

STATE OF NEW MEXICO
Village of Taos Ski Valley
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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Village of Taos Ski Valley
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Village of Taos Ski Valley
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June 30, 2020**

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**STATE OF NEW MEXICO
Village of Taos Ski Valley
Official Roster
June 30, 2020**

VILLAGE COUNCIL

Christof Brownell Mayor
Thomas Wittman..... Councilor
J. Christopher Stagg Councilor
Jeffrey Kern Councilor
Neal King Councilor

ADMINISTRATIVE OFFICIALS

John AvilaVillage Administrator
Nancy Grabowski..... Finance Director
Ann Marie Wooldridge..... Village Clerk

FINANCIAL SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITORS' REPORT

Brian Colón, ESQ
New Mexico State Auditor
Santa Fe, New Mexico
and

To the Honorable Mayor and Village Councilors of
The Village of Taos Ski Valley, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the General Fund and major special revenue funds of the Village of Taos Ski Valley, New Mexico (the Village), as of and for the year ended June 30, 2020, 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

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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 with the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 auditor's opinion.

Opinion

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, 2020, 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require Schedules I, II, and the Notes to the Required Supplementary Information on pages 64-68, 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 auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge 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's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Schedule VI), the combining and individual non-major fund financial statements (Statement A-1 and Statement A-2) and Supporting Schedules IV and V, required by Section 2.2.2 NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedule VI, Statement A-1, Statement A-2 and Schedule IV and V 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, Schedule VI, Statement A-1, Statement A-2 and Schedule IV and V are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The auditee corrective action plan on page 94 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2020 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
October 21, 2020

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 4,697,067	\$ 1,364,352	\$ 6,061,419
Restricted cash	86,360	481,445	567,805
Receivables:			
Taxes receivable	249,808	-	249,808
Customer receivables, net	-	65,702	65,702
Inventory	-	50,208	50,208
Total current assets	5,033,235	1,961,707	6,994,942
Noncurrent assets			
Capital assets	15,517,406	20,107,676	35,625,082
Less: Accumulated depreciation	(2,728,799)	(4,581,405)	(7,310,204)
Total noncurrent assets	12,788,607	15,526,271	28,314,878
Deferred outflows of resources			
Deferred outflows of resources: Pension	237,350	71,278	308,628
Total deferred outflows	237,350	71,278	308,628
Total assets and deferred outflows of resources	\$ 18,059,192	\$ 17,559,256	\$ 35,618,448

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 64,703	\$ 78,139	\$ 142,842
Accrued salaries and benefits	33,659	17,690	51,349
Accrued interest	6,573	5,796	12,369
Loans payable	60,882	309,174	370,056
Compensated absences	11,920	6,920	18,840
Total current liabilities	177,737	417,719	595,456
Noncurrent liabilities			
Loans and capital leases payable	1,246,557	8,358,948	9,605,505
Compensated absences	46,265	8,981	55,246
Net Pension liability	1,065,434	319,956	1,385,390
Total noncurrent liabilities	2,358,256	8,687,885	11,046,141
Total Liabilities	2,535,993	9,105,604	11,641,597
Deferred inflows of resources			
Deferred inflows of resources: pension	21,057	6,323	27,380
Total deferred inflows of resources	21,057	6,323	27,380
Net Position			
Net investment in capital assets	11,481,168	6,858,149	18,339,317
Restricted for:			
Debt Service	86,360	7,442	93,802
Capital projects	762,639	474,003	1,236,642
Special Revenue	803,411	-	803,411
Unrestricted	2,368,564	1,107,735	3,476,299
Total net position	15,502,142	8,447,329	23,949,471
Total liabilities, deferred inflows of resources, and net position	\$ 18,059,192	\$ 17,559,256	\$ 35,618,448

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Activities
For the Year Ended June 30, 2020

Functions and Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,502,647	\$ -	\$ 105,176	\$ -
Public safety	435,330	-	143,971	-
Public works	362,621	-	-	-
Culture and recreation	585,366	7,303	-	-
Health and welfare	-	-	-	-
Interest on long-term debt	36,441	-	-	-
Total Governmental Activities	2,922,405	7,303	249,147	-
Business-Type Activities				
Joint Utility	1,144,638	976,518	-	2,099,460
Solid waste	50,761	74,090	-	-
Total Business-Type Activities	1,195,399	1,050,608	-	2,099,460
Total Primary Government	\$ 4,117,804	\$ 1,057,911	\$ 249,147	\$ 2,099,460
General Revenues:				
Taxes:				
Property taxes levied for general purposes				
Gross receipt taxes				
Gas taxes				
Franchise taxes				
Lodgers taxes				
Interest income				
Miscellaneous income				
Transfers				
Subtotal, General Revenues				
Change in Net Position				
Net Position - beginning				
Restatement - Note 9				
Net position - beginning of year, restated				
Net Position - ending				

See Independent Auditors' Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Government Activities	Business- Type Activities	Total
\$ (1,397,471)	\$ -	\$ (1,397,471)
(291,359)	-	(291,359)
(362,621)	-	(362,621)
(578,063)	-	(578,063)
-	-	-
(36,441)	-	(36,441)
<u>(2,665,955)</u>	<u>-</u>	<u>(2,665,955)</u>
-	1,931,340	1,931,340
-	23,329	23,329
-	1,954,669	1,954,669
<u>\$ (2,665,955)</u>	<u>\$ 1,954,669</u>	<u>\$ (711,286)</u>
507,591	-	507,591
1,642,638	129,994	1,772,632
3,551	-	3,551
64,819	-	64,819
496,029	-	496,029
73,019	13,386	86,405
193,420	9,004	202,424
(858,884)	858,884	-
<u>2,122,183</u>	<u>1,011,268</u>	<u>3,133,451</u>
<u>(543,772)</u>	<u>2,965,937</u>	<u>2,422,165</u>
<u>24,592,407</u>	<u>(3,117,781)</u>	<u>21,474,626</u>
<u>(8,546,493)</u>	<u>8,599,173</u>	<u>52,680</u>
<u>16,045,914</u>	<u>5,481,392</u>	<u>21,527,306</u>
<u>\$ 15,502,142</u>	<u>\$ 8,447,329</u>	<u>\$ 23,949,471</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund 101	Special Revenue Funds		Impact Fees Capital Projects 299
		Lodgers Tax 214	Streets 216	
Assets				
Cash and cash equivalents	\$ 3,130,889	\$ 431,702	\$ 6,389	\$ 762,639
Restricted cash	86,360	-	-	-
Property taxes receivable	80,005	-	-	-
Gross receipt taxes receivable	142,394	-	-	-
Other receivables	16,896	8,171	2,342	-
Total assets	<u>\$ 3,456,544</u>	<u>\$ 439,873</u>	<u>\$ 8,731</u>	<u>\$ 762,639</u>
Liabilities				
Accounts payable	\$ 44,757	\$ -	\$ 18,036	\$ -
Accrued salaries and benefits	31,411	-	2,248	-
Total liabilities	<u>76,168</u>	<u>-</u>	<u>20,284</u>	<u>-</u>
Deferred inflows of resources				
Deferred inflows - property taxes	71,863	-	-	-
Total deferred inflows of resources	<u>71,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>148,031</u>	<u>-</u>	<u>20,284</u>	<u>-</u>
Fund balance				
Spendable				
Restricted for:				
Public safety	-	-	-	-
Culture and recreation	-	439,873	-	-
Debt service expenditures	86,360	-	-	-
Capital projects	-	-	-	762,639
Committed:				
Minimum fund balance	157,055	-	-	-
Unassigned	3,065,098	-	(11,553)	-
Total fund balances	<u>3,308,513</u>	<u>439,873</u>	<u>(11,553)</u>	<u>762,639</u>
Total liabilities and fund balances	<u>\$ 3,456,544</u>	<u>\$ 439,873</u>	<u>\$ 8,731</u>	<u>\$ 762,639</u>

See Independent Auditors' Report and Notes to Financial Statements

Non-Major Governmental Funds	Total
\$ 365,448	\$ 4,697,067
-	86,360
-	80,005
-	142,394
-	27,409
<u>\$ 365,448</u>	<u>\$ 5,033,235</u>
\$ 1,910	\$ 64,703
-	33,659
<u>1,910</u>	<u>98,362</u>
-	71,863
-	71,863
<u>1,910</u>	<u>170,225</u>
358,477	358,477
5,061	444,934
-	86,360
-	762,639
-	157,055
-	3,053,545
<u>363,538</u>	<u>4,863,010</u>
<u>\$ 365,448</u>	<u>\$ 5,033,235</u>

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STATE OF NEW MEXICO
Village of Taos Ski Valley
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2020

Exhibit B-1
Page 2 of 2

Total Fund Balance - Governmental Funds \$ 4,863,010

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital assets	15,517,406
Less: Accumulated depreciation	(2,728,799)

Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows in the governmental fund financial statements, but these revenues have already been recognized as revenues in the statement of activities. 71,863

Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:

Accrued interest	(6,573)
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Deferred outflows and inflows relating to pension liabilities are not payable / collectible in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows reported on the Statement of Net Position are as follows:

Deferred outflows-pension	237,350
Deferred inflows-pension	(21,057)

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Accrued compensated absences	(58,185)
Loans payable	(1,307,439)
Pension liability	(1,065,434)

Total net position of governmental activities \$ 15,502,142

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	General	Lodgers		Impact Fees
	Fund 101	Tax 214	Streets 216	Capital Projects 299
Revenues				
Property taxes	\$ 509,612	\$ -	\$ -	\$ -
Gross receipt taxes	1,533,798	-	108,840	-
Gas tax	-	-	3,551	-
Franchise taxes	64,819	-	-	-
Lodgers' taxes	-	496,029	-	-
State operating grants	105,176	-	-	-
Charges for services	-	-	-	-
Licenses and fees	58,603	-	19,001	72,448
Interest income	73,019	-	-	-
Miscellaneous income	21,770	-	14,200	-
Total revenue	<u>2,366,797</u>	<u>496,029</u>	<u>145,592</u>	<u>72,448</u>
Expenditures				
Current:				
General government	1,182,180	-	-	11,986
Public safety	275,952	-	-	-
Public works	-	-	288,178	-
Culture and recreation	-	443,418	-	-
Capital outlay	331,402	-	33,291	12,900
Debt service:	-	-	-	-
Principal	55,198	-	-	-
Interest	39,930	-	-	-
Total expenditures	<u>1,884,662</u>	<u>443,418</u>	<u>321,469</u>	<u>24,886</u>
Excess (deficiency) of revenues over expenditures	<u>482,135</u>	<u>52,611</u>	<u>(175,877)</u>	<u>47,562</u>
Other financing sources (uses)				
Transfers in	122,224	-	115,000	-
Transfers out	(961,184)	(108,784)	-	(56,290)
Loan proceeds	186,958	-	-	-
Total other financing sources (uses)	<u>(652,002)</u>	<u>(108,784)</u>	<u>115,000</u>	<u>(56,290)</u>
Net change in fund balance	(169,867)	(56,173)	(60,877)	(8,728)
Fund balance - beginning of year	3,478,380	496,046	49,324	771,367
Fund balance - end of year	<u>\$ 3,308,513</u>	<u>\$ 439,873</u>	<u>\$ (11,553)</u>	<u>\$ 762,639</u>

Non-Major Governmental Funds	Total
\$ -	\$ 509,612
-	1,642,638
-	3,551
-	64,819
-	496,029
143,971	249,147
7,303	7,303
-	150,052
-	73,019
7,398	43,368
<u>158,672</u>	<u>3,239,538</u>
-	1,194,166
70,008	345,960
-	288,178
21,777	465,195
62,155	439,748
-	-
-	55,198
-	39,930
<u>153,940</u>	<u>2,828,375</u>
<u>4,732</u>	<u>411,163</u>
30,150	267,374
-	(1,126,258)
-	186,958
<u>30,150</u>	<u>(671,926)</u>
34,882	(260,763)
328,656	5,123,773
<u>\$ 363,538</u>	<u>\$ 4,863,010</u>

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**STATE OF NEW MEXICO
Village of Taos Ski Valley**

Exhibit B-2
Page 2 of 2

**Reconciliation of the Statement of Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

Net Change in Fund Balance - Governmental Funds \$ (260,763)

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

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

Capital expenditures recorded in capital outlay	439,748
Depreciation expense	(381,848)

Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows in the governmental fund financial statements, but these are considered revenues on the statement of activities

Decrease in delinquent property taxes	(2,021)
---------------------------------------	---------

Governmental funds report proceeds received from the sale of capital assets as revenues. However, in the statement of activities, revenues or expenses from these transactions are reported net of the asset cost minus accumulative depreciation.

Loss on disposal of capital asset

Governmental funds report Village pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Pension expense	(210,550)
-----------------	-----------

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 affect on net position. Also, changes in accrued compensated absences does not consume current financial resources in governmental funds but does affect net position.

Increase in accrued compensated absences	(67)
Decrease in accrued interest	3,489
Debt issuance	(186,958)
Principal payments on bonds and loans payable	55,198

Change in Net Position of Governmental Activities	<u>\$ (543,772)</u>
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STATE OF NEW MEXICO
Village of Taos Ski Valley
General Fund

Exhibit C-1

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>(Unfavorable)</u>
				<u>Final to actual</u>
Revenues				
Taxes:				
Property taxes	\$ 390,494	\$ 416,843	\$ 429,607	\$ 12,764
Gross receipts	1,418,083	1,513,771	1,560,123	46,352
Gasoline and Motor vehicle	-	-	-	-
Franchise tax	58,918	62,893	64,819	1,926
Intergovernmental income:	-	-	-	-
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	83,048	88,651	91,366	2,715
State capital grants	-	-	-	-
Charges for services	-	-	0	-
Licenses and fees	53,268	56,862	58,603	1,741
Interest income (loss)	66,371	70,850	73,019	2,169
Miscellaneous	17,069	18,221	18,779	558
Total revenue	<u>2,087,251</u>	<u>2,228,091</u>	<u>2,296,316</u>	<u>68,225</u>
Expenditures				
Current				
General government	1,286,474	1,379,228	1,121,594	257,634
Public safety	316,518	339,339	275,952	63,387
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital outlay	395,930	424,477	345,186	79,291
Debt Service:	-	-	-	-
Principal	33,528	35,945	29,231	6,714
Interest	45,800	49,102	39,930	9,172
Total expenditures	<u>2,078,250</u>	<u>2,228,091</u>	<u>1,811,893</u>	<u>416,198</u>
Excess (deficiency) of revenues over expenditures	<u>9,001</u>	<u>-</u>	<u>484,423</u>	<u>484,423</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(9,001)	-	-	-
Transfers in	112,500	232,500	708,466	475,966
Transfers out	(750,000)	(1,083,500)	(1,547,426)	(463,926)
Total other financing sources (uses)	<u>(637,500)</u>	<u>(851,000)</u>	<u>(838,960)</u>	<u>12,040</u>
Net Change in fund balance	(628,499)	(851,000)	(354,537)	
Fund balance - beginning of year	3,574,497	3,574,497	3,574,497	
Fund balance - end of year	<u>\$ 3,574,497</u>	<u>\$ 2,723,497</u>	<u>\$ 3,219,960</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>(354,537)</u>	
Adjustments to revenue for receivables and loan intercept revenues			257,439	
Adjustment to expenditures for accounts payable and capital outlay			<u>(72,769)</u>	
Net Change in fund balance (GAAP basis)			<u>\$ (169,867)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Lodgers Tax

Exhibit C-2

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	405,000	405,000	496,291	91,291
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>405,000</u>	<u>405,000</u>	<u>496,291</u>	<u>91,291</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	541,214	541,214	443,418	97,796
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>541,214</u>	<u>541,214</u>	<u>443,418</u>	<u>97,796</u>
Excess (deficiency) of revenues over expenditures	<u>(136,214)</u>	<u>(136,214)</u>	<u>52,873</u>	<u>189,087</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	136,214	136,214		
Transfers in	-	-	-	-
Transfers out	(63,035)	(143,035)	(108,784)	34,251
Total other financing sources (uses)	<u>(63,035)</u>	<u>(143,035)</u>	<u>(108,784)</u>	<u>34,251</u>
Net Change in fund balance	(199,249)	(279,249)	(55,911)	
Fund balance - beginning of year	-	-	490,686	
Fund balance - end of year	<u>\$ 434,775</u>	<u>\$ 434,775</u>	<u>\$ 434,775</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>(55,911)</u>	
Adjustments to revenue for decrease in receivables			(262)	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (56,173)</u>	

See Independent Auditors' Report and Notes to Financial Statements

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STATE OF NEW MEXICO
Village of Taos Ski Valley
Streets

Exhibit C-3

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	135,425	331,644	108,840	(222,804)
Gasoline and Motor vehicle	7,032	15,363	4,621	(10,742)
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	16,000	16,000	17,514	1,514
Interest income (loss)	-	-	-	-
Miscellaneous	14,200	14,200	14,200	-
Total revenue	<u>172,657</u>	<u>377,207</u>	<u>145,175</u>	<u>(232,032)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	442,524	499,250	267,894	231,356
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	54,992	62,041	33,291	28,750
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>497,516</u>	<u>561,291</u>	<u>301,185</u>	<u>260,106</u>
Excess (deficiency) of revenues over expenditures	<u>(324,859)</u>	<u>(184,084)</u>	<u>(156,010)</u>	<u>28,074</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	324,859	184,084		
Transfers in	255,000	255,000	115,000	(140,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>255,000</u>	<u>255,000</u>	<u>115,000</u>	<u>(140,000)</u>
Net Change in fund balance	(69,859)	70,916	(41,010)	
Fund balance - beginning of year	-	-	45,185	
Fund balance - end of year	<u>\$ 4,175</u>	<u>\$ 4,175</u>	<u>\$ 4,175</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>(41,010)</u>	
Adjustments to revenue for increase in receivables			417	
Adjustment to expenditures for increase in liabilities			<u>(20,284)</u>	
Net Change in fund balance (GAAP basis)			<u>\$ (60,877)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit D-1

	Joint Utility	Solid Waste	Total
Assets			
Cash and cash equivalents	\$ 1,079,744	\$ 284,608	\$ 1,364,352
Restricted cash	481,445		481,445
Accounts receivable, net	62,378	3,324	65,702
Inventory	50,208	-	50,208
Total current assets	<u>1,673,775</u>	<u>287,932</u>	<u>1,961,707</u>
Noncurrent assets			
Capital assets	20,107,676	-	20,107,676
Less: Accumulated depreciation	<u>(4,581,405)</u>	<u>-</u>	<u>(4,581,405)</u>
Total noncurrent assets	<u>15,526,271</u>	<u>-</u>	<u>15,526,271</u>
Deferred outflows of resources			
Deferred outflows from pensions	71,278	-	71,278
Total deferred outflows	<u>71,278</u>	<u>-</u>	<u>71,278</u>
Total assets, and deferred outflows of resources	<u>\$ 17,271,324</u>	<u>\$ 287,932</u>	<u>\$ 17,559,256</u>
Liabilities, deferred inflows and net position			
Liabilities			
Overdrawn cash			
Accounts payable	\$ 75,479	\$ 2,660	\$ 78,139
Accrued salaries and benefits	17,690	-	17,690
Accrued interest	5,796	-	5,796
Loans payable	309,174	-	309,174
Compensated absences	6,920	-	6,920
Total current liabilities	<u>415,059</u>	<u>2,660</u>	<u>417,719</u>
Noncurrent liabilities			
Loans payable	8,358,948	-	8,358,948
Compensated absences	8,981	-	8,981
Net pension liability	319,956	-	319,956
Total noncurrent liabilities	<u>8,687,885</u>	<u>-</u>	<u>8,687,885</u>
Total liabilities	<u>9,102,944</u>	<u>2,660</u>	<u>9,105,604</u>
Deferred inflows of resources			
Deferred inflows from pensions	6,323	-	6,323
Total deferred inflows of resources	<u>6,323</u>	<u>-</u>	<u>6,323</u>
Net position			
Net investment in capital asset	6,858,149	-	6,858,149
Restricted for:			
Debt service	7,442	-	7,442
Capital projects	474,003	-	474,003
Unrestricted	822,463	285,272	1,107,735
Total net position	<u>8,162,057</u>	<u>285,272</u>	<u>8,447,329</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 17,271,324</u>	<u>\$ 287,932</u>	<u>\$ 17,559,256</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Exhibit D-2

Village of Taos Ski Valley

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Joint Utility	Solid Waste	Total
Operating revenues:			
Charges for services	\$ 976,518	74,090	\$ 1,050,608
Total operating revenues	<u>976,518</u>	<u>74,090</u>	<u>1,050,608</u>
Operating expenses:			
Depreciation and amortization	201,012	-	201,012
Personnel services	532,000	3,269	535,269
Contractual services	15,358	46,182	61,540
Supplies	54,141	-	54,141
Maintenance and materials	65,394	-	65,394
Utilities	53,010	450	53,460
Miscellaneous	20,655	860	21,515
Total operating expense	<u>941,570</u>	<u>50,761</u>	<u>992,331</u>
Operating income (loss)	<u>34,948</u>	<u>23,329</u>	<u>58,277</u>
Non-operating revenues (expense):			
Gross receipts taxes	102,784	27,210	129,994
Interest income	13,386	-	13,386
Other Income	9,004	-	9,004
Interest expense	(100,111)	-	(100,111)
Debt issuance expense	(102,957)	-	(102,957)
Total non-operating revenues (expense)	<u>(77,894)</u>	<u>27,210</u>	<u>(50,684)</u>
Income (loss) before contributions and transfers	<u>(42,946)</u>	<u>50,539</u>	<u>7,593</u>
Transfers in	858,884	-	858,884
State and federal capital grants	2,099,460	-	2,099,460
Total contributions and transfers	<u>2,958,344</u>	<u>-</u>	<u>2,958,344</u>
Change in Net Position	<u>2,915,398</u>	<u>50,539</u>	<u>2,965,937</u>
Net Position - beginning of the year	(3,117,781)	-	(3,117,781)
Restatement - Note 9	8,364,440	234,733	8,599,173
Net position - beginning of year, restated	<u>5,246,659</u>	<u>234,733</u>	<u>5,481,392</u>
Net Position - end of the year	<u>\$ 8,162,057</u>	<u>\$ 285,272</u>	<u>\$ 8,447,329</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit D-3

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Total</u>
Cash flow from operating activities			
Cash received from customers	\$ 1,002,515	\$ 72,174	\$ 1,074,689
Cash payments to employees for services	(463,427)	(3,269)	(466,696)
Cash payments to suppliers for goods and services	(162,740)	(48,744)	(211,484)
Net cash provided by operating activities	<u>376,348</u>	<u>20,161</u>	<u>396,509</u>
Cash flow from noncapital financing activities			
Taxes received	102,784	-	102,784
Miscellaneous	9,004	-	9,004
Governmental contributions	-	27,210	27,210
Transfers	(332,827)	-	(332,827)
Net cash flows provided by noncapital financing activities	<u>(221,039)</u>	<u>27,210</u>	<u>(193,829)</u>
Cash flows from capital and related financing activities:			
Interest paid	(223,679)	-	(223,679)
Debt issuance expense	(102,957)	-	(102,957)
Proceeds form debt issuance	7,392,189	-	7,392,189
Principal payments	(7,195,153)	-	(7,195,153)
Transfers	1,203,399	-	1,203,399
Acquisition of capital assets	(10,741,433)	-	(10,741,433)
Proceeds from capital governmental contributions	2,099,460	-	2,099,460
Net cash provided (used) by capital and related financing activities	<u>(7,568,174)</u>	<u>-</u>	<u>(7,568,174)</u>
Cash flows from investing activities			
Proceeds from sale (purchase) of investments	-	-	-
Interest income	15,354	-	15,354
Net cash provided by investing activities	<u>15,354</u>	<u>-</u>	<u>15,354</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,397,511)</u>	<u>47,371</u>	<u>(7,350,140)</u>
Cash & cash equivalents - beginning of year	643,032	237,237	880,269
Restatement fo cash & cash equivalents - Note 9	8,315,668	-	8,315,668
Cash & cash equivalents - beginning of year restated	<u>8,958,700</u>	<u>237,237</u>	<u>9,195,937</u>
Cash & cash equivalents - end of year	<u>\$ 1,561,189</u>	<u>\$ 284,608</u>	<u>\$ 1,845,797</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 34,948	\$ 23,329	\$ 58,277
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Pension and OPEB expense	60,188	-	60,188
Depreciation	201,012	-	201,012
Changes in assets & liabilities:			
Receivables	25,997	(1,916)	24,081
Accounts payable	16,658	(1,252)	15,406
Accrued salaries and benefits	2,970	-	2,970
Compensated absences	5,415	-	5,415
Inventory	29,160	-	29,160
Net cash provided (used) by operating activities	<u>\$ 376,348</u>	<u>\$ 20,161</u>	<u>\$ 396,509</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies

The Village of Taos Ski Valley, New Mexico (the 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 incorporated 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 a 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 are responsible for their integrity and objectivity.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Village's accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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 Statement No. 14 as amended by GASB Statements No. 39 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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 does not have any component units required to be reported under GASB Statements No. 14, No. 39, and No. 61.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's Net Position is reported in three parts; net investments in capital assets; restricted net position; and unrestricted net position.

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

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Separate financial statements are provided for governmental funds and proprietary funds, Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 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 allocated to separate functions on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

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. Major 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.

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.

Impact fees (Capital Projects Fund) - To account for impact fees related to construction of building sites in the Village that are used for capital improvements. The Fund is authorized by Village Council.

The Village reports the following proprietary funds as major funds:

The *Joint Utility fund* accounts for the activities of the Village's water and waste water operations.

The Solid Waste Fund accounts for the provision of solid waste services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, and billing.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for utility services. 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.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance

Cash and Cash Equivalents: The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in certificates of deposit, interest-bearing savings accounts, bonds or other obligations of the U.S. Government, which is guaranteed as to principal and interest by the U.S. government and the State Treasurer's Investment Pool.

Receivables and Payables: Activity between funds that is 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 inter-fund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

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. Property taxes are considered 100% collectible. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the Village's historical experience with these receivables.

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. As of June 30, 2020 the Village had no prepaid expenses.

Inventory: Inventories in governmental funds consist of expendable supplies held for consumption and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Capital Assets: Capital assets, which include property, plant, utility systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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. 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). Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Village during the current fiscal year was \$0.

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

Asset	Years
Computer Equipment and Software	3
Vehicles	5-7
Equipment & Machinery	5-20
Buildings and Improvements	20-40
Plant and Distribution System	10-40

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2020, along with applicable PERA.

Unearned Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Inflows of Resources Governmental Funds: Deferred inflows are reported in the balance sheet for governmental funds regarding property tax revenue. These amounts are deferred and recognized as revenue in that period that the amounts become available.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Deferred Outflows/Inflows of Resources Government Wide Statement of Net Position: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village reports deferred outflows for pension liabilities.

Compensated Absences: Hourly employees can accrue up to 320 hours of accumulated annual leave, and salary employees can accrue an unlimited balance. Hourly employees can be paid out up to 80 hours of unused leave time at the end of the calendar year over 320 hours. The Village does not pay out sick leave upon separation of employment but at the option of the Village they can pay employees back unused sick leave in excess of 700 and a maximum of ninety six (96) hours may be sold back to the Village at a rate of 1 hour of pay for every three hours worked.

All employees earn sick leave at a rate of eight hours per month and employees earn vacation leave at various rates depending on the employee's length of service based on the following total years of services:

Years of Service	Hours Earned Per Month	Hours Earned Per year
1-5	8	96
6	9.33	112
7	10.667	128
>7	13.33	160

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist of 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 those assets.

Restricted Net Position – Consist of net position 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.

Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

Fund Balance: During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of inter-fund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

At June 30, 2020, the Village has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$1,809,465 for various Village operations as restricted and committed by the minimum fund balance in the General Fund and enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 16 and 17.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds, and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Minimum Fund Balance Policy: The Village's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Village holds cash reserves of 1/12th the General Fund expenditures for the upcoming budget year. The Village has presented committed fund balance on the governmental funds balance sheet in the amount of \$157,055 to meet minimum fund balance requirements for the General Fund.

The Village applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Inter-fund 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 it 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 inter-fund 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 inter-fund transfers are reported as operating transfers.

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 May 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Village recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Village records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements.

Estimates: The preparation of financial statements in accordance 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. Significant estimates in the Village's financial statements include the allowance for uncollectible accounts in the enterprise funds, the current portion of accrued compensated absences, the net pension liability and related amounts, and the useful lives of capital assets.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, 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 Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total as the legal level of budgetary control is at the fund level.

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

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2020 is presented as part of the budgetary statements.

NOTE 3. Deposits and Investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. The Village is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2020.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 3. Deposits and Investments (continued)

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.

All of the Village's accounts at an insured depository institution, including 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 collateral pledged is listed in the supplementary information. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Custodial Credit Risk Deposits - is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) that 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 Investments - For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are that are in the possession of an outside party. The Village's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Credit Risk - The Villages investments shall be in accordance with State Law 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10 NMSA 1978, 6-10-10 NMSA 1978.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 3. Deposits and Investments (continued)

At June 30, 2020, \$1,533,125 of the Village's bank balance of \$2,820,125 was exposed to custodial credit risk. \$1,355,879 of the Village's cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name, and \$177,246 was uninsured and uncollateralized at June 30, 2020.

	<u>Centinel Bank</u>	<u>Hillcrest Bank</u>	<u>Total</u>
Deposits	\$ 956,286	\$ 1,076,839	\$ 2,033,125
Less: FDIC Coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	<u>706,286</u>	<u>826,839</u>	<u>1,533,125</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Villages name	<u>675,000</u>	<u>680,879</u>	<u>1,355,879</u>
Uninsured and uncollateralized	<u>31,286</u>	<u>145,960</u>	<u>177,246</u>
Collateral requirements (50% of uninsured funds)	353,143	413,420	766,563
Pledged Collateral	<u>675,000</u>	<u>680,879</u>	<u>1,355,879</u>
Over (under) collateralized	<u>\$ 321,857</u>	<u>\$ 267,460</u>	<u>\$ 589,317</u>

Investments

New Mexico State Statutes authorize the creation of the short-term investment fund in the New Mexico State Treasury. The Statutes authorize the State Treasurer to pool monies received from local public bodies for investment purposes with public monies under control. The purpose of the local short-term fund is to provide a voluntary investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. The local short-term investment fund, along with other public monies in the State Treasurer's investment account, is invested in repurchase agreements secured at 102% by U.S. Government Securities. The State Treasurer has the responsibility to pledge collaterals at 102% of investment balances for the Village. All investing is performed in accordance with State Statutes and the Village's investment policy.

The investments are valued at fair value based on quoted market prices as of the valuation date. The Credit Risk LGIP – with respect to credit risk, the 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.

As of June 30, 2020, the Village had the following investments and maturities:

<u>Investment Type</u>	<u>Maturities</u>	<u>Rating</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Fair Value</u>
New Mexico LGIP	[25] day WAM R; [77] day WAM (F)	AAAm	\$ 3,845,639	\$ 3,845,639	1
Certificate of Deposit	> 3 months	*	<u>787,000</u>	<u>787,000</u>	1
			<u>\$ 4,632,639</u>	<u>\$ 4,632,639</u>	

* Certificate of Deposit is full collateralized

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 3. Deposits and Investments (continued)

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Village has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Carrying Amount of deposits and investments shown above are included in the Village's Statement of Net position as follows:

Cash and cash equivalents - Governmental Activities per Exhibit A-1	\$ 4,697,067
Restricted cash and cash equivalents - Governmental Activities per Exhibit A-1	86,360
Cash and cash equivalents - Business-type Activities per Exhibit A-1	1,364,352
Restricted cash and cash equivalents - Business-type Activities per Exhibit A-1	<u>481,445</u>
Total cash and cash equivalents	<u>6,629,224</u>
Add: outstanding checks	140,503
Less: outstanding deposits	(16,903)
Less: petty cash	(700)
Less: cash held at the New Mexico State Treasurers Office	(3,845,639)
Less: Investments	(787,000)
Less: cash held at the NMFA	<u>(86,360)</u>
Bank balance of deposits	<u>\$ 2,033,125</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 4. Accounts and Taxes Receivable

Receivables as of June 30, 2020 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Taxes Recieveable:		
Gross receipts taxes	\$ 142,394	\$ -
Property taxes	80,005	-
Gas taxes	855	-
Lodgers Taxes	8,171	-
Franchise taxes	13,810	-
Other receivables:		
Miscellanious	4,573	-
<i>Customer Receivables, Net</i>		65,702
Total Receivables, Net	<u>\$ 249,808</u>	<u>\$ 65,702</u>

Governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenue receivables not collected within the period of availability was determined to be \$71,863 and is reclassified as deferred inflow of resources in the governmental fund financial statements.

Customer receivables in proprietary funds were \$65,702 and the Village did not accrue an allowance for doubtful accounts as they expect to collect 100% of these outstanding balances.

NOTE 5. Interfund Transfers

Operating transfers are made to close out funds and supplement other funding sources in the normal course of operations. Operating transfers for the year ended June 30, 2020 were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Streets	85,000
Impact Fees	Streets	30,000
General Fund	EMS	13,000
General Fund	Joint Utility	10,000
General Fund	Joint Utility	5,000
Lodgers Taxes	Recreation	12,850
Lodgers Taxes	General Fund	95,934
Impact Fees	General Fund	26,290
General Fund	Joint Utility	440,000
General Fund	Joint Utility	125,000
General Fund	Joint Utility	273,884
General Fund	Joint Utility	5,000
General Fund	Village Apartments	4,300
		<u>1,126,258</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2020 follows (land and construction in progress is not subject to depreciation):

Governmental Activities:

	<u>Balance June 30, 2019</u>	<u>Restatement</u>	<u>Balance June 30, 2020 Restated</u>	<u>Additions</u>	<u>Balance June 30, 2020</u>
Capital assets not depreciated:					
Land	\$ 650,369	\$ -	\$ 650,369	\$ -	\$ 650,369
Construction In Progress	637,733	-	637,733	331,402	969,135
Total capital assets not depreciated	<u>1,288,102</u>	<u>-</u>	<u>1,288,102</u>	<u>331,402</u>	<u>1,619,504</u>
Capital asset depreciated:					
Equipment	1,988,117	-	1,988,117	95,446	2,083,563
Buildings	900,720	-	900,720	12,900	913,620
Infrastructure	10,900,719	-	10,900,719	-	10,900,719
Total capital assets, depreciated	<u>13,789,556</u>	<u>-</u>	<u>13,789,556</u>	<u>108,346</u>	<u>13,897,902</u>
Total capital assets	<u>15,077,658</u>				<u>15,517,406</u>
Less accumulated depreciation:					
Equipment	1,336,634	89,215	1,425,849	84,768	1,510,617
Buildings	161,619	10,098	171,717	24,562	196,279
Infrastructure	737,453	11,932	749,385	272,518	1,021,903
Total accumulated depreciation	<u>2,235,706</u>	<u>111,245</u>	<u>2,346,951</u>	<u>381,848</u>	<u>2,728,799</u>
Capital Assets, Net	<u>\$ 12,841,952</u>				<u>\$ 12,788,607</u>

Depreciation expense was charged to the following Governmental Activities:

General Government	\$ 198,819
Public Safety	57,599
Public Works	47,979
Culture and Recreation	77,451
	<u>\$ 381,848</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 6. Capital Assets (continued)

Business-type Activities

Business-type activities:	Balance June 30, 2019	Restatement	Balance June 30, 2020 Restated	Additions	CIP Transfers	Balance June 30, 2020
Capital assets not depreciated:						
Land and Water Rights	\$ 192,678	\$ 162,890	\$ 355,568	\$ 322,000	\$ -	\$ 677,568
Construction In Progress	2,399,753	-	2,399,753	10,419,433	(10,040,292)	2,778,894
Total capital assets not depreciated	<u>2,592,431</u>	<u>162,890</u>	<u>2,755,321</u>	<u>10,741,433</u>	<u>(10,040,292)</u>	<u>3,456,462</u>
Capital asset depreciated:						
Equipment	960,829	-	960,829	-	-	960,829
Buildings	199,738	-	199,738	-	-	199,738
Water and Sewer System	5,613,245	(162,890)	5,450,355	-	10,040,292	15,490,647
Total capital assets, depreciated	<u>6,773,812</u>	<u>(162,890)</u>	<u>6,610,922</u>	<u>-</u>	<u>10,040,292</u>	<u>16,651,214</u>
Total capital assets	<u>9,366,243</u>					<u>20,107,676</u>
Less accumulated depreciation:						
Distribution System	1,017,558	(178,175)	839,383	19,670	-	859,053
Equipment	205,978	(16,733)	189,245	1,170	-	190,415
Land Improvements	3,268,103	83,662	3,351,765	180,172	-	3,531,937
Total accumulated depreciation	<u>4,491,639</u>	<u>(111,246)</u>	<u>4,380,393</u>	<u>201,012</u>	<u>-</u>	<u>4,581,405</u>
Capital Assets, Net	<u>\$ 4,874,604</u>					<u>\$ 15,526,271</u>

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2020, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

Governmental Funds	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
NMFA	\$ 1,175,679	\$ -	\$ (29,231)	\$ 1,146,448	\$ 29,722
New Mexico Tax and Revenue	-	186,958	(25,967)	160,991	31,160
Total Debt and Capital Leases	1,175,679	186,958	(55,198)	1,307,439	60,882
Compensated Absences	58,118	11,987	(11,920)	58,185	11,920
Total Long Term Debt	<u>\$ 1,233,797</u>	<u>\$ 198,945</u>	<u>\$ (67,118)</u>	<u>\$ 1,365,624</u>	<u>\$ 72,802</u>

The Village had the following loans outstanding in governmental funds during fiscal year 2020:

Taos Mountain Lodge (NMFA Taos 55)

On July 1, 2016 the Village obtained a loan from the New Mexico Finance Authority in the amount of \$1,266,477 and bears interest at a rate of 3.62%, with payments due May 1st and November 1st. The loan is for the purposes of making improvements to the Village's Offices. Revenues pledged to service this loan are municipal gross receipts imposed by the Village ordinance No. 97-18 pursuant to Section 7-19D-9 NMSA 1978. The revenues pledged total \$1,798,297 at June 30, 2020, which is 1.47% of gross receipts taxes at their current rate. During the year ended June 30, 2020 the Village recognized a total of \$94,922 in pledged revenues, and retired \$69,162 in loan principal and interest.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

New Mexico Tax and Revenue Loan Payable

The Village entered into a repayment plan to the New Mexico Department of Revenue related to the overpayment of GRT to the Village from Fiscal years 2017 through 2018. On August 21, 2019 the village entered into an agreement to repay the New Mexico Department of revenue \$186,958 due to the village being overpaid GRT in fiscal years 2017 through 2018. Total gross receipt tax revenue pledged to repay this loan at June 30, 2020 total \$160,922 which is .66% of gross receipts taxes at their current rate. During the year ended June 30, 2020 the Village recognized a total of \$94,922 in pledged revenues, and retired \$25,967 in loan principal and interest.

A summary of the loans outstanding in governmental activities at June 30, 2020 are as follows:

Description	Date of Issue	Maturity Date	Interest rate	Issue Amount	Balance June 30, 2020	Current Portion
NMFA Taos 55 Taos Mountain Lodge	7/1/2016	5/1/2046	3.62%	\$ 1,266,447	\$ 1,146,448	\$ 29,722
New Mexico Tax and Revenue	8/21/2019	8/1/2025	0.00%	186,959	160,991	31,160
					<u>\$ 1,307,439</u>	<u>\$ 60,882</u>

The annual requirements to amortize the above loans including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 60,882	\$ 39,439	\$ 100,321
2022	61,429	38,893	100,322
2023	62,058	38,263	100,321
2024	62,790	37,531	100,321
2025	63,587	36,734	100,321
2026-2030	181,442	169,556	350,998
2031-3035	206,501	139,304	345,805
3036-2040	245,888	100,027	345,915
2041-2045	296,369	49,436	345,805
2046-2050	66,494	2,666	69,160
	<u>\$ 1,307,440</u>	<u>\$ 651,849</u>	<u>\$ 1,959,289</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 7. Long-term Debt (continued)

Business-Type Activities

The Joint Utility has incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant, and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
NMED Loans	\$ 1,049,895	-	\$ (161,228)	\$ 888,667	\$ 163,163
NMFA Loans	421,191	-	(33,925)	387,266	33,910
TIB Bank Construction Bonds	7,000,000	-	(7,000,000)	-	-
USDA Revenue Bonds	-	7,392,189	-	7,392,189	112,101
Total debt	<u>\$ 8,471,086</u>	<u>7,392,189.00</u>	<u>\$ (7,195,153)</u>	<u>\$ 8,668,122</u>	<u>\$ 309,174</u>
Compensated Absences	10,486	12,335	(6,920)	15,901	6,920
Total Long Term Debt	<u>\$ 8,481,572</u>	<u>\$ 7,404,524</u>	<u>\$ (7,202,073)</u>	<u>\$ 8,684,023</u>	<u>\$ 316,094</u>

The Joint Utility had the following loans outstanding in the Joint Utility during fiscal year 2020:

NMED Wastewater Treatment Plant Improvements (CWSRF - 1438049R)

The Village entered into a loan agreement with the New Mexico Environment Department for the purpose of improving the wastewater facilities of the Village. The loan was finalized on July 3, 2018 with the Village borrowing \$859,211. The loan bears interest at 1.20%. Principal and interest payments are due every November 27 in the amount of \$101,287, maturing on November 27, 2026. Revenues pledged for the payment of this loan are the net revenues of the Village's Joint Utility. The revenues pledged total \$709,010 at June 30, 2020, which is 290% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the Village recognized \$418,772 in pledged revenues, and retired \$101,287 in loan principal and interest.

NMED Waste Water Facility Loan (CWSRF - 52)

The Village entered into a loan agreement with the New Mexico Environment Department for the purpose of improving the wastewater facilities of the Village. The loan was finalized on March 24, 2016 with the Village borrowing \$350,000. The loan bears interest at 1.20%. Principal and interest payments are due every January 22 in the amount of \$72,540, maturing on January 22, 2023. Revenues pledged for the payment of this loan are the net revenues of the Village's Joint Utility. The revenues pledged total \$217,620 at June 30, 2020, which is 208% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the Village recognized \$418,772 in pledged revenues, and retired \$72,540 in loan principal and interest.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

NMFA Water Project Loan / Grant (NMFA WPF - 776)

The Village entered into a loan grant agreement for \$511,401 and \$2,045,605 respectively with the New Mexico Finance Authority to make water system improvements to the Village. The loan grant agreement was finalized on January 15, 2010. The loan has a rate of 0.25%. Principal and interest payments on the loan are due June 1, and December 1, with annual payments totaling \$26,215 and maturing on June 1, 2029. Revenues pledged for the payment of this loan are the net revenues of the Village's Joint Utility System. The revenues pledged total \$262,142 at June 30, 2020, which is 75% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the Village recognized \$418,772 in pledged revenues, and retired \$26,215 in loan principal and interest.

NMFA Water Project Loan / Grant (NMFA WPF - 951)

The Village entered into a loan grant agreement for \$164,000 and \$1,476,000 respectively with the New Mexico Finance Authority to make water system improvements to the Village. The loan grant agreement was finalized on February 26, 2016. The loan has a rate of 0.25%. Principal and interest payments on the loan are due June 1, and December 1 with total annual payments totaling \$8,731 and fully maturing on June 1, 2035. Revenues pledged for the payment of this loan are the net revenues of the Village's Joint Utility System. The revenues pledged total \$130,983 at June 30, 2020, which is 25% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the Village recognized \$418,772 in pledged revenues, and retired \$8,731 in loan principal and interest.

A summary of all the loans outstanding in the Joint Utility at June 30, 2020 are as follows:

Description	Date of Issue	Maturity Date	Interest rate	Issue Amount	Balance June 30, 2020	Current Portion
NMED CWSRF 1438049R	11/27/2006	11/27/2026	1-3%	\$ 1,641,757	\$ 676,167	\$ 93,173
NMED CWSRF 052	1/22/2018	1/22/2023	1.20%	\$ 350,000	212,500	69,990
NMFA WPF - 776	1/15/2010	6/1/2029	0.25%	\$ 511,401	258,892	25,600
NMFA WPF 951	2/26/2016	6/1/2032	0.25%	\$ 164,000	128,374	8,310
					<u>\$ 1,275,933</u>	<u>\$ 197,073</u>

The annual requirements to amortize the above loans in the Joint Utility including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 197,073	\$ 11,600	\$ 208,673
2022	199,115	9,557	208,672
2023	201,183	7,491	208,674
2024	130,733	5,400	136,133
2025	131,976	4,156	136,132
2026-2030	371,523	5,276	376,799
2031-3035	44,330	341	44,671
	<u>\$ 1,275,933</u>	<u>\$ 43,821</u>	<u>\$ 1,319,754</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

The Joint Utility had the following bonds outstanding in the Joint Utility during fiscal year 2020:

USDA Series 2020 A Joint Utility Sewer and Water Revenue Bond

On June 12, 2020 the Village issued \$3,326,485 of revenue bonds to the USDA for the purpose of constructing, enlarging, improving and extending, betterment, repair and other improvements to the Villages waste water system. The bonds bear interest at 2.42%. Payments on the bonds are due each month on the 1st in the amount of \$10,741.91 and the bonds will fully mature on June 12, 2060. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The Bonds were issued under and persistent to Village Bond Ordinance NO. 2020-64. Revenues pledged total \$5,156,115 at June 30, 2020, which is 369% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2020 the Village recognized \$418,772 in pledged revenues, and retired \$0 in loan principal and interest.

The annual requirements to amortize the above 2020A joint water and sewer revenue bonds including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 50,446	\$ 78,457	\$ 128,903
2022	51,657	77,246	128,903
2023	52,897	76,006	128,903
2024	54,167	74,736	128,903
2025	55,468	73,435	128,903
2026-2030	297,967	346,547	644,514
2031-3035	335,498	309,017	644,515
3036-2040	377,756	266,759	644,515
2041-2045	425,336	219,178	644,514
2046-2050	478,910	165,604	644,514
2051-2055	539,232	105,282	644,514
2056-2060	607,151	37,363	\$ 644,514
	<u>\$ 3,326,485</u>	<u>\$ 1,829,630</u>	<u>\$ 5,156,115</u>

USDA Series 2020 B Joint Utility Sewer and Water Revenue Bond

On June 12, 2020 the Village issued \$4,065,704 of revenue bonds to the USDA for the purpose of constructing, enlarging, improving and extending, betterment, repair and other improvements to the Villages waste water system. The bonds bear interest at 2.42%. Payments on the bonds are due each month on the 1st in the amount of \$13,129 and the bonds will fully mature on June 12, 2060. Revenues pledged to service this loan are municipal gross receipts imposed by the Village ordinance No. 2020-64 pursuant to Section 7-19D-9 NMSA 1978. Revenues pledged total \$5,156,115 at June 30, 2020, which is 8.89% of the gross receipt revenues at their current rate. During the year ended June 30, 2020 the Village recognized \$95,128 in pledged revenues, and retired \$0 in loan principal and interest.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

The annual requirements to amortize the above 2020B gross receipts tax revenue bonds including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 61,655	\$ 95,892	\$ 157,547
2022	63,136	94,412	157,548
2023	64,652	92,896	157,548
2024	66,204	91,344	157,548
2025	67,794	89,754	157,548
2026-2030	364,182	423,558	787,740
2031-3035	410,053	377,687	787,740
3036-2040	461,701	326,038	787,739
2041-2045	519,856	267,884	787,740
2046-2050	585,335	202,405	787,740
2051-2055	659,061	128,679	787,740
2056-2060	742,075	45,666	787,741
	<u>\$ 4,065,704</u>	<u>\$ 2,236,215</u>	<u>\$ 6,301,919</u>

A summary of the above Joint Utility 2020A and 2020B bonds at June 30, 2020 are as follows:

Description	Date of Issue	Maturity Date	Interest rate	Issue Amount	Balance June 30, 2020	Current Portion
USDA Series 2020 A	6/12/2020	6/12/2060	2.42%	3,326,485	\$ 3,326,485	\$ 50,446
USDA Series 2020 B	6/12/2020	6/12/2060	2.42%	4,065,704	4,065,704	61,655
					<u>\$ 7,392,189</u>	<u>\$ 112,101</u>

NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village participates in the New Mexico Self Insurers' Fund risk pool.

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

As of June 30, 2020, 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.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 9. Restatement

Governmental funds recorded the following reclassification to beginning fund balance:

	Governmental Funds
Beginning - fund balance	\$ 13,632,904
Reclassification of fund balance	
Joint Utility Debt Service	(8,274,398)
Solid Waste Fund	(234,733)
Total restatements	\$ (8,509,131)
Beginning fund balance restated	\$ 5,123,773

The above reclassification of fund balances into business type activities consisted of the following:

The Village reclassified fund balances totaling \$(8,274,398) from governmental funds to the Joint Utility related to cash of \$8,315,668 that was the result of the debt issuance booked in the Joint Utility, receivables of \$11,688 and payables of \$52,958 related to Joint Utility capital projects.

The Village reclassified fund balances totaling \$234,733 from governmental funds into enterprise funds. All activity in this fund in the previous year and the current year was the result of Solid Waste activities in the Village. The reclassification consisted of \$237,237 of beginning cash balances and \$1,408 of customer receivables reclassified from governmental funds to the Solid Waste Enterprise fund.

Governmental activities recorded the following restatements to beginning Net Position:

	Governmental Activities Net Position
Beginning - Net Position	\$ 24,592,407
Beginning Accumulated depreciation	(111,246)
Deferred Inflows - Property Taxes	73,884
Total governmental fund reclassifications	\$ (8,509,131)
Total restatements	(8,546,493)
Net position, restated	\$ 16,045,914

The above restatements to beginning net position in Governmental Activities consisted of the following:

The Village entered their capital asset listing into a capital asset tracking system during the year. This resulted in a correction to the allocation of accumulated depreciation and properly allocating \$111,246 from the Joint Utility into Governmental Activities.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 9. Restatement (continued)

The Village improperly subtracted deferred inflows of resources related to property taxes reported on the previous year's balance sheet from total receivable reported on the Statement of Net Position. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. This resulted in a restatement to beginning net position for \$73,884.

The total of the governmental fund reclassifications of \$8,509,131 into business-type activities decreased beginning net position in governmental activities by this same amount.

Business-type Activities recorded the following restatements to beginning Net Position in the Joint Utility (Water and Sewer):

	Joint Utility (Water and Sewer)
Beginning - Net Position	\$ (3,117,781)
Reclassification of Joint Utility Debt Service	8,274,398
Accumulative depreciation	111,246
Inventory	(21,204)
Total restatements	\$ 8,364,440
Net position, restated	\$ 5,246,659

The above restatements to beginning net position in the Joint Utility consisted of the following:

As noted above the Village reclassified \$8,274,398 from governmental fund balances into proprietary funds beginning net position in the Joint Utility. This reclassification consisted of \$8,315,668 of cash, \$11,688 of receivables and \$52,958 of accounts payable.

The Village entered their capital asset listing into a capital asset tracking system during the year. This resulted in a correction to the allocation of accumulated depreciation and properly allocating \$111,246 from the Joint Utility into Governmental Activities.

The Village corrected their beginning inventory listing which included items that were not inventory. This resulted in a restatement to beginning inventory balances of \$(21,204).

Business-type Activities recorded the following reclassifications from governmental activities and fund balances to proprietary funds beginning net position in the Solid Waste Fund:

	Solid Waste Fund
Beginning - Net Position	\$ -
Reclassification of Solid Waste Fund	234,733
Total restatements	234,733
Net position, restated	\$ 234,733

The Village reported proprietary activities in the solid waste fund as a nonmajor governmental fund in the previous year. This fund was reclassified into proprietary funds.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 10. Pension Plan- Public Employees Retirement Association

General Information about the Pension Plan

Plan description:

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

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, 2019 available at <http://saonm.org/>.

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 fiscal year 2020 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2019.pdf.

The PERA coverage options that apply to the Village are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Village were \$72,674.49 for the year ended June 30, 2020.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Contributions. See PERA's comprehensive annual financial report for Contributions Provided descriptions.

PERA Contribution Rates and Pension Factors In effect during FY19						
Coverage Plan	Employee Contribution		Employer Contribution Percentag	Pension Factor per		Pension Maximum as a Percentag
	Annual Salary less than	Annual Salary greater than		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2019. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles, including contributions for the year ended June 30, 2020. Therefore, the employer's portion was established as of the measurement date June 30, 2020.

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, 2018 to June 30, 2019 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2019 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2020, the Village reported a liability of \$1,106,173 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2020, the Village's proportion was .0639 percent, which was slightly changed from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Village recognized PERA Fund Division Municipal General Pension expense of \$216,590. At June 30, 2020, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,165	\$ 11,967
Changes of assumptions	49,324	2,724
Net difference between projected and actual earnings on pension plan investments	37,275	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	51,782	-
Village's contributions subsequent to the measurement date	58,140	-
Total	<u>\$ 229,686</u>	<u>\$ 14,691</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

\$58,140 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 90,424
2022	40,240
2023	20,058
2024	6,133
<u>Thereafter</u>	<u>-</u>
Total	<u>\$ 156,855</u>

For PERA Fund Division Municipal Police, at June 30, 2020, the Village reported a liability of \$279,217 for its proportionate share of the net pension liability. At June 30, 2020, the Village's proportion was .0378 percent, which was slightly changed from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Village recognized PERA Fund Division Municipal Police pension expense of \$54,148. At June 30, 2020, the Village reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,665	\$ 11,895
Changes of assumptions	15,838	710
Net difference between projected and actual earnings on pension plan investments	8,719	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	28,185	84
Village's contributions subsequent to the measurement date	14,535	-
Total	<u>\$ 78,942</u>	<u>\$ 12,689</u>

The Village's contributions of \$14,535 are reported as deferred outflows of resources related to pensions, resulting in the Village's contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 27,188
2022	18,558
2023	4,542
2024	1,430
<u>Thereafter</u>	<u>-</u>
Total	<u>\$ 51,718</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Actuarial Assumptions: The total pension liability at June 30, 2020 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization Period	Solved for based on statutory rates
Retirement	Changes to current assumed rates of
Disability	Lower rates for State police, Muni Male and
Projected Benefit Payment	100 Years
Administrative Expenses	.5% of Payroll
Actuarial assumptions:	Fair value
Investment rate of return	7.25% Static
Payroll growth	3.00% Static
Projected salary increases	3.25%-13.5%
Includes Inflation at	2.50% Static
Mortality assumption	RPH-2014 Blue Collar Mortality

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

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	42.3%	7.48%
Risk Reduction	21.4%	2.37%
Credit Oriented	15.0%	5.47%
Real Assets	20.0%	6.48%
Multi Risk Allocation	1.3%	
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Village's proportionate share of the net pension liability	\$ 1,673,019	\$ 1,106,173	\$ 637,183

<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Village's proportionate share of the net pension liability	\$ 422,544	\$ 279,217	\$ 162,289

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2019 PERA financial report. The report is available at:

<http://www.pera.state.nm.us/publications.html>.

Payables to pension plan: As of June 30, 2020, the Village had no outstanding amount of contributions to the pension plan.

NOTE 11. Subsequent Events

The date to which events occurring after June 30, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is October 21, 2020 which is the date on which the financial statements were available to be issued.

NOTE 12. Restricted net position

The government-wide statement of net position reports restricted net position in governmental funds of \$1,652,410. For descriptions of the related enabling legislation for special revenue, capital projects, see page 34 and page 71 for descriptions of the related restrictions for special revenue, debt service capital projects funds. The government-wide statement of net position reports restricted net position in business-type activities of \$481,445. This amount is restricted for capital projects and debt service for the Joint Utility.

NOTE 13. Related Party

During the year the Village of Taos Ski Valley Tax Increment Development District (TIDD) paid the Village \$6,029 to reimburse the Village for work the Village's employees did for the TIDD.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 14. GASB 77 Disclosures (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, 2020.

Each of these agreements was negotiated under state and local laws and has been passed by legislation or resolution as applicable. The eligibility criteria are 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 abatements as of June 30, 2020 were as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated</u>	<u>% Abated</u>
Gross Receipts Tax:		
Village of Taos Ski Valley	\$ 954,478	75%
State of New Mexico	816,225	50%
Ad Valorem Tax:		
Village of Taos Ski Valley	106,911	75%
Taos County	70,797	35%
Total Abatements	<u>\$ 1,948,411</u>	

NOTE 15. Joint Powers Agreements

Bus route to Taos Ski Valley

Participants:	Village of Taos Ski Valley and North Central Regional Transit District
Purpose:	To Provide bus services to the Village of Taos Ski Valley
Responsible Party:	North Central Regional Transit District
Period:	December through March and renews each year
Project Costs:	\$74,587
Audit Responsibility:	North Central Regional Transit District

Taos Regional Landfill

Participants:	Taos County, Town of Taos, Village of Questa, Village of Red River and Village of Taos Ski Valley,
Purpose:	To finance, acquire, and operate Taos Regional Landfill
Responsible Party:	Town of Taos
Period:	From November 2000 to November 2050.
Project Costs:	Undeterminable
Audit Responsibility:	Town of Taos

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 15. Joint Powers Agreements (continued)

Energy Minerals and Natural Resources Department (EMNRD)

Participants:	Town of Taos Ski Valley and Energy, Mineral and Nature Resource Department (EMNRD)
Purpose:	To provide mutual wildland fire suppression and management assistance and cooperation between the Village and the Energy, Mineral and Nature Resources Department, Forestry Division (EMNRD)
Responsible Party:	EMNDRD
Period:	Runs five years, may be terminated at anytime.
Project Costs:	Undeterminable
Village's Contribution:	Make available career fire fighters and ensure personal qualifications, including fitness; tanning; experience; and wildland personal protective equipment meet the New Mexico Resource Mobilization Plan standards.
Audit Responsibility:	EMNRD

NOTE 16. Other Required Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including defecate fund balances. The Village carried defecate fund balance in the Streets fund in the amount of \$(11,553).

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REQUIRED SUPPLEMENTAY INFORMATION

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of the Village's Proportionate Share of the Net Pension Liability PERA
Fund – Municipal General Division
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

Schedule I
Page 1 of 2

MUNICIPAL GENERAL FUND	2020	2019	2018	2017	2016	2015
Village's proportion of the net pension liability (asset)	0.0639%	0.0631%	0.0588%	0.0528%	0.0446%	0.0360%
Village's proportionate share of the net pension liability (asset)	\$ 1,106,173	\$ 1,006,018	\$ 807,962	\$ 843,567	\$ 454,736	\$ 280,839
Village's covered-employee payroll	\$ 608,523	\$ 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	181.78%	199.09%	122.40%	127.67%	64.15%	55.68%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. 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
Schedule of the Village's Proportionate Share of the Net Pension Liability PERA
Fund – Municipal Police
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

Schedule I
Page 2 of 2

MUNICIPAL POLICE FUND	2020	2019	2018	2017	2016	2015
Village's proportion of the net pension liability (asset)	0.0378%	0.0377%	0.0772%	230.0000%	0.0238%	0.0023%
Village's proportionate share of the net pension liability (asset)	\$ 279,217	\$ 257,332	\$ 174,447	\$ 169,701	\$ 114,444	\$ 76,281
Village's covered-employee payroll	\$ 76,918	\$ 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	363.01%	168.97%	125.35%	136.00%	129.00%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. 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. Difference related to 2015 catch-up contributions.

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedules of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA - Municipal General Division
Last 10 Years*

MUNICIPAL GENERAL FUND	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 58,140	\$ 70,757	\$ 49,288	\$ 43,185	\$ 35,295	\$ 80,196
Contributions in relation to the contractually required contribution	\$ 58,140	\$ 50,825	\$ 62,204	\$ 49,288	\$ 35,295	\$ 80,196
Contribution deficiency (excess)	\$ -	\$ (19,932)	\$ 12,916	\$ 6,103	\$ -	\$ -
Village's covered-employee payroll	\$ 608,523	\$ 751,778	\$ 660,092	\$ 660,757	\$ 708,904	\$ 504,379
Contributions as a percentage of covered-employee payroll	9.55%	6.76%	9.42%	7.46%	4.98%	15.90%

*The amounts presented were determined as of June 30. 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. Difference related to 2015 catch-up contributions.

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedules of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA - Municipal Police Division
Last 10 Years*

Schedule II
Page 2 of 2

MUNICIPAL POLICE FUND	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 14,535	\$ 15,382	\$ 30,077	\$ 8,662	\$ 8,819	\$ 16,668
Contributions in relation to the contractually required contribution	\$ 14,535	\$ 15,054	\$ 14,336	\$ 12,235	\$ 8,819	\$ 16,668
Contribution deficiency (excess)	\$ -	\$ (328)	\$ (15,741)	\$ 3,573	\$ -	\$ -
Village's covered-employee payroll	\$ 76,918	\$ 152,232	\$ 139,164	\$ 123,652	\$ 88,764	\$ 88,192
Contributions as a percentage of covered-employee payroll	18.90%	9.89%	10.30%	9.89%	9.94%	18.90%

*The amounts presented were determined as of June 30. 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, 2020

Changes of Benefit Terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY19 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2019.pdf.

Changes of Assumptions

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2019 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2019%20PERA%20Valuation%20Report_FINAL.pdf.

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
Village of Taos Ski Valley
Nonmajor Fund Description
June 30, 2020

Special Revenue Funds:

Emergency Medical Services Fund - 206

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.

Fire Protection Fund – 209

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

Law Enforcement Protection Fund - 211

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.

Recreation Fund - 217

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.

Village Apartments - 403

To account for revenues and expenses for a property owned by the Village where they plan to move their municipal operations. Authority is the Village Council.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Statement A-1

	Special Revenue		
	EMS	Fire	Law
	206	Protection 209	Enforcement 211
Assets			
Cash and cash equivalents	\$ 2,003	\$ 358,384	\$ -
Total assets	\$ 2,003	\$ 358,384	\$ -
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ -	\$ 1,910	\$ -
Total liabilities	-	1,910	-
Fund balance			
Spendable:			
Restricted for:			
Public safety	2,003	356,474	-
Culture and recreation	-	-	-
Total fund balance	2,003	356,474	-
Total liabilities and fund balance	\$ 2,003	\$ 358,384	\$ -

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue		Total Other Governmental Funds
Recreation 217	Village Apartments 403	
\$ 2,446	\$ 2,615	\$ 365,448
\$ 2,446	\$ 2,615	365,448
\$ -	\$ -	\$ 1,910
-	-	1,910
-	-	358,477
2,446	2,615	5,061
2,446	2,615	363,538
\$ 2,446	\$ 2,615	\$ 365,448

STATE OF NEW MEXICO
Village of Taos Ski valley
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue		
	EMS	Fire	Law
	206	Protection 209	Enforcement 211
Revenues			
State operating grants	\$ -	\$ 122,171	\$ 21,800
Charges for services	-	-	-
Miscellaneous income	440	5,000	-
Total revenue	<u>440</u>	<u>127,171</u>	<u>21,800</u>
Expenditures			
Current:			-
Public safety	12,729	55,548	1,731
Culture and recreation	-	-	-
Capital outlay	-	21,615	40,540
Total expenditures	<u>12,729</u>	<u>77,163</u>	<u>42,271</u>
Excess (deficiency) of revenues over expenditures	<u>(12,289)</u>	<u>50,008</u>	<u>(20,471)</u>
Other financing sources (uses)			
Transfers in	13,000	-	-
Total other financing sources (uses)	<u>13,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	711	50,008	(20,471)
Fund balance - beginning of year	<u>1,292</u>	<u>306,466</u>	<u>20,471</u>
Fund balance - end of year	<u>\$ 2,003</u>	<u>\$ 356,474</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue		
Recreation	Village Apartments	Total Other Governmental Funds
217	403	
\$ -	\$ -	\$ 143,971
-	7,303	7,303
1,958	-	7,398
<u>1,958</u>	<u>7,303</u>	<u>158,672</u>
-	-	70,008
12,789	8,988	21,777
-	-	62,155
<u>12,789</u>	<u>8,988</u>	<u>153,940</u>
<u>(10,831)</u>	<u>(1,685)</u>	<u>4,732</u>
12,850	4,300	30,150
<u>12,850</u>	<u>4,300</u>	<u>30,150</u>
2,019	2,615	34,882
427	-	328,656
<u>\$ 2,446</u>	<u>\$ 2,615</u>	<u>\$ 363,538</u>

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Deposits and Investments
June 30, 2020

Schedule IV

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Centinel Bank					
General Operating	Checking	\$ 257,913	\$ 16,903	\$ (140,503)	\$ 134,313
Impact Fee-Roads	Savings	193,235	-	-	193,235
Impact Fee-Parks	Savings	86,882	-	-	86,882
Impact Fee-PUN Safety	Savings	178,719	-	-	178,719
Impact Fee-Gen	Savings	239,537	-	-	239,537
Total Centinel Bank		<u>\$ 956,286</u>	<u>\$ 16,903</u>	<u>\$ (140,503)</u>	<u>\$ 832,686</u>
Hillcrest Bank					
Hillcrest Net	Checking	\$ 49,711	\$ -	\$ -	\$ 49,711
Hillcrest Hold Harm	Savings	481,374	-	-	481,374
Hillcrest Reserve	Savings	336,174	-	-	336,174
Hillcrest Proceed	Savings	1,536	-	-	1,536
Hillcrest Proceed	Savings	1,529	-	-	1,529
Replacement Reserve	Savings	88,082	-	-	88,082
Debt Reserve	Savings	118,433	-	-	118,433
Total Hillcrest Bank		<u>\$ 1,076,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,839</u>
Goldman Sachs					
FDIC CD	CD	\$ 147,000	\$ -	\$ -	\$ 147,000
Hometrust					
FDIC CD	CD	200,000	-	-	200,000
Peoples United					
FDIC CD	CD	200,000	-	-	200,000
Fidelity					
FDIC CD	CD	240,000	-	-	240,000
Total CD's Less Than 90 Days Maturity		<u>\$ 787,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 787,000</u>
New Mexico State Treasurers Office					
LGIP	Savings	3,845,639	-	-	3,845,639
Total US Bank Cash		<u>3,845,639</u>	<u>-</u>	<u>-</u>	<u>3,845,639</u>
NMFA Cash					
Debt Service	Debt Service	14,458	-	-	14,458
Reserve Funds Payable	Capital Projects	71,902	-	-	71,902
Total NMFA Cash		<u>86,360</u>	<u>-</u>	<u>-</u>	<u>86,360</u>
Total		<u>\$ 5,965,124</u>	<u>\$ 16,903</u>	<u>\$ (140,503)</u>	<u>\$ 6,628,524</u>
Petty Cash					700
Total Cash and Cash Equivalents					<u>6,629,224</u>
				Cash and cash equivalents - Exhibit A-1	6,061,419
				Restricted cash and cash equivalents - Exhibit A-1	567,805
				Reconciled deposits and investments	<u>\$ 6,629,224</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2020

Schedule V

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
Centinel Bank	Espanola SCH	9/1/2025	29662RBA5	\$ 100,000
Centinel Bank	Hobbs Sch Dist	7/15/2021	433866EV8	50,000
Centinel Bank	Questa NM Indep Sch Dist	9/1/2020	748352CT6	100,000
Centinel Bank	N.M.M.I Revenue	6/1/2023	647183MB3	50,000
Centinel Bank	West LV NM School Dist	8/15/2020	953769KV7	125,000
Centinel Bank	Almogordo NM	8/1/2027	011446JD4	250,000
Hillcrest Bank	FNM11141	12/25/2025	3136A25W9	680,879
				<u>\$ 1,355,879</u>

See Independent Auditors' Report

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COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S 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*

Brian Colón, ESQ
New Mexico State Auditor
Santa Fe, New Mexico
and

To the Honorable Mayor and Village Councilors of
The Village of Taos Ski Valley, New Mexico

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 comparison of the general fund and major special revenue funds of the Village of Taos Ski Valley, New Mexico (the Village), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 21, 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 functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items FS 2020-001.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Southwest Accounting Solutions, LLC

Albuquerque, New Mexico

October 21, 2020

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FEDERAL FINANCIAL ASSISTANCE



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Brian Colón, ESQ
New Mexico State Auditor
Santa Fe, New Mexico

and

To the Honorable Mayor and Village Councilors of
The Village of Taos Ski Valley, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Village of Taos Ski Valley, New Mexico's (the Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2020. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
October 21, 2020

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Expenditures of Federal Awards
June 30, 2020

Schedule VI

Federal grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Major Program	Federal Expenditures	Fund Provided to Sub Recipients	Noncash Assistance	Total
United States Department of Agriculture						
Rural Utility Services (Loan Agreement)	10.760	Yes	\$ 6,505,738	\$ -	\$ -	\$ 6,505,738
Department of Health and Human Services						
Emergency Supplemental Funding	93.391	No	8,613	-	-	8,613
US Forest Service						
1.68 acres Water Treatment Plant land	N/A#	No	-	-	322,000	322,000
Total Expenditures of Federal Awards			<u>\$ 6,514,351</u>	<u>\$ -</u>	<u>\$ 322,000</u>	<u>\$ 6,836,351</u>

Non-CFDA item

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2020

NOTE 1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the financial statements.

The Village expended Federal Awards related to loans or loan guarantees in the amount of \$6,505,738.

The Village did not elect to use the allowed 10% indirect cost rate.

The Village has no federally funded insurance.

NOTE 2. General

The following is a reconciliation of the total Federal Awards of the Village for the year ended June 30, 2020:

Village of Taos Ski Valley's Federal Expenditures of Federal Awards c	\$ 6,836,351
Expenditures funded by other sources	<u>15,130,125</u>
Total expenditures	<u><u>\$ 21,966,476</u></u>

**STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Findings and Questioned Costs
June 30, 2020**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor report issued:	Unmodified
Internal control over financial reporting:	
Material weakness Identified	No
Significant deficiencies identified	No
Noncompliance material to the financial statements identified	No

Federal Awards:

Internal control over major programs:

Material weakness identified?	No
Significant deficiency identified?	No
Any audit finding disclosed that are required to be reported in accordance with 2 CRF ?	No

Identification of major programs and type of auditors report issues of compliance for major federal programs:

CFDA Number	Name of Federal Program	Type of Auditors Report Issued on Compliance for Major Federal Programs
10.760	United States Department of Agriculture	Unmodified
Dollar threshold used to distinguish between a Type A and Type B Program		\$750,000
Auditee qualified as a low-risk auditee?		No

SECTION II – PRIOR YEAR AUDIT FINDINGS

FS 2019-001 Controls over Fixes Assets – Material Weakness – Resolved

FS 2019-002 Controls over Procurement – Resolved

FS 2019-003 Late Audit Report - Other Non-compliance – Resolved

FS 2019-004 Controls over Financial Statements – Resolved

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Findings and Questioned Costs
June 30, 2020

SECTION III – Audit Findings

FS 2020-001 – Compliance with the Anti-Donation Clause – In-Kind Services –Non - Compliance

Condition: The Village allowed Taos Ski Valley Incorporated to use approximately 3.84 acre feet of Village water and the Village did not monitor actual meter usage of this water, and there is no record of payment for this water usage.

Criteria: Article 9, Section 14 of the New Mexico Constitution states that “neither the State nor any County, School District or Municipality shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation.”

Effect: The Village appears to be in violation the provisions of Article 9, Section 14 of the New Mexico Constitution and water usage reports provided to the State engineer are not being adequately verified by the Village.

Cause: The Village is not monitoring water usage of Village water rights and appears to not be charging for water used by a private entity.

Auditor Recommendation: We recommend the Village create an agreement with Taos Ski Valley Incorporated to sell them water based on bulk water sales. We recommend if the Village allows Taos Ski Valley Incorporated to use Village Water rights that the Village independently monitors all water usage so the allocation of the Villages water rights used by Taos Ski Valley Incorporated is independently verified by the Village and properly reported to the New Mexico State Engineer.

Management Response: Management will address the issue with Taos Ski Valley Incorporated and create a written agreement where the usage of the Village’s water rights is adequately monitored and verified by the Village and reported to the State Engineer. Further, the Village will address the issue of possible violations of the Anti-donation clause in this agreement.

Responsible Party: Village Administrator

Timeline: June 30, 2021

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AUDITEE CORRECTIVE ACTION PLAN



7 Firehouse Road
Post Office Box 100
Taos Ski Valley
New Mexico 87525

(575) 776-8220
(575) 776-1145 Fax

E-mail: vtsv@vtsv.org
Web Site: vtsv.org

MAYOR:
Christof Brownell

COUNCIL:
Jeff Kern
Neal King
J. Christopher Stagg
Thomas P. Wittman

**VILLAGE
ADMINISTRATOR:**
John Avila

FINANCE DIRECTOR:
Nancy Grabowski

CLERK:
Ann M. Wooldridge

Auditee Corrective action Plan

FE 2020-001- Compliance with the Anti-Donation Clause – In-Kind Services –Non - Compliance

Corrective Action Plan: Management will address the issue with Taos Ski Valley Incorporated and create a written agreement where the usage of the Village;s water rights is adequately monitored and verified by the Village and reported to the State Engineer. Further, the Village will address the issue of possible violations of the Anti-donation clause in this agreement.

Responsible Person: Village Administrator

Anticipated Completion Date: June 30, 2021

STATE OF NEW MEXICO
Village of Taos Ski Valley
Exit Conference
June 30, 2020

Exit Conference

An exit conference was held on October 21, 2020. In attendance were the following:

Christof Brownell	Mayor
John Avila	Village Administrator
Nancy Grabowski	Finance Director

Representing Southwest Accounting Solutions, LLC:

Robert Peixotto, CPA	Managing Member
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Auditor Prepared Financial Statements

Southwest Accounting Solutions, LLC assisted the Village in the preparation of the GAAP-based financial statements and notes to the financial statements. The financial statements were prepared using the original books and records provided by the management of the Village. The responsibility for the financial statements remains with the Village.