos Ski Valley financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements of the Village and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of \$32,992,411 of the Village exceeded its liabilities and deferred inflows resources of \$11,517,785 at the close of the most recent fiscal year by \$21,474,626 (*net position*). Of this amount, \$(815,473) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,428,582 during the fiscal year. The majority of this increase is due to the increase in general revenues and transfers.
- As of June 30, 2019, the Village's governmental funds reported combined ending fund balances of \$24,592,407, of this total \$10,154,524 is restricted for capital projects and special revenue projects.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other

STATE OF NEW MEXICO
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Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

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 include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include Sewer, Water & Trash Utility billing and various licensing.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The Village maintains ten individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodger's Tax Fund, Municipal Street Fund, Other Funds, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Lodger's Tax Fund, Municipal Street Fund, Other Funds, and Capital Projects Fund to demonstrate compliance with this budget.

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.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,474,626 at the close of the current fiscal year.

The largest portion of the Village's net position represents the Village's investment of \$11,940,422 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Village of Taos Ski Valley uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

Village of Taos Ski Valley's Net Position						
	June 30, 2019			June 30, 2018		
	Governmental	Business-type	Total	Governmental	Business-type	Total
Assets						
Current and other assets	\$ 13,953,738	831,979	14,785,717	8,147,319	747,510	8,894,829
Capital assets, net of accumulated depreciation	12,841,953	4,874,604	17,716,557	12,296,002	3,758,992	16,054,994
Deferred outflows of resources	383,860	106,277	490,137	316,226	86,256	402,482
Total assets	27,179,551	5,812,860	32,992,411	20,759,547	4,592,758	25,352,305
Liabilities						
Current liabilities	208,040	349,424	557,464	332,275	315,595	647,870
Long-term liabilities outstanding	2,328,172	8,571,880	10,900,052	1,970,836	3,599,258	5,570,094
Total liabilities	2,536,212	8,921,304	11,457,516	2,303,111	3,914,853	6,217,964
Deferred inflows of resources	50,932	9,337	60,269	74,870	13,427	88,297
Net Position						
Invested in capital assets, net of related debt	11,695,505	244,917	11,940,422	11,091,502	194,751	11,286,253
Restricted	10,154,524	195,153	10,349,677	4,593,318	186,756	4,780,074
Unrestricted	2,742,378	(3,557,851)	(815,473)	2,696,746	282,971	2,979,717
Total net position	24,592,407	(3,117,781)	21,474,626	18,381,566	664,478	19,046,044
Total liabilities, deferred inflows and net position	\$ 27,179,551	5,812,860	32,992,411	20,759,547	4,592,758	25,352,305

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

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

The Village's total net position increased by \$2,428,582 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of increased revenues in the governmental activities and decreased expenses in the business-type activities during the fiscal year.

STATE OF NEW MEXICO
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Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

Changes in Net Position
For the Year Ended June 30, 2019

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for services	\$ 694,481	950,775	1,645,256
Operating grants and contributions	227,602	-	227,602
Capital grants and contributions	989,743	-	989,743
General revenue			
Property tax	474,357	-	474,357
Gross receipts tax	2,070,051	-	2,070,051
Fuel tax	5,806	-	5,806
Lodgers tax	520,784	-	520,784
Interest income	126,186	8,073	134,259
Misc. revenues	139,926	25	139,951
Total revenue	5,248,936	958,873	6,207,809
<u>Expenses</u>			
General government	1,232,818	-	1,232,818
Public safety	630,440	-	630,440
Public works	436,447	-	436,447
Culture and recreation	419,499	-	419,499
Health and welfare	108,723	-	108,723
Interest on long-term debt	43,668	-	43,668
Joint utilities	-	906,677	906,677
Total expenses	2,871,595	906,677	3,778,272
(Decrease) increase in assets before transfer	2,377,341	52,196	2,429,537
Transfers	3,834,455	(3,834,455)	-
Gain (loss) on asset disposal	(955)		(955)
(Decrease) increase in net position	6,210,841	(3,782,259)	2,428,582
Net position, beginning of year, restated	18,381,566	664,478	19,046,044
Net position, end of year	\$ 24,592,407	(3,117,781)	21,474,626

Governmental activities: Governmental activities increased the Village's net position by \$6,210,841. The key element of this increase is a result of the Village controlling expenditures and increased revenue.

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VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

Business-type activities: Business-type activities decreased the Village's net position by \$3,782,259. The key element of this decrease is the transfer of the proceeds from the revenue bonds to the governmental funds.

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

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for service	\$ 291,504	851,967	1,143,471
Operating grants and contributions	244,893	-	244,893
Capital grants and contributions	228,915	-	228,915
General revenue			
Property tax	454,707	-	454,707
Gross receipts tax	1,602,025	-	1,602,025
Fuel tax	5,114	-	5,114
Lodgers tax	333,679	-	333,679
Interest income	42,550	4,875	47,425
Misc. revenues	140,957	859	141,816
Total revenue	3,344,344	857,701	4,202,045
<u>Expenses</u>			
General government	739,716	-	739,716
Public safety	308,647	-	308,647
Public works	864,591	-	864,591
Culture and recreation	308,570	-	308,570
Health and welfare	91,981	-	91,981
Interest on long-term debt	44,015	-	44,015
Joint utilities	-	973,799	973,799
Total expenses	2,357,520	973,799	3,331,319
(Decrease) increase in assets before transfer	986,824	(116,098)	870,726
Transfers	1,746,266	(1,746,266)	-
(Decrease) increase in net position	2,733,090	(1,862,364)	870,726
Net position, beginning of year	5,966,555	2,350,803	8,317,358
Restatement	9,681,921	176,039	9,857,960
Net position, end of year restated	\$ 18,381,566	664,478	19,046,044

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$13,632,904, an increase of \$5,735,959 in comparison with the prior year. Of this amount, \$3,478,380 constitutes *unreserved fund balance*, which is available for spending at the government's discretion; \$10,154,524 constitutes reserved fund balances for special revenue funds and capital project funds.

Revenues for governmental activities overall totaled \$5,248,936 in the fiscal year ended June 30, 2019, which represents an increase of \$1,904,592 from the fiscal year ended June 30, 2018. Expenditures for governmental activities, totaling \$4,615,031, increased by \$1,426,635 from the fiscal year ended June 30, 2018. In the fiscal year ended June 30, 2019, revenues exceed expenditures by \$633,905.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$3,478,380.

The fund balance of the Village's general fund increased revenues by \$174,753 during the current fiscal year. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2019.

Lodgers' Tax Fund. The Lodgers' Tax Fund has a fund balance \$496,046. The net increase in fund balance for the current year was \$104,529; the increase in fund balance is due primarily to more lodger's tax because of the better ski season.

Municipal Street Fund. The Municipal Street Fund has a fund balance of \$49,324. The net decrease in fund balance of \$84,566 is due to expenditures in the current year related to improvements of the Village's municipal streets.

Capital Project Fund. The Capital Project Fund has a fund balance of \$8,274,398. The net increase in fund balance for the year was \$5,499,776. The increase was primarily due to transfer of proceeds from the Water Fund for revenue bonds related to ongoing capital projects.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management’s Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

At the end of the fiscal year, the net position for the Water Fund was \$(3,065,423) and the Sewer Fund was \$(52,358). The total decrease in net position for the proprietary funds was \$(3,782,259). Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

General Fund Budgetary Highlights

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

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

General Fund Expenditure Budget Performance

Final Budget	Actual Non-GAAP Cash Basis	Favorable (Unfavorable) Variance
\$ 2,452,615	2,038,959	413,656

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

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

Capital Asset and Debt Administration

Capital assets. The Village's capital assets for its governmental and business-type activities as of June 30, 2019 amount to \$17,716,557 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. There was \$895,099 increase in the Village's governmental capital assets (excluding accumulated depreciation) for the current fiscal year due primarily to increases in construction in progress and machinery and equipment. There was \$1,118,979 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year, primarily related to construction in progress on the water tank and sewer plant.

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Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

Capital Assets, June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Infrastructure	\$ 10,915,882	-	10,915,882
Land	650,369	159,483	809,852
Construction in progress	637,734	2,399,752	3,037,486
Buildings and improvements	885,558	199,738	1,085,296
Vehicles	199,964	85,589	285,553
Easements	-	33,196	33,196
Water and sanitation plant	-	5,613,242	5,613,242
Machinery and equipment	1,788,152	875,243	2,663,395
Total capital assets	15,077,659	9,366,243	24,443,902
Accumulated depreciation	2,235,706	4,491,639	6,727,345
Capital assets, net of accumulated depreciation	\$ 12,841,953	4,874,604	17,716,557

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

Debt Administration – At the end of the current fiscal year, the Village had total long-term obligations outstanding of \$9,646,765. Of this amount, \$7,702,851 are loans with gross revenue from utility operations pledged to pay the payments.

Village of Taos Ski Valley's Outstanding Debt
As of June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Taos Mountain Lodge	\$ 1,175,679	-	1,175,679
Wastewater Facility Construction	-	768,235	768,235
Water Project Fund	-	421,191	421,191
CWSRF Loan Payable	-	281,660	281,660
Water & Sewer Revenue Bonds Series 2017A	-	2,800,000	2,800,000
GRT Revenue Bonds Series 2017B	-	4,200,000	4,200,000
Total long-term liabilities	\$ 1,175,679	8,471,086	9,646,765

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Management's Discussion and Analysis (continued)
(Unaudited)
June 30, 2019

Economic Factors and Next Year's Budgets and Rates

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

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Net Position
June 30, 2019

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 13,764,224	643,032	14,407,256
Taxes receivable	155,635	-	155,635
Due from other governments	33,879	-	33,879
Accounts receivable	-	88,375	88,375
Inventory	-	100,572	100,572
	13,953,738	831,979	14,785,717
Total current assets			
Non-current assets			
Capital assets	15,077,658	9,366,243	24,443,901
Less: accumulated depreciation	(2,235,705)	(4,491,639)	(6,727,344)
	12,841,953	4,874,604	17,716,557
Total non-current assets			
Deferred outflows of resources			
Deferred outflow of resources - due to pension	383,860	106,277	490,137
Total deferred outflows of resources	383,860	106,277	490,137
Total assets and deferred outflows of resources	\$ 27,179,551	5,812,860	32,992,411

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Net Position (continued)
June 30, 2019

	Governmental Activities	Business- Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 96,717	5,863	102,580
Accrued salaries and benefits	37,159	14,720	51,879
Accrued interest	10,062	127,396	137,458
Current portion of compensated absences	34,871	6,292	41,163
Current portion of non-current liabilities	29,231	195,153	224,384
Total current liabilities	208,040	349,424	557,464
Non-current liabilities			
Connection charges payable	-	-	-
Accrued compensated absences	23,247	4,194	27,441
Due to other governments	186,958	-	186,958
Loans/bonds payable	1,146,448	8,275,933	9,422,381
Net pension liability	971,519	291,753	1,263,272
Total non-current liabilities	2,328,172	8,571,880	10,900,052
Total liabilities	2,536,212	8,921,304	11,457,516
Deferred inflows of resources			
Deferred inflow of resources - due to pensions	50,932	9,337	60,269
Total deferred inflows of resources	50,932	9,337	60,269
Net position			
Net investment in capital assets	11,695,505	244,917	11,940,422
Restricted for:			
Nonspendable	-	-	-
Capital projects	8,274,398	-	8,274,398
Special revenue	1,880,126	-	1,880,126
Debt service	-	195,153	195,153
Unrestricted	2,742,378	(3,557,851)	(815,473)
Total net position	24,592,407	(3,117,781)	21,474,626
Total liabilities, deferred inflows of resources and net position	\$ 27,179,551	5,812,860	32,992,411

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Activities
For the Year Ended June 30, 2019

	<u>Program Revenues</u>				<u>Net Program (Expense) Revenue and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u>		
					Government Activities	Business- Type Activities	Total
Primary government							
General government	\$ 1,232,818	76,239	90,000	-	(1,066,579)	-	(1,066,579)
Public safety	630,440	253,864	137,602	-	(238,974)	-	(238,974)
Public works	436,447	298,679	-	989,743	851,975	-	851,975
Culture and recreation	419,499	-	-	-	(419,499)	-	(419,499)
Health and welfare	108,723	65,699	-	-	(43,024)	-	(43,024)
Interest on long-term debt	43,668	-	-	-	(43,668)	-	(43,668)
<i>Total government activities</i>	<u>2,871,595</u>	<u>694,481</u>	<u>227,602</u>	<u>989,743</u>	<u>(959,769)</u>	<u>-</u>	<u>(959,769)</u>
Business-type activities							
Utilities:							
Water Fund	409,314	237,140	-	-	-	(172,174)	(172,174)
Sewer Fund	497,363	713,635	-	-	-	216,272	216,272
Total business-type activities	<u>906,677</u>	<u>950,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,098</u>	<u>44,098</u>
Total	<u>\$ 3,778,272</u>	<u>1,645,256</u>	<u>227,602</u>	<u>989,743</u>	<u>(959,769)</u>	<u>44,098</u>	<u>(915,671)</u>
General revenues:							
Taxes							
					474,357	-	474,357
					2,075,857	-	2,075,857
					520,784	-	520,784
					126,186	8,073	134,259
					139,926	25	139,951
					(1,251,499)	1,251,499	-
					5,085,954	(5,085,954)	-
					<u>7,171,565</u>	<u>(3,826,357)</u>	<u>3,345,208</u>
					(955)	-	(955)
					<u>6,210,841</u>	<u>(3,782,259)</u>	<u>2,428,582</u>
					8,699,645	488,439	9,188,084
					9,681,921	176,039	9,857,960
					<u>18,381,566</u>	<u>664,478</u>	<u>19,046,044</u>
					<u>\$ 24,592,407</u>	<u>(3,117,781)</u>	<u>21,474,626</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Lodgers' Tax	Municipal Street Fund	Other Funds	Capital Project Fund	Other Non- major Governmental Funds	Total
Assets							
Cash and investments	\$ 3,574,497	490,686	45,185	771,367	8,315,668	566,821	13,764,224
Due from other governments	22,191	-	-	-	11,688	-	33,879
Taxes receivable	214,303	5,360	8,448	-	-	1,408	229,519
Prepaid expense	-	-	-	-	-	-	-
Total assets	\$ 3,810,991	496,046	53,633	771,367	8,327,356	568,229	14,027,622
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 34,610	-	4,309	-	52,958	4,840	96,717
Accrued salaries and benefits	37,159	-	-	-	-	-	37,159
Due to other governments	186,958	-	-	-	-	-	186,958
Total liabilities	258,727	-	4,309	-	52,958	4,840	320,834
Deferred inflows of resources							
Unavailable revenue - property taxes	73,884	-	-	-	-	-	73,884
Total deferred inflows of resources	73,884	-	-	-	-	-	73,884
Fund balances							
Nonspendable - prepaids	-	-	-	-	-	-	-
Restricted for:							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	496,046	49,324	771,367	-	563,389	1,880,126
Capital projects funds	-	-	-	-	8,274,398	-	8,274,398
Debt service funds	-	-	-	-	-	-	-
Committed to:							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-
Assigned to:							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-
Unassigned:							
General fund	3,478,380	-	-	-	-	-	3,478,380
Total fund balances	3,478,380	496,046	49,324	771,367	8,274,398	563,389	13,632,904
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,810,991	496,046	53,633	771,367	8,327,356	568,229	14,027,622

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Reconciliation of Balance Sheet to the Statement of Net Position -
Governmental Funds
June 30, 2019

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

Fund Balances - Total governmental funds	\$ 13,632,904
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	12,841,953
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds	(1,185,741)
Accrued compensated absences	(58,118)
Net pension liability, deferred inflows of resources, and deferred outflows of resources	<u>(638,591)</u>
Net position of governmental activities	\$ <u>24,592,407</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balances -
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Lodgers' Tax	Municipal Street Fund	Other Funds	Capital Project Fund	Other Non- major Governmental Funds	Total
Revenues:							
Taxes:							
Gross receipts taxes	\$ 1,452,610	-	150,041	-	435,696	37,510	2,075,857
Property taxes	474,357	-	-	-	-	-	474,357
Lodgers tax	-	520,784	-	-	-	-	520,784
Gasoline tax	-	-	-	-	-	-	-
Appropriations	-	-	-	-	-	-	-
Federal grant income	-	-	-	-	-	-	-
State grant income	90,000	-	35,096	-	954,647	137,602	1,217,345
Charges for services	-	-	17,672	253,864	281,007	65,699	618,242
Licenses and fees	76,239	-	-	-	-	-	76,239
Investment income (loss)	98,996	3,234	720	719	17,307	5,210	126,186
Miscellaneous	123,200	-	10,106	6,548	-	72	139,926
Total revenues	2,315,402	524,018	213,635	261,131	1,688,657	246,093	5,248,936
Expenditures:							
Current:							
General government	1,120,078	-	4,569	-	13,274	-	1,137,921
Public safety	268,549	-	1,360	654	-	224,432	494,995
Public works	-	-	480,129	-	-	-	480,129
Culture and recreation	-	408,839	-	-	-	10,660	419,499
Health and welfare	-	-	-	-	-	61,022	61,022
Capital outlay	640,743	-	-	-	1,311,559	-	1,952,302
Debt service:							
Principal	28,821	-	-	-	2	-	28,823
Interest	40,340	-	-	-	-	-	40,340
Total expenditures	2,098,531	408,839	486,058	654	1,324,835	296,114	4,615,031
Excess (deficiency) of revenues over expenditures	216,871	115,179	(272,423)	260,477	363,822	(50,021)	633,905
Other financing sources (uses)							
Gain (loss) from the sale of capital assets	16,100	-	-	-	-	-	16,100
Proceeds from the issuance of long-term debt	-	-	-	-	-	-	-
Transfers in	555,106	-	187,857	-	5,135,954	23,720	5,902,637
Transfers (out)	(613,324)	(10,650)	-	(192,709)	-	-	(816,683)
Total other financing sources (uses)	(42,118)	(10,650)	187,857	(192,709)	5,135,954	23,720	5,102,054
Net change in fund balance	174,753	104,529	(84,566)	67,768	5,499,776	(26,301)	5,735,959
Fund balance - Beginning of year	3,303,627	391,517	133,890	703,599	2,774,622	589,690	7,896,945
Fund balance - End of year	\$ 3,478,380	496,046	49,324	771,367	8,274,398	563,389	13,632,904

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Reconciliation of Statement of Revenues, Expenditures and Changes In Fund Balances
to the Statement of Activities -
Governmental Funds
For the Year Ended June 30, 2019

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

Net change in fund balances - Total governmental funds	\$	5,735,959
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense:

Capital expenditures		963,451
Depreciation expense		(400,444)
Proceeds from asset disposal		(16,100)
Gain (loss) on asset disposal		(955)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on notes payable		28,821
Change in accrued compensated absences		19,125
Change in accrued interest on notes payable		(3,328)
Change in net pension liability		<u>(115,688)</u>

Change in net position of governmental activities	\$	<u><u>6,210,841</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) -
General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 1,580,788	2,101,881	1,982,821	(119,060)
State grant income	90,000	90,000	90,000	-
Charges for services	20,000	20,000	-	(20,000)
Licenses and fees	56,000	56,000	76,239	20,239
Interest income	-	-	-	-
Investment income (loss)	-	-	88,937	88,937
Miscellaneous	26,300	42,400	107,249	64,849
<i>Total revenues</i>	1,773,088	2,310,281	2,345,246	34,965
<i>Expenditures:</i>				
<i>Current:</i>				
General government	1,561,728	2,082,821	1,070,576	1,012,245
Public safety	369,794	369,794	260,200	109,594
Capital outlay	-	-	639,022	(639,022)
<i>Debt service:</i>				
Principal	-	-	28,821	(28,821)
Interest	-	-	40,340	(40,340)
<i>Total expenditures</i>	1,931,522	2,452,615	2,038,959	413,656
<i>Excess (Deficiency) of revenues over expenditures</i>	(158,434)	(142,334)	306,287	448,621
<i>Other financing sources (uses)</i>				
Proceeds from the sale of capital assets	-	-	16,100	16,100
Transfers in	-	-	555,106	555,106
Transfers out	(342,500)	(342,500)	(613,324)	(270,824)
<i>Total other financing sources (uses)</i>	(342,500)	(342,500)	(42,118)	300,382
<i>Net change in fund balance</i>	(500,934)	(484,834)	264,169	749,003
<i>Beginning cash balance budgeted</i>	3,436,340	3,479,765		
<i>Total</i>	2,935,406	2,994,931		

Reconciliation to GAAP basis:

Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals

(327,747)

Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals

238,331

Net change in fund balance (GAAP basis)

\$ 174,753

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) -
Lodgers Tax Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<i>Revenues:</i>				
Taxes	\$ 350,000	350,000	515,686	165,686
State grant income	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	85	85	3,234	3,149
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>350,085</u>	<u>350,085</u>	<u>518,920</u>	<u>168,835</u>
<i>Expenditures:</i>				
Current:				
Culture and recreation	419,626	419,626	408,839	10,787
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>419,626</u>	<u>419,626</u>	<u>408,839</u>	<u>10,787</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(69,541)</u>	<u>(69,541)</u>	<u>110,081</u>	<u>179,622</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	<u>(10,000)</u>	<u>(10,650)</u>	<u>(10,650)</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>(10,650)</u>	<u>(10,650)</u>	<u>-</u>
<i>Net change in fund balance</i>	(79,541)	(80,191)	99,431	179,622
<i>Beginning cash balance budgeted</i>	<u>360,377</u>	<u>360,377</u>		
<i>Total</i>	280,836	280,186		

Reconciliation to GAAP basis:

Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals

-

Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals

5,098

Net change in fund balance (GAAP basis)

\$ 104,529

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) -
Municipal Streets Special Revenue Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<i>Revenues:</i>				
Taxes	\$ 113,252	118,464	144,409	25,945
State grant income	100,125	100,125	35,096	(65,029)
Charges for services	2,000	2,000	16,116	14,116
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	720	720
Miscellaneous	100	100	8,846	8,746
<i>Total revenues</i>	<u>215,477</u>	<u>220,689</u>	<u>205,187</u>	<u>(15,502)</u>
<i>Expenditures:</i>				
Current:				
General government	1,038	-	4,569	(4,569)
Public safety	-	-	1,360	(1,360)
Public works	669,199	675,449	475,820	199,629
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>670,237</u>	<u>675,449</u>	<u>481,749</u>	<u>193,700</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(454,760)</u>	<u>(454,760)</u>	<u>(276,562)</u>	<u>178,198</u>
<i>Other financing sources (uses)</i>				
Transfers in	329,000	468,084	187,857	(280,227)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>329,000</u>	<u>468,084</u>	<u>187,857</u>	<u>(280,227)</u>
<i>Net change in fund balance</i>	(125,760)	13,324	(88,705)	(102,029)
<i>Beginning cash balance budgeted</i>	<u>133,985</u>	<u>133,985</u>		
<i>Total</i>	8,225	147,309		
Reconciliation to GAAP basis:				
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(4,309)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>8,448</u>	
Net change in fund balance (GAAP basis)		\$	<u>(84,566)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) -
Other Funds
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
State grant income	-	-	-	-
Charges for services	-	30,000	253,864	223,864
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Investment income (loss)	-	-	719	719
Miscellaneous	5,658	5,658	6,548	890
<i>Total revenues</i>	<u>5,658</u>	<u>35,658</u>	<u>261,131</u>	<u>225,473</u>
<i>Expenditures:</i>				
Current:				
General government	46,423	46,423	-	46,423
Public safety	-	-	654	(654)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>46,423</u>	<u>46,423</u>	<u>654</u>	<u>45,769</u>
<i>Excess (Deficiency) of revenues over expenditures</i>	<u>(40,765)</u>	<u>(10,765)</u>	<u>260,477</u>	<u>271,242</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(131,500)	(270,584)	(192,709)	77,875
<i>Total other financing sources (uses)</i>	<u>(131,500)</u>	<u>(270,584)</u>	<u>(192,709)</u>	<u>77,875</u>
<i>Net change in fund balance</i>	(172,265)	(281,349)	67,768	349,117
<i>Beginning cash balance budgeted</i>	<u>195,399</u>	<u>195,399</u>		
<i>Total</i>	23,134	(85,950)		
Reconciliation to GAAP basis:				
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 67,768</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) -
Capital Projects Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Non- GAAP Budgetary Basis)	Variances with Final Budget - Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 93,252	98,464	424,008	325,544
State grant income	1,205,722	1,205,722	954,647	(251,075)
Federal grant income	-	-	-	-
Charges for services	-	100,000	281,007	181,007
Investment income (loss)	-	-	17,307	17,307
Miscellaneous	192,800	207,750	-	(207,750)
<i>Total Revenues</i>	1,491,774	1,611,936	1,676,969	65,033
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	13,274	(13,274)
Capital outlay	6,419,019	6,424,231	1,258,601	5,165,630
<i>Debt service:</i>				
Principal	-	-	193,157	(193,157)
Interest	-	-	72,499	(72,499)
<i>Total expenditures</i>	6,419,019	6,424,231	1,537,531	4,886,700
<i>Excess (deficiency) of revenues over expenditures</i>	(4,927,245)	(4,812,295)	139,438	4,951,733
<i>Other financing sources (uses)</i>				
Proceeds from the issuance of long-term debt	5,100,000	5,100,000	-	(5,100,000)
Transfers in	511,608	511,608	5,401,608	4,890,000
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	5,611,608	5,611,608	5,401,608	(210,000)
<i>Net change in fund balance</i>	684,363	799,313	5,541,046	4,741,733
<i>Beginning cash balance budgeted</i>	2,875,435	2,875,435		
<i>Total</i>	3,559,798	3,674,748		
Reconciliation to GAAP basis:				
Adjustment for expenditures for payables, payroll taxes, prepaid expenses and other accruals			(52,958)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			11,688	
Net change in fund balance (GAAP basis)			\$ 5,499,776	

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities		
	Enterprise Funds		Total Enterprise Funds
	Water Fund	Sewer Fund	
Assets			
Current assets			
Cash and investments	\$ 550,323	92,709	643,032
Accounts receivable, net of allowance	88,375	-	88,375
Inventory	100,572	-	100,572
Total current assets	739,270	92,709	831,979
Non-current assets			
Capital assets	9,366,243	-	9,366,243
Less: accumulated depreciation	(4,491,639)	-	(4,491,639)
Total non-current assets	4,874,604	-	4,874,604
Deferred outflows of resources			
Deferred outflow of resources - due to pension	29,318	76,959	106,277
Total deferred outflows of resources	29,318	76,959	106,277
Total assets and deferred outflows of resources	\$ 5,643,192	169,668	5,812,860
Liabilities			
Current liabilities			
Accounts payable	\$ 1,868	3,995	5,863
Accrued salaries and benefits	14,720	-	14,720
Accrued interest	127,396	-	127,396
Current portion of compensated absences	6,292	-	6,292
Current portion of non-current liabilities	195,153	-	195,153
Unearned revenue	-	-	-
Total current liabilities	345,429	3,995	349,424
Non-current liabilities			
Connection charges payable	-	-	-
Accrued compensated absences	4,194	-	4,194
Loans/bonds payable	8,275,933	-	8,275,933
Net pension liability	80,483	211,270	291,753
Total non-current liabilities	8,360,610	211,270	8,571,880
Total liabilities	8,706,039	215,265	8,921,304
Deferred inflows of resources			
Deferred inflow of resources - due to pensions	2,576	6,761	9,337
Net position			
Net investment in capital assets	244,917	-	244,917
Restricted for:			
Debt service	195,153	-	195,153
Unrestricted	(3,505,493)	(52,358)	(3,557,851)
Total net position	(3,065,423)	(52,358)	(3,117,781)
Total net position and liabilities	\$ 5,643,192	169,668	5,812,860

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities		
	Enterprise Funds		Total Enterprise Funds
	Water Fund	Sewer Fund	
Operating revenues:			
Charges for services	\$ 237,140	713,635	950,775
Total operating revenues	<u>237,140</u>	<u>713,635</u>	<u>950,775</u>
Operating expenses:			
Salaries	91,711	311,148	402,859
Retirement	13,633	35,859	49,492
Depreciation	136,963	-	136,963
Operating	11,242	63,505	74,747
Supplies	22,423	56,565	78,988
Contract services	1,216	29,863	31,079
Travel	-	423	423
Total operating expenses	<u>277,188</u>	<u>497,363</u>	<u>774,551</u>
Operating income (loss)	(40,048)	216,272	176,224
Non-operating revenues (expenses):			
Interest income	8,019	54	8,073
Governmental grants	-	-	-
Interest expense	(132,126)	-	(132,126)
Capital contributions	-	-	-
Miscellaneous	-	25	25
Total non-operating revenues (expenses)	<u>(124,107)</u>	<u>79</u>	<u>(124,028)</u>
Income (loss) before contributions and transfers	(164,155)	216,351	52,196
Capital contributions	105,213	(105,213)	-
Transfers of assets from governmental funds	1,251,499	-	1,251,499
Net cash transfers	(4,824,327)	(261,627)	(5,085,954)
Change in net position	(3,631,770)	(150,489)	(3,782,259)
Net position, beginning of year as previously stated	488,439	-	488,439
Prior period adjustment	<u>77,908</u>	<u>98,131</u>	<u>176,039</u>
Net position, beginning of year as restated	<u>566,347</u>	<u>98,131</u>	<u>664,478</u>
Net position, end of year	<u>\$ (3,065,423)</u>	<u>(52,358)</u>	<u>(3,117,781)</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from user charges	\$ 226,809	713,635	940,444
Cash payments to employees for services and benefits	(110,435)	(271,294)	(381,729)
Cash payments to suppliers for goods and services	<u>(40,340)</u>	<u>(186,215)</u>	<u>(226,555)</u>
Net cash provided by operating activities	76,034	256,126	332,160
Cash flows from noncapital financing activities:			
Other receipts	<u>-</u>	<u>25</u>	<u>25</u>
Net cash provided by noncapital financing activities	-	25	25
Cash flows from capital financing activities:			
Proceeds from loan	5,100,000	-	5,100,000
Acquisition of capital assets	(1,075)	-	(1,075)
Principal and interest paid on debt	(265,654)	-	(265,654)
Transfers to other funds for debt payments	<u>(4,824,327)</u>	<u>(261,627)</u>	<u>(5,085,954)</u>
Net cash provided (used) by capital financing activities	8,944	(261,627)	(252,683)
Cash flows from capital and related investing activities:			
Interest earned	<u>8,019</u>	<u>54</u>	<u>8,073</u>
Net cash provided by investing activities	8,019	54	8,073
Net decrease in cash and cash equivalents	92,997	(5,422)	87,575
Cash and cash equivalents - beginning of year	<u>457,326</u>	<u>98,131</u>	<u>555,457</u>
Cash and cash equivalents - end of year	\$ <u>550,323</u>	<u>92,709</u>	<u>643,032</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (40,048)	216,272	176,224
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	136,963	-	136,963
Changes in assets and liabilities:			
Receivables	(10,331)	-	(10,331)
Inventory	13,437	-	13,437
Deferred outflows	56,938	(76,959)	(20,021)
Accounts payable	(8,174)	3,995	(4,179)
Accrued expenses	(656)	-	(656)
Accrued compensated absences	(28,790)	-	(28,790)
Net pension liability	(32,454)	106,057	73,603
Deferred inflows	<u>(10,851)</u>	<u>6,761</u>	<u>(4,090)</u>
Net cash provided by operating activities	\$ <u>76,034</u>	<u>256,126</u>	<u>332,160</u>

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies

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

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

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

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

A. Financial Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 61. Blended component units are in substance, although

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

legally separate entities, are part of the government's operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The government reports its Water Fund and Sewer Fund as a major business-type fund.

Additionally, the government reports the following fund types:

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Assets, Liabilities, and Net Position or Equity

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

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

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

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

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Notes to Financial Statements
 June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure 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 or, for donated infrastructure assets, cost to construct from the developer, which approximates fair market value. 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).

Infrastructure assets consist of the streets network: roadways, right of ways, bridges, signage, signals, beacons, trails, and trail bridges; and the storm network: easements, drainage pipes, lift stations, bridges, dams, detention basins right of ways, and arroyo easements right of ways.

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, equipment, and infrastructure 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 – Other	40
Infrastructure - Streets Network	10-40
Infrastructure - Storm Network	40
Vehicles	5
Office Equipment	5

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Property taxes levied but not received are recorded as deferred inflows of resources unless the amount is undetermined.

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Net investment in capital assets consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Revenues: The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 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 'measurable' and 'available' in the governmental fund financial statements. Descriptions of the individual general, debt service and capital outlay funds contained

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

in these financial statements include information regarding the authority for the collection and use of these taxes.

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

2. Stewardship, Compliance, and Accountability (continued)

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, 2019 is presented as part of the budgetary statements.

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, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of Taos County.

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

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

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

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

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$8,100,703 of the Village's bank balance of \$9,581,414 was exposed to custodial credit risk. See Schedule of Depository Accounts in the supporting schedules.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

3. Deposits and Investments (continued)

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

Credit Risk – With respect to credit risk, the Local Government Investment Pool (LGIP) is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Concentration Risk – GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

Foreign Currency Risk – GASB Statement No. 40 defines foreign currency risk as the potential that changes in exchange rates may adversely affect the fair value of an investment or deposit. The LGIP does not have any foreign currency risk as all investments are denominated in the US dollars.

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

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village's investments at June 30, 2019 include the following:

New Mexico LGIP AAAM Rated; \$4,976,205; [35] day WAM(R); [112] day WAM (F)

The State Treasurer LGIP is not SEC registered. State Statute Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP 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, 2019. Participation in the LGIP 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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

3. Deposits and Investments (continued)

least 50% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2019.

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

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

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

The Village has the following recurring fair value measurements as of June 30, 2019:

- Investment with State Treasurer LGIP in the amount of \$4,976,205 (level 2 inputs).

4. Receivables

Receivables as of June 30, 2019 are as follows:

		General Fund	Lodgers' Tax Fund	Municipal Streets Fund	Debt Service Fund	Environ- mental GRT Fund	Capital Projects Fund	Total
Taxes receivable	\$	140,419	5,360	8,448	-	1,408	-	155,635
Due from other governments		<u>22,191</u>	-	-	-	-	11,688	<u>33,879</u>
	\$	<u>162,610</u>	<u>5,360</u>	<u>8,448</u>	<u>-</u>	<u>1,408</u>	<u>11,688</u>	<u>189,514</u>
								<u>Water Fund</u>
Account receivable, net of allowance of \$0	\$							<u>88,375</u>
Total	\$							<u>88,375</u>

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of unearned revenue in the governmental balance sheet. In accordance with GASB No. 65, deferred inflows of resources are for delinquent property taxes that are due to the Village but that have not been remitted to the Village. The deferred inflows of resources totaling \$73,884, is presented in the general fund.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

4. Receivables (continued)

Interfund Receivables, Payables, and Transfers

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

Cash Transfers	Transfers	
	<u>Transfers In</u>	<u>Out</u>
General fund	\$ 555,106	613,324
Lodgers' tax	-	10,650
Emergency medical services fund	13,070	-
Municipal street fund	187,857	-
Recreation fund	10,650	-
Other funds	-	192,709
Capital projects fund	5,135,954	-
Water fund	330,654	5,154,981
Sewer fund	-	<u>261,627</u>
Subtotal	<u>\$ 6,233,291</u>	<u>6,233,291</u>

Transfers of Assets	Transfers	
	<u>Transfers In</u>	<u>Out</u>
Governmental funds	\$ 1,251,499	-
Proprietary funds	-	<u>1,251,499</u>
Total	<u>\$ 1,251,499</u>	<u>1,251,499</u>

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2019 are as follows:

Payable to suppliers	\$ 102,580
Accrued salaries and benefits	<u>51,879</u>
Total accounts payable and accrued expenses	<u>\$ 154,459</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows:

	June 30, 2018			June 30, 2019
	RESTATED	Additions	Deletions	
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 628,403	21,966	-	650,369
Construction in progress	<u>89,697</u>	<u>572,143</u>	<u>24,106</u>	<u>637,734</u>
Total capital assets not being depreciated	718,100	594,109	24,106	1,288,103
Capital assets being depreciated:				
Buildings and improvements	885,558	-	-	885,558
Machinery and equipment	1,452,952	369,342	34,142	1,788,152
Vehicles	234,174	-	34,210	199,964
Infrastructure	<u>10,891,776</u>	<u>24,106</u>	<u>-</u>	<u>10,915,882</u>
Total capital assets being depreciated	<u>13,464,460</u>	<u>393,448</u>	<u>68,352</u>	<u>13,789,556</u>
Total capital assets	14,182,560	987,557	92,458	15,077,659
Less accumulated depreciation:				
Buildings and improvements	137,490	24,129	-	161,619
Machinery and equipment	1,201,044	85,610	34,142	1,252,512
Vehicles	83,167	18,110	17,155	84,122
Infrastructure	<u>464,857</u>	<u>272,596</u>	<u>-</u>	<u>737,453</u>
Total accumulated depreciation	<u>1,886,558</u>	<u>400,445</u>	<u>51,297</u>	<u>2,235,706</u>
Total capital assets net of depreciation	\$ <u>12,296,002</u>	<u>587,112</u>	<u>41,161</u>	<u>12,841,953</u>

In 2015, the Village established the political subdivision of the State of New Mexico, the Tax Increment Development District (TIDD) with the purpose of providing financing of certain infrastructure improvements. Under the TIDD, certain tax abatements are funding infrastructure improvements. Tax abatements funded from the Village to the TIDD are discussed in Note 17. Infrastructure improvements are dedicated to the Village upon completion of the individual infrastructure projects. For more information on the TIDD, see separate audit report.

For fiscal year 2018, the June 30, 2018 beginning balances were restated for infrastructure assets. The majority of infrastructure assets that were placed in service as of June 30, 2018 consisted of \$9.9 million of infrastructure assets of which \$6.69 million of dedicated street infrastructure along with \$3.21 million of dedicated storm infrastructure.

Capital assets, net of accumulated depreciation, at June 30, 2019, appear in the statement of net position as follows:

Governmental activities	\$ 12,841,953
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Depreciation expense for the year ended June 30, 2019 was charged to the following functions and funds:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

6. Capital Assets (continued)

General government	\$	24,129
Public safety		85,610
Public works		18,110
Health and welfare		<u>272,596</u>
Total depreciation expense - governmental funds	\$	<u>400,445</u>

In the current year, for governmental activities, \$30,452 of fully depreciated assets with a cost basis of \$5,000 or less were deleted from the capital assets pursuant to 2.2.2.10 W NMAC.

	June 30, 2018					
Business-type activities	RESTATED	Additions	Deletions	June 30, 2019		
Capital assets not being depreciated:						
Land	\$ 151,264	8,219	-	159,483		
Construction in progress	1,155,396	1,244,356	-	2,399,752		
Easements	<u>33,196</u>	<u>-</u>	<u>-</u>	<u>33,196</u>		
Total capital assets not being depreciated	1,339,856	1,252,575	-	2,592,431		
Capital assets being depreciated:						
Water and sanitation plant	5,613,242	-	-	5,613,242		
Buildings and improvements	199,738	-	-	199,738		
Machinery and equipment	1,005,422	-	130,179	875,243		
Vehicles	<u>89,006</u>	<u>-</u>	<u>3,417</u>	<u>85,589</u>		
Total capital assets being depreciated	<u>6,907,408</u>	<u>-</u>	<u>133,596</u>	<u>6,773,812</u>		
Total capital assets	8,247,264	1,252,575	133,596	9,366,243		
Less accumulated depreciation:						
Water and sanitation plant	3,159,050	109,053	-	3,268,103		
Buildings and improvements	204,344	1,634	-	205,978		
Machinery and equipment	998,861	25,076	130,179	893,758		
Vehicles	<u>126,017</u>	<u>1,200</u>	<u>3,417</u>	<u>123,800</u>		
Total accumulated depreciation	<u>4,488,272</u>	<u>136,963</u>	<u>133,596</u>	<u>4,491,639</u>		
Total capital assets net of depreciation	\$ <u>3,758,992</u>	<u>1,115,612</u>	<u>-</u>	<u>4,874,604</u>		

Depreciation expense relating to business-type activities for the year ended June 30, 2019 totaled \$136,963.

In the current year, for business-type activities, \$133,596 of fully depreciated assets with a cost basis of \$5,000 or less were deleted from the capital assets pursuant to 2.2.2.10 W NMAC.

7. Long-Term Debt

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

7. Long-Term Debt (continued)

Government-Type Activities:

Description	Balance June			Balance	Due within one year
	30, 2018	Additions	Retirements	June 30, 2019	
Taos Mountain Lodge 055	\$ 1,204,500	-	28,821	1,175,679	29,231
Compensated absences	77,243	21,764	40,889	58,118	34,871
Total long-term debt	\$ 1,281,743	21,764	69,710	1,233,797	64,102

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

The annual requirements to amortize the Taos Mountain Lodge 055 as of June 30, 2019, including interest payments are as follows:

Year ended	Principal	Interest	Total
2020	\$ 29,231	39,930	69,161
2021	29,722	39,440	69,162
2022	30,269	38,892	69,161
2023	30,898	38,262	69,160
2024	31,360	37,530	68,890
2024-2029	171,299	174,508	345,807
2030-2034	199,730	146,074	345,804
2035-2039	237,221	108,584	345,805
2040-2044	285,247	60,560	345,807
2045-2046	130,702	7,890	138,592
Total	\$ 1,175,679	691,670	1,867,349

Business-Type Activities:

Description	Balance June			Balance	Due within one year
	30, 2018	Additions	Retirements	June 30, 2019	
Wastewater facility loan	\$ 859,210	-	90,975	768,235	92,068
Water project fund loan 0176	309,900	-	25,472	284,428	25,536
Water project fund loan 0351	145,131	-	8,368	136,763	8,389
CWSRF Loan Payable	350,000	-	68,340	281,660	69,160
NMED Wastewater treatment plant water and sewer revenue bonds	760,000	2,040,000	-	2,800,000	-
NMED Wastewater treatment plant GRT revenue bonds	1,140,000	3,060,000	-	4,200,000	-
Compensated absences	39,276	7,467	36,257	10,486	6,292
Total	\$ 3,603,517	5,107,467	229,412	8,481,572	201,445

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

7. Long-Term Debt (continued)

The annual requirements to amortize the wastewater facility construction loan 037 as of June 30, 2019, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 92,068	9,219	101,287
2021	93,173	8,114	101,287
2022	94,291	6,996	101,287
2023	95,423	5,864	101,287
2024	96,568	4,719	101,287
2025-2027	<u>296,712</u>	<u>7,150</u>	<u>303,862</u>
Total	\$ <u>768,235</u>	<u>42,062</u>	<u>810,297</u>

The annual requirements to amortize the water project fund 0176 as of June 30, 2019, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 25,536	711	26,247
2021	25,599	647	26,246
2022	25,663	583	26,246
2023	25,728	519	26,247
2024	25,792	455	26,247
2025-2029	129,930	1,304	131,234
2030	<u>26,180</u>	<u>65</u>	<u>26,245</u>
Total	\$ <u>284,428</u>	<u>4,284</u>	<u>288,712</u>

The annual requirements to amortize the water project fund 0351 as of June 30, 2019, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,389	342	8,731
2021	8,409	321	8,730
2022	8,430	300	8,730
2023	8,452	279	8,731
2024	8,473	258	8,731
2025-2029	42,682	970	43,652
2030-2034	43,219	434	43,653
2035	<u>8,709</u>	<u>22</u>	<u>8,731</u>
Total	\$ <u>136,763</u>	<u>2,926</u>	<u>139,689</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

7. Long-Term Debt (continued)

The annual requirements to amortize the Clean Water State Revolving Fund (CWSRF) loan as of June 30, 2019, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 69,160	3,380	72,540
2021	69,990	2,550	72,540
2022	70,830	1,710	72,540
2023	71,680	860	72,540
Total	\$ <u>281,660</u>	<u>8,500</u>	<u>290,160</u>

The annual requirements to amortize the New Mexico Environment Department (NMED) Water & Sewer Bonds 2017A loan as of June 30, 2019, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	84,000	84,000
2021	2,800,000	42,000	2,842,000
Total	\$ <u>2,800,000</u>	<u>126,000</u>	<u>2,926,000</u>

Proceeds from the bonds for the current fiscal year are \$2,040,000.

The annual requirements to amortize the NMED Gross Receipts Tax (GRT) Revenue Bonds 2017B loan as of June 30, 2019, including interest payments are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	126,000	126,000
2021	4,200,000	63,000	4,263,000
Total	\$ <u>4,200,000</u>	<u>189,000</u>	<u>4,389,000</u>

Proceeds from the bonds for the current fiscal year are \$3,060,000.

Pledged Revenues for Long-Term Debt

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

7. Long-Term Debt (continued)

Loan Description	Use of Proceeds	Type	Revenue Pledged		Current Year		
			Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Wastewater facility loan	Design and construction of wastewater treatment plant improvements.	Net system revenues of water and wastewater utility system minus approved costs and municipal gross receipts tax revenues.	100%	2007-2031	\$ 810,297	101,288	326,845
Water Project Fund 0176	Design and construction of chlorination station.	Net system revenues of water and wastewater utility system minus approved costs.	100%	2010-2031	\$ 288,712	20,247	326,845
Water Project Fund 0351	Design and construction of water system improvements including 250,000 gallon tank.	Net system revenues of water and wastewater utility system minus approved costs.	100%	2017-2035	\$ 139,689	8,731	326,845
Taos Mountain Lodge 055	Purchase the Taos Mountain Lodge.	1/4th Increment of municipal gross receipts tax.	100%	2017-2046	\$ 1,867,349	69,161	157,227
NMED Water & Sewer Revenue Bonds Series 2017A	Design and construction of wastewater treatment plant	Net system revenues of water and wastewater utility system minus approved costs.	100%	2017-2046	\$ 2,926,000	37,800	266,581
NMED GRT Bonds Series 2017B	Design and construction of wastewater treatment plant	Hold harmless gross receipts tax.	100%	2017-2046	\$ 4,389,000	56,700	56,700

Operating Leases

The Village has no short-term leases at June 30, 2019.

8. Risk Management

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

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and esti-

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

8. Risk Management (continued)

mates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2019, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

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

9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the combining statements overview of certain information concerning individual funds including:

A. No deficit fund balances of individual funds exist as of June 30, 2019.

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

B. No expenditures exceeded appropriations by fund.

10. Public Employees Retirement Fund (PERA) Pension Plan

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmpera.org www.saonm.org/ using the Audit Report Search function for agency 366 or writing: PERA P.O. Box 2123 Santa Fe, NM 87504-2123.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2018-FINAL.pdf>

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 40-44 of the PERA FY18 annual audit report at:

http://saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2018.pdf.

The PERA coverage options that apply to Village are: Municipal General Division, and Municipal Police Division. Statutorily required contributions to the pension plan from the Village were \$70,757 for the Municipal Division and \$15,832 for the Municipal Police for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a liability of \$1,263,276 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the Village's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2019. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2018 are included in the total contribution

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

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

amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

PERA Fund Division Municipal General Division - For PERA Municipal General Division at June 30, 2019, the Village reported a liability of \$1,006,048 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.0631%, which was changed from its proportion measured as of June 30, 2018 of 0.0588%.

For the year ended June 30, 2019, the Village recognized PERA Fund Municipal General Division pension expense of \$192,919.

At June 30, 2019, the Village reported PERA Fund Division General Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 29,077	26,414
Changes of assumptions	91,212	5,784
Net difference between projected and actual earnings on pension plan investments	74,614	-
Changes in proportion and differences between contributions and proportionate share of contributions	100,812	-
Contributions subsequent to the measurement date	<u>70,757</u>	<u> </u>
Total	\$ <u>366,472</u>	<u>32,198</u>

\$70,757 reported as deferred outflows of resources related to pensions resulting from Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

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

Year ended June 30	
2020	\$ 163,889
2021	72,762
2022	22,990
2023	3,876
2024	-
Thereafter	-
	\$ 263,517

PERA Municipal Police Division - For PERA Municipal Police Division, at June 30, 2019, the Village reported a liability of \$257,228 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.0377%, which was changed from its proportion measured as of June 30, 2017 of 0.0772%.

For the year ended June 30, 2019, the Village recognized PERA Fund Division - Police pension expense of \$48,181. At June 30, 2019, the Village reported PERA Fund Division – Police deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,593	25,498
Changes of assumptions	29,350	1,573
Net difference between projected and actual earnings on pension plan investments	17,701	-
Changes in proportion and differences between contributions and proportionate share of contributions	48,189	1,000
Contributions subsequent to the measurement date	15,832	-
Total	\$ 123,665	28,071

\$15,832 reported as deferred outflows of resources related to pensions in the resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

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

Year ended June 30		
2020	\$	40,497
2021		23,444
2022		14,810
2023		1,011
2024		-
Thereafter		-
	\$	79,762

Actuarial assumptions. The total pension liabilities in the June 30, 2018 and net pension actuarial valuations was determined using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial assumptions:	
• Investment of rate of return	7.25% annual rate, net of investment expense
• Payroll growth	3.00%
• Projected salary increases	3.25% to 13.50% annual rate
• Includes inflation at	2.50%, 2.75% all other years
• Projected benefit payment	100 years
• Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
• Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic)

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018. These assumptions were adopted by the Board using the June 30, 2017 actuarial valuation.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Orientated Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	<u>20.00%</u>	6.48%
Total	<u>100.00%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The tables present the Village's net pension liability in each PERA Fund Division the Village participates in, calculated using the discount rate of 7.25%, as well as what the Village's net proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund - Municipal General Division			
Net pension liability	\$ 1,550,252	1,006,048	556,176
PERA Fund - Municipal Police Division			
Net pension liability	\$ 395,512	257,228	144,495

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.nmpera.org/publications.html>.

11. Post-Employment Benefits

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

12. Contingent Liabilities

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

13. Federal and State Grants

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

14. Water Rights

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

14. Water Rights (continued)

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

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

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

File # 3751: This permit was approved on April 22, 1982. This permit allows for the diversion of 200 acre-feet with compensation rights of during the period of November 1 through April 10 each year. Year round use by the Village is not permitted due to heavy summer appropriation of the Rio Hondo River. The permit approved for all diversion points for all uses.

File # 0444A: This permit allows a diversion of 178.2 acre-feet per year, with a consumption right of 8.91 acre-feet per year. These were obtained from the Pattison Family Trust in February 2006 in a settlement agreement. This water may be used year-round for all uses at all diversion points, but only in the O.E. Pattison Subdivision.

File # 0444AA: This permit allows a diversion of 40 acre-feet per year with consumption rights of 2 acre-feet per year. These were obtained from the Pattison Family Trust with change of ownership being approved on December 23, 1987. This water may be used year-round for all uses at all diversion points.

Well Sub-File # Y-8: The Rio Pueblo de Taos/Rio Hondo Adjudication (Rio Pueblo Vol. 2) in U.S. District Court awarded the well to the Village. It allows 3-acre-feet diversion rights. At the time, a well exists to divert water, but is not in use.

15. Joint Powers Agreements

Energy Minerals and Natural Resources Department

Purpose: To document Energy Minerals and Natural Resources Department (EMNRD) and the Village's commitment to wildland fire suppression by using interagency cooperation, management assistance, and cooperation with the use of federal excess property.

Participants: The Village of Taos Ski Valley and EMNRD

Responsible Party for Operation and Audit: EMNRD

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

15. Joint Powers Agreements (continued)

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

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

Taos Central Dispatch (TCD)

Purpose: The agreement and to further define the terms and conditions under which the Parties will jointly operate, maintain, and administer Taos Central Dispatch (TCD) (formerly named Taos Emergency Communications Center) and to further define the roles and responsibilities of TCD.

Participants: Village of Questa, Village of Taos Ski Valley, Taos Pueblo, Taos County, Town of Taos

Responsible Party for Operations and Audit: Fiscal agent is responsible for Audit. The Board of Directors is responsible for operations.

Beginning and Ending Date of Agreement: 10/3/2014 to an indefinite end date.

Total Estimated Amount of Project and Actual Amount Contributed: Initial cost is \$680,000 and the Village is responsible for \$10,000. If the GRT is not sufficient then the Village will be responsible for 10% of the total amount required for the cost.

Taos Regional Landfill Facility

Purpose: For the purpose of establishing, financing and operating the Taos Regional Landfill Facility.

Participants: County of Taos, Town of Taos, Village of Questa, Village of Red River, Village of Taos Ski Valley, Village of Eagle Nest

Responsible Party for Operations and Audit: The Board of Directors is responsible for operations. The Town of Taos is designated as the fiscal Agent.

Beginning and Ending Date of Agreement: The term is for 50 years. The agreement was approved on November 2, 2000.

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

16. Related Party Transactions

At year end the Village of Taos Ski Valley Tax Increment Development District owed the Village \$7,333 for services provided by the village finance director and village clerk. The Village clerk and finance director provided various identifiable services in fiscal year 2019 in the amount of \$11,038.

STATE OF NEW MEXICO
 VILLAGE OF TAOS SKI VALLEY
 Notes to Financial Statements
 June 30, 2019

17. Tax Abatements

The Village negotiated gross receipts and ad valorem tax abatement agreements with the Village of Taos Ski Valley Tax Increment Development District. The Village has tax abatement agreements with one entity relating to two different abatements as of June 30, 2019.

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

Tax Abatement Program			
Village of Taos Ski Valley TIDD - GRT	\$	568,018	75.00%
Village of Taos Ski Valley TIDD - Ad Valorem		102,729	75.00%
Total tax abatements	\$	670,747	

18. Breakout of Sewer Fund

Management has separated Sewer Fund activity that was previously reported in the Water Fund. Adjustments were made to separate out cash balances and liabilities related to pension.

Management is still evaluating the separation of other assets and liabilities to the Sewer Fund.

19. Prior Period Adjustment

The prior period statements were restated as a result of the following:

Governmental Funds

Asset adjustments in the amount of \$9,681,921 as reflected in the Statement of Activities.

Proprietary Funds

Water Fund – Asset adjustments in the amount of \$(146,090). Payable adjustments in the amount of \$223,998.

Sewer Fund – Asset adjustments in the amount of \$98,131.

Net impact of \$(47,959) as reflected in the Statement of Activities.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Financial Statements
June 30, 2019

20. Recent and New Accounting Pronouncements

The following GASB pronouncements have been issued:

- GASB Statement No. 84, *Fiduciary Activities*, has been issued and is effective for fiscal years ending on or after December 31, 2019, but is not yet effective at June 30, 2019.
- GASB Statement No. 87, *Leases*, has been issued and is effective for reporting periods beginning after December 15, 2019, but is not yet effective at June 30, 2019.

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

21. Subsequent Events

The Village has evaluated subsequent events through January 7, 2020, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
For the Year Ended June 30, 2019

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0631%	0.0588%	0.0528%	0.0446%	0.0360%
Village's proportionate share of the net pension liability (asset)	\$ 1,006,018	807,962	843,567	454,736	280,839
Village's covered-employee payroll	\$ 751,778	660,092	660,757	708,904	504,379
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	133.82%	122.40%	127.67%	64.15%	55.68%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 70,757	49,288	43,185	35,295	80,196
Contributions in relation to the contractually required	<u>(50,825)</u>	<u>(62,204)</u>	<u>(49,288)</u>	<u>(35,295)</u>	<u>(80,196)</u>
Contribution deficiency (excess)	\$ <u>19,932</u>	<u>(12,916)</u>	<u>(6,103)</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 751,778	660,092	660,757	708,904	504,379
Contributions as a percentage of covered-employee payroll	6.76%	9.42%	7.46%	4.98%	15.90%

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

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Required Supplementary Information
For the Year Ended June 30, 2019

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
Public Employees Retirement Association (PERA) Pension Plan
Municipal Police Division
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0377%	0.0772%	0.0230%	0.0238%	0.0234%
Village's proportionate share of the net pension liability (asset)	\$ 257,232	174,447	169,701	114,444	76,281
Village's covered-employee payroll	\$ 152,232	139,164	123,652	88,764	88,192
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	168.97%	125.35%	136.00%	129.00%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 15,832	30,077	8,662	8,819	16,668
Contributions in relation to the contractually required	<u>(15,054)</u>	<u>(14,336)</u>	<u>(12,235)</u>	<u>(8,819)</u>	<u>(16,668)</u>
Contribution deficiency (excess)	\$ <u>778</u>	<u>15,741</u>	<u>(3,573)</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 152,232	139,164	123,652	88,765	88,192
Contributions as a percentage of covered-employee payroll	9.89%	10.30%	9.89%	9.94%	18.90%

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

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA's FY18 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2018.pdf>

Assumptions. The PERA of New Mexico Annual Actuarial Valuation as of June 30, 2018 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/PERA-valuation-6-30-2018-FINAL.pdf>

SUPPLEMENTARY INFORMATION

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
June 30, 2019

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 acquisition, construction, and operation of maintenance of solid waste facilities, water facilities, wastewater facilities, sewer systems, and related facilities. Authority NMSA 1978 7-19D-10. Funding is provided by a ¼ of 1% tax on the Gross Receipts within the Village. No minimum fund balance required according to legislation.

Emergency Medical Services Fund

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

Fire Protection Fund

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

Law Enforcement Protection Fund

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

Recreation Fund

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

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

PROPRIETARY MAJOR FUNDS

Water Fund

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

Sewer Fund

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

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund	Law Enforcement Protection Fund	Recreation Fund	Total Nonmajor Governmental Funds
<i>Assets</i>						
Cash and investments	\$ 237,237	1,292	307,340	20,471	481	566,821
Taxes receivable	1,408	-	-	-	-	1,408
Prepaid expenses	-	-	-	-	-	-
<i>Total assets</i>	<u>\$ 238,645</u>	<u>1,292</u>	<u>307,340</u>	<u>20,471</u>	<u>481</u>	<u>568,229</u>
<i>Liabilities</i>						
Accounts payable	\$ 3,912	-	874	-	54	4,840
Accrued salaries and benefits	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<i>Total liabilities</i>	<u>3,912</u>	<u>-</u>	<u>874</u>	<u>-</u>	<u>54</u>	<u>4,840</u>
<i>Deferred inflows of resources</i>						
Unavailable revenue-property taxes	-	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>						
Nonspendable - prepaids						
Fund Balance restricted for:	-	-	-	-	-	-
General fund	-	-	-	-	-	-
Special revenue fund	234,733	1,292	306,466	20,471	427	563,389
Capital projects fund	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-
Committed for:						
General fund	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
Assigned for:						
General fund	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
Unassigned for:						
General fund	-	-	-	-	-	-
<i>Total fund balances</i>	<u>234,733</u>	<u>1,292</u>	<u>306,466</u>	<u>20,471</u>	<u>427</u>	<u>563,389</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 238,645</u>	<u>1,292</u>	<u>307,340</u>	<u>20,471</u>	<u>481</u>	<u>568,229</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019

	Environmental Gross Receipts Tax Fund	Emergency Medical Services Fund	Fire Protection Fund	Law Enforcement Protection Fund	Recreation Fund	Total Nonmajor Governmental Funds
<i>Revenues</i>						
Taxes						
Gross receipts taxes	\$ 37,510	-	-	-	-	37,510
State grant income	-	-	116,402	21,200	-	137,602
Charges for services	65,699	-	-	-	-	65,699
Licenses and fees	-	-	-	-	-	-
Investment income (loss)	2,115	-	2,969	127	(1)	5,210
Miscellaneous	72	-	-	-	-	72
<i>Total Revenues</i>	<u>105,396</u>	<u>-</u>	<u>119,371</u>	<u>21,327</u>	<u>(1)</u>	<u>246,093</u>
<i>Expenditures:</i>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	12,703	204,716	7,013	-	224,432
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	10,660	10,660
Health and welfare	61,022	-	-	-	-	61,022
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Total expenditures</i>	<u>61,022</u>	<u>12,703</u>	<u>204,716</u>	<u>7,013</u>	<u>10,660</u>	<u>296,114</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>44,374</u>	<u>(12,703)</u>	<u>(85,345)</u>	<u>14,314</u>	<u>(10,661)</u>	<u>(50,021)</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	13,070	-	-	10,650	23,720
Transfers out	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>13,070</u>	<u>-</u>	<u>-</u>	<u>10,650</u>	<u>23,720</u>
<i>Net change in fund balances</i>	44,374	367	(85,345)	14,314	(11)	(26,301)
<i>Fund balances - Beginning of year</i>	<u>190,359</u>	<u>925</u>	<u>391,811</u>	<u>6,157</u>	<u>438</u>	<u>589,690</u>
<i>Fund balances - End of year</i>	\$ <u>234,733</u>	<u>1,292</u>	<u>306,466</u>	<u>20,471</u>	<u>427</u>	<u>563,389</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Water Fund
Statement of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted amounts		Actual	Variances
	Original	Final	(Non-GAAP	favorable
			budgetary basis)	(unfavorable)
				Final to
				Actual
<i>Revenues:</i>				
Charges for services	\$ 187,460	218,460	150,340	(68,120)
Investment income (loss)	-	-	8,019	8,019
Miscellaneous	200	200	-	(200)
Total Revenues	187,660	218,660	158,359	(60,301)
<i>Expenditures:</i>				
<i>Current:</i>				
Operating expenses	135,671	166,671	31,797	134,874
Contract services	-	-	1,216	(1,216)
Salaries	-	-	106,897	(106,897)
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	135,671	166,671	139,910	26,761
<i>Excess (deficiency) of revenues over expenditures</i>	<u>51,989</u>	<u>51,989</u>	<u>18,449</u>	<u>(33,540)</u>
<i>Other financing sources (uses)</i>				
Transfers in of assets	-	-	-	-
Net cash transfers	(69,981)	(69,981)	10,019	80,000
Total other financing sources (uses)	(69,981)	(69,981)	10,019	80,000
<i>Net change in fund balance</i>	(17,992)	(17,992)	28,468	46,460
<i>Beginning cash balance budgeted</i>	<u>24,172</u>	<u>24,172</u>		
Total	6,180	6,180		

Reconciliation to GAAP basis:

Prior period adjustment	47,959
Change in receivables	86,800
Change in capital assets	1,067,652
Change in deferred outflows	(56,938)
Change in accounts payable	(1,868)
Change in accrued salaries	(14,679)
Change in compensated absences	28,790
Change in accrued interest	(59,627)
Change in net pension liability	137,667
Change in loans/bonds payable	(4,906,845)
Change in deferred inflows	10,851
Net change in net position (GAAP basis)	\$ (3,631,770)

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Sewer Fund
Statement of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted amounts		Actual	Variances favorable (unfavorable)
	Original	Final	(Non-GAAP budgetary basis)	Final to Actual
<i>Revenues:</i>				
Charges for services	\$ 749,840	749,840	713,635	(36,205)
Investment income (loss)	-	-	54	54
Miscellaneous	200	200	25	(175)
<i>Total Revenues</i>	<u>750,040</u>	<u>750,040</u>	<u>713,714</u>	<u>(36,326)</u>
<i>Expenditures:</i>				
Current:				
Operating expenses	484,051	484,051	60,793	423,258
Travel	-	-	423	(423)
Contract services	-	-	28,746	(28,746)
Salaries	-	-	311,148	(311,148)
Debt service:				
Principal	-	-	56,399	(56,399)
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total expenditures</i>	<u>484,051</u>	<u>484,051</u>	<u>457,509</u>	<u>26,542</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>265,989</u>	<u>265,989</u>	<u>256,205</u>	<u>(9,784)</u>
<i>Other financing sources (uses)</i>				
Loss on sale of asset	-	-	-	-
Transfers in of assets	-	-	-	-
Net cash transfers	<u>(341,627)</u>	<u>(341,627)</u>	<u>(261,627)</u>	<u>80,000</u>
<i>Total other financing sources (uses)</i>	<u>(341,627)</u>	<u>(341,627)</u>	<u>(261,627)</u>	<u>80,000</u>
<i>Net change in fund balance</i>	(75,638)	(75,638)	(5,422)	70,216
<i>Beginning cash balance budgeted</i>	<u>98,131</u>	<u>98,131</u>		
<i>Total</i>	22,493	22,493		
Reconciliation to GAAP basis:				
Change in deferred outflows			76,959	
Change in accounts payable			(3,995)	
Change in net pension liability			(211,270)	
Change in inflows			<u>(6,761)</u>	
Net change in net position (GAAP basis)		\$	<u>(150,489)</u>	

See independent auditors' report.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Depository Accounts
June 30, 2019

People's Bank/LPL Financial

Type	Centinel Bank	People's/Hillcrest Bank	LPL Financial	First Tennessee Bank	Bank United	Cedar Rapids Bank & Trust	City National Bank of Florida	First American Bank	Sterling National Bank	Customers Bank Phoenixville	City National Bank of Florida, Miami	Live Oak BKG CO, Wilmington	Subtotal People's Bank/LPL Financial Group	Total	Bank Balance	Outstanding Items	Book Balance
General checking, interest bearing	\$ 450,649	7,424,052	-	-	-	-	-	-	-	-	-	-	7,424,052	7,874,701	7,874,701	(230,967)	7,643,734
Savings, interest bearing	726,002	-	-	-	-	-	-	-	-	-	-	-	-	726,002	726,002	(4,853)	721,149
Money market, interest bearing	-	-	479	4,231	-	-	-	-	1	-	-	-	4,711	4,711	4,711	464	5,175
CDs, interest bearing	-	-	-	-	132,000	240,000	12,000	133,000	-	201,000	18,000	240,000	976,000	976,000	976,000	-	976,000
Total deposits	1,176,651	7,424,052	479	4,231	132,000	240,000	12,000	133,000	1	201,000	18,000	240,000	8,404,763	9,581,414			
Less: FDIC Coverage	(250,000)	(250,000)	(479)	(4,231)	(132,000)	(240,000)	(12,000)	(133,000)	(1)	(201,000)	(18,000)	(240,000)	(1,230,711)	(1,480,711)			
Total uninsured public funds	926,651	7,174,052	-	-	-	-	-	-	-	-	-	-	7,174,052	8,100,703			
50% Collateral requirement	463,326	3,587,026	-	-	-	-	-	-	-	-	-	-	3,587,026	4,050,352			
Pledged collateral	675,000												3,819,142	4,494,142			
(Over) under collateralized risk-deposits	(211,675)												(232,116)	(443,791)			
Uninsured and uncollateralized	926,651												7,174,052	8,100,703			
Petty cash, imprest																	200
Held with State Treasurer's Office															4,976,205		4,976,205
Held with fiscal agent															84,793		84,793
Total cash and cash equivalents														14,642,412	(235,356)		14,407,256

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

Cash and cash equivalents - Government activities	\$ 13,764,224
Cash and cash equivalents - Business-type activities	<u>643,032</u>
	\$ <u>14,407,256</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Pledged Collateral by Depository for Public Funds
June 30, 2019

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name and Location of Safe Keeper
Centinel Bank	NMMI Revenue Cusip 647183BM3, 3.0% 6/1/2023	\$ 50,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Espanola School District Cusip 29662RBA5, 2.125% 9/1/2025	100,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Alamogordo, NM Cusip 011446JDA, 2.25% 8/1/2027	250,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Questa Independent School District Cusip 748352CT6, 3.5% 9/1/2020	100,000	Texas Independent Bank Dallas, Texas
Centinel Bank	West Las Vegas NM School District Cusip 953769KV7, 2%, 8/15/2020	125,000	Texas Independent Bank Dallas, Texas
Centinel Bank	Hobbs School District Cusip 433866EV8, 2.25% 7/15/2021	<u>50,000</u>	Texas Independent Bank Dallas, Texas
Subtotal Centinel Bank		675,000	
Peoples/Hillcrest Bank	FNM11141CA, CUSIP 3136A25W9, 2%, 12/25/2025	1,246,268	FTN Financial Memphis, Tennessee
Peoples/Hillcrest Bank	FHR4170TC, CUSIP 3137AYZ95, 1.625, 02/15/2028	<u>2,572,874</u>	FTN Financial Memphis, Tennessee
Subtotal Peoples/Hillcrest Bank		<u>3,819,142</u>	
Total Pledged Collateral		<u>\$ 4,494,142</u>	

See independent auditors' report.

COMPLIANCE SECTION

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

The Honorable Christof Brownell, Mayor
Village Council of the State of New Mexico, Village of Taos Ski Valley
Taos Ski Valley, New Mexico

and Honorable State Auditor Brian S. Colón, Esq.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the State of New Mexico Village of Taos Ski Valley, New Mexico (Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 7, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-004 that we consider to be material weaknesses.

Compliance and Other Matters

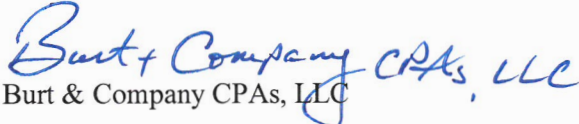
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-002 and 2019-003.

Village of Taos Ski Valley's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


Burt & Company CPAs, LLC

January 7, 2020

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Summary Schedule of Findings and Responses
June 30, 2019

Current Year Findings:

- 2019-001 Controls Over Fixed Assets
- 2019-002 Controls Over Procurement
- 2019-003 Late Audit Report
- 2019-004 Controls Over Financial Statements

Prior Year Findings:

None.

SUMMARY OF AUDIT RESULTS

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
• Material weakness(es) identified?	<u>Yes</u>
• Significant deficiency(ies) identified that are not considered to be material weakness?	<u>No</u>
• Noncompliance material to financial statements noted?	<u>No</u>

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Findings and Responses
June 30, 2019

SECTION I - FINDINGS - FINANCIAL STATEMENT

2019-001 Controls Over Fixed Assets - *Material weakness*

Condition: The Village has the following deficiencies over fixed assets:

Governmental Funds

- Material infrastructure assets in the amount of \$9,931,261, which were dedicated and accepted in June 2017 were not added to the Village's fixed asset listings in the prior year and were not adjusted to the books. This resulted in a prior period adjustment of \$9,931,261. Prior year depreciation of \$248,282 for the infrastructure assets was not recorded in the prior year resulting in a prior period adjustment of \$(248,282).
- Formula errors on the Village's excel spreadsheet used to track assets resulted in a prior period adjustment of \$7,480.
- Asset adjustments of \$8,537 to the Village's excel spreadsheet due to input errors resulted in a prior period adjustment of \$(8,537).
- Asset additions in the amount of \$130,000 were not included on the fixed asset listing.
- Construction in progress of \$42,931 was not added to the fixed asset listing which resulted in a prior period adjustment of \$8,453 and a current year adjustment of \$34,478.
- Disposals of \$31,900 were not accounted for correctly on the fixed asset listing.
- Asset additions of \$9,931,261 of infrastructure assets and \$130,000 of equipment were not included in the annual physical inventory performed at fiscal year-end and no required certification of the same was made.

Proprietary Funds

- Asset adjustments of \$(49,339) to the Village's excel spreadsheet due to input errors resulted in a prior period adjustment of \$(47,959) and a current year adjustment of \$(1,380).

Criteria: NMSA 1978 Section 6-6-3 requires that every local public body keep all books, records and accounts in their respective offices in the form prescribed by the local government division. Subsection A of Section 12-6-10 NMS 1978 requires an annual physical inventory of equipment on the inventory list and certification of the same. The Village does not have sufficient procedures to account for controls over fixed assets.

Cause: The Village does not have adequate internal control procedures over fixed assets.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Findings and Responses
June 30, 2019

Effect: An annual inventory of fixed assets and a certification of the same did not include dedicated infrastructure assets and equipment noted above as of June 30, 2019. Fixed assets were not adjusted for dedicated infrastructure assets and equipment noted above. Errors and omissions on the fixed asset listing resulted in material adjustments to the financial statements.

Recommendation: The Village should establish and implement procedures over fixed assets to ensure that they are accounted for in accordance with applicable laws. The Village should implement an asset tracking system to mitigate errors in fixed asset listings.

Management's Response: The Village Finance Director will implement a fixed asset tracking system in FY20. All assets will be recorded. This is expected to be fully resolved in FY20.

2019-002 Controls Over Procurement – *Other noncompliance*

Condition: The Village has the following deficiencies over procurement:

- For one procurement in the amount of \$60,300, formal solicitations were not issued, and sealed bids or proposals were not obtained.

Criteria: Per State Statutes, 13-1-103 NMSA 1978, all procurement in excess of \$60,000 shall be achieved by competitive sealed bid, except as exempted, if applicable.

Cause: The Village did not issue a formal solicitation for sealed bids in accordance with state statutes.

Effect: The Village is not in compliance with State Statute, 13-1-103 NMSA 1978.

Recommendation: The Village should follow the NM Procurement code for purchases in excess of \$60,000.

Management's Response: The Village will ensure that procurement procedures are reviewed and corrected for compliance with state statute and that practices are consistently followed to eliminate errors. Responsible Party-Village Administrator, Certified Procurement Officers and Department Heads. This finding is expected to be fully resolved in FY20.

2019-003 Late Audit Report – *Other noncompliance*

Condition: The audit for the year ended June 30, 2019 was not submitted to the state auditor's office by the December 16, 2019 due date.

Criteria: By statute, Section 2.2.29 NMAC (State Auditor Rule), the deadline for submission of this report was December 16, 2019.

Cause: Completion of the current year audit was delayed due to the Village not being able to close out fixed asset records timely, resulting in a late audit.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Schedule of Findings and Responses
June 30, 2019

Effect: The Village was not in compliance with State statute. The Village is potentially subject to state funding cuts and delays due to the untimely audit.

Recommendation: The Village should ensure that audits are completed and submitted in accordance with State statute.

Management's Response: The Village will ensure that audits are completed and submitted in accordance with State statute. Responsible party – Finance Director and Village Administrator. This finding is expected to be fully resolved in FY20.

2019-004 Controls Over Financial Statements – *Material weakness*

Condition: The Village has material adjustments to the financial statements as a result of audit procedures performed.

- Net fixed asset adjustments of \$9,681,921 for governmental activities and (\$47,959) for business-type activities.
- Connection charges payable adjustment of \$223,998 for business-type activities.

Criteria: New Mexico Administrative Code (NMAC); 2.20.5, requires that model accounting practices established by the local government division are followed by authorized personnel.

Cause: The Village does not have adequate controls over recording and reconciling detail activity to accounts balances for certain asset and liability accounts.

Effect: The Village is not in compliance with state statute.

Recommendation: The Village should comply with state statute requirements concerning reconciliations of accounting records.

Management's Response: The Village will comply with state statute requirements concerning reconciliations of accounting records. Responsible Party - Finance Director. This finding is expected to be fully resolved in FY 20.

STATE OF NEW MEXICO
VILLAGE OF TAOS SKI VALLEY
Other Disclosures
June 30, 2019

AUDITOR PREPARED FINANCIAL STATEMENTS

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

EXIT CONFERENCE

The contents of this report were discussed on December 23, 2019. The following individuals were in attendance.

Village of Taos Ski Valley

Christof Brownell, Mayor

John Avila, Village Administrator

Nancy Grabowski, Finance Director

Burt & Company CPAs, LLC

Ronald E. Schranz, CPA, CVA

Misty L. Schuck, CPA, CGMA, CFE, CGFM, CICA (telephonically)