

STATE OF NEW MEXICO
Village of Taos Ski Valley
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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Village of Taos Ski Valley
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Village of Taos Ski Valley
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**STATE OF NEW MEXICO
Village of Taos Ski Valley
Official Roster
June 30, 2022**

VILLAGE COUNCIL

Vacant Mayor
Thomas Wittman.....Mayor Pro Tempore
J. Christopher Stagg Councilor
Brent Knox Councilor
Henry Caldwell..... Councilor

ADMINISTRATIVE OFFICIALS

John AvilaVillage Administrator
Carroll Griesedieck Finance Director
Ann Marie Wooldridge..... Village Clerk

FINANCIAL SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITOR'S REPORT

Brian Colón, ESQ
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Village Councilors of
The Village of Taos Ski Valley, New Mexico

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Village of Taos Ski Valley, New Mexico (the Village) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Key Audit Matters

There are no Key Audit Matters to report as of June 30, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 that Schedule I, Schedule II and the Notes to the Required Supplementary Information on pages 64-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 combining and individual non-major fund financial statements (Statement A-1 and Statement A-2) and Supporting Schedules III and IV, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements (Statement A-1 and Statement A-2) and Supporting Schedules III and IV, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2022 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

Albuquerque, New Mexico

November 29, 2022

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 3,081,462	\$ 3,460,652	\$ 6,542,114
Restricted cash	871,203	20,805	892,008
Investments	987,918	13,768	1,001,686
Receivables:			
Taxes receivable	249,637	-	249,637
Customer receivables, net	-	90,792	90,792
Inventory	-	73,119	73,119
Prepaid Expenses	-	1,575	1,575
Due from other funds	892,795	-	892,795
Total current assets	6,083,015	3,660,711	9,743,726
Noncurrent assets			
Capital assets	20,120,917	20,370,986	40,491,903
Less: Accumulated depreciation	(3,558,914)	(5,455,210)	(9,014,124)
Total noncurrent assets	16,562,003	14,915,776	31,477,779
Deferred outflows of resources			
Deferred outflows of resources: Pension	99,140	30,468	129,608
Total deferred outflows	99,140	30,468	129,608
Total assets and deferred outflows of resources	\$ 22,744,158	\$ 18,606,955	\$ 41,351,113

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 214,041	\$ 21,092	\$ 235,133
Accrued salaries and benefits	16,453	6,325	22,778
Accrued interest	6,377	3,894	10,271
Loans payable	118,152	318,734	436,886
Compensated absences	33,039	10,578	43,617
Due to other funds	-	892,795	892,795
Total current liabilities	388,062	1,253,418	1,641,480
Noncurrent liabilities			
Loans and capital leases payable	1,521,092	7,725,946	9,247,038
Compensated absences	61,941	5,645	67,586
Net Pension liability	700,065	209,830	909,895
Total noncurrent liabilities	2,283,098	7,941,421	10,224,519
Total Liabilities	2,671,160	9,194,839	11,865,999
Deferred inflows of resources			
Deferred inflows of resources: pension	306,455	94,181	400,636
Total deferred inflows of resources	306,455	94,181	400,636
Net Position			
Net investment in capital assets	14,922,759	6,871,096	21,793,855
Restricted for:			
Debt Service	711,320	19,836	731,156
Capital projects	838,399	14,737	853,136
Special Revenue	1,253,024	-	1,253,024
Unrestricted	2,041,041	2,412,266	4,453,307
Total net position	19,766,543	9,317,935	29,084,478
Total liabilities, deferred inflows of resources, and net position	\$ 22,744,158	\$ 18,606,955	\$ 41,351,113

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions and Programs</u>		<u>Program Revenues</u>		
			Operating	Capital
		Charges for	Grants and	Grants and
	Expenses	Services	Contributions	Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,137,194	\$ 4,500	\$ 111,469	\$ -
Public safety	615,043	-	234,607	-
Public works	408,724	-	-	-
Culture and recreation	715,399	-	-	-
Interest on long-term debt	40,730	-	-	-
Total Governmental Activities	<u>2,917,090</u>	<u>4,500</u>	<u>346,076</u>	<u>-</u>
Business-Type Activities				
Joint Utility	1,207,540	909,990	-	-
Solid waste	53,901	67,955	-	-
Total Business-Type Activities	<u>1,261,441</u>	<u>977,945</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 4,178,531</u>	<u>\$ 982,445</u>	<u>\$ 346,076</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property taxes levied for general purposes				
Gross receipt taxes				
Gas taxes				
Lodgers taxes				
Interest income				
Miscellaneous income				
Extraordinary item (Tidd donation; see Note 8)				
Transfers				
Subtotal, General Revenues				
Change in Net Position				
Net Position - beginning				
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
\$ (1,021,225)	\$ -	\$ (1,021,225)
(380,436)	-	(380,436)
(408,724)	-	(408,724)
(715,399)	-	(715,399)
(40,730)	-	(40,730)
<u>(2,566,514)</u>	<u>-</u>	<u>(2,566,514)</u>
-	(297,550)	(297,550)
-	14,054	14,054
-	<u>(283,496)</u>	<u>(283,496)</u>
<u>\$ (2,566,514)</u>	<u>\$ (283,496)</u>	<u>\$ (2,850,010)</u>
\$ 462,113	\$ -	\$ 462,113
2,048,429	-	2,048,429
5,540	-	5,540
722,974	-	722,974
11,328	2,708	14,036
299,009	10,904	309,913
2,925,618	-	2,925,618
<u>(377,733)</u>	<u>377,733</u>	<u>-</u>
<u>6,097,278</u>	<u>391,345</u>	<u>6,488,623</u>
<u>3,530,764</u>	<u>107,849</u>	<u>3,638,613</u>
<u>16,235,779</u>	<u>9,210,086</u>	<u>25,445,865</u>
<u>\$ 19,766,543</u>	<u>\$ 9,317,935</u>	<u>\$ 29,084,478</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Balance Sheet
Governmental Funds
June 30, 2022

		Special Revenue Funds		
	General	Fire	Lodgers	
	Fund	Protection	Tax	Streets
	101	209	214	216
Assets				
Cash and cash equivalents	\$ 850,109	\$ 542,566	\$ 820,488	\$ 109,098
Restricted cash	711,320	159,883	-	-
Investments	987,918	-	-	-
Property taxes receivable	123,668	-	-	-
Gross receipt taxes receivable	89,724	-	-	-
Other receivables	19,556	-	14,353	2,336
Due from other funds	1,024,845	-	-	-
Total assets	\$ 3,807,140	\$ 702,449	\$ 834,841	\$ 111,434
Liabilities				
Accounts payable	\$ 30,743	\$ 5,770	\$ 154,251	\$ 18,958
Accrued salaries and benefits	15,299	-	-	1,154
Due to other funds	-	-	132,050	-
Total liabilities	46,042	5,770	286,301	20,112
Deferred inflows of resources				
Deferred inflows - property taxes	112,716	-	-	-
Total deferred inflows of resources	112,716	-	-	-
Total liabilities and deferred inflows of resources	158,758	5,770	286,301	20,112
Fund balance				
Nonspendable				
Internal balances	1,024,845	-	-	-
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	536,796	-	-
Public works	-	-	-	91,322
Culture and recreation	-	-	548,540	-
Debt service expenditures	711,320	-	-	-
Capital projects	-	159,883	-	-
Committed:				
Minimum fund balance	125,800	-	-	-
Unassigned	1,786,417	-	-	-
Total fund balances	3,648,382	696,679	548,540	91,322
Total liabilities and fund balances	\$ 3,807,140	\$ 702,449	\$ 834,841	\$ 111,434

<u>Capital Projects</u>		
<u>Impact Fees</u>	<u>Non-Major</u>	
<u>299</u>	<u>Governmental</u>	
	<u>Funds</u>	<u>Total</u>
\$ 678,516	\$ 80,685	\$ 3,081,462
-	-	871,203
-	-	987,918
-	-	123,668
-	-	89,724
-	-	36,245
-	-	1,024,845
<u>\$ 678,516</u>	<u>\$ 80,685</u>	<u>\$ 6,215,065</u>
\$ -	\$ 4,319	\$ 214,041
-	-	16,453
-	-	132,050
<u>-</u>	<u>4,319</u>	<u>362,544</u>
-	-	112,716
<u>-</u>	<u>-</u>	<u>112,716</u>
-	4,319	475,260
<u>-</u>	<u>4,319</u>	<u>475,260</u>
-	-	1,024,845
-	49,874	49,874
-	24,318	561,114
-	-	91,322
-	2,174	550,714
-	-	711,320
678,516	-	838,399
-	-	125,800
<u>-</u>	<u>-</u>	<u>1,786,417</u>
<u>678,516</u>	<u>76,366</u>	<u>5,739,805</u>
<u>\$ 678,516</u>	<u>\$ 80,685</u>	<u>\$ 6,215,065</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, 2022

Exhibit B-1
Page 2 of 2

Total Fund Balance - Governmental Funds **\$ 5,739,805**

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	20,120,917
Less: Accumulated depreciation	(3,558,914)

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. 112,716

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

Accrued interest	(6,377)
------------------	---------

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	99,140
Deferred inflows-pension	(306,455)

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	(94,980)
Loans payable	(1,639,244)
Pension liability	(700,065)

Total net position of governmental activities **\$ 19,766,543**

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

		Special Revenue Funds		
	General	Fire	Lodgers	
	Fund	Protection	Tax	Streets
	101	209	214	216
Revenues				
Property taxes	\$ 427,363	\$ -	\$ -	\$ -
Gross receipt taxes	2,048,429	-	-	-
Gas tax	-	-	-	5,540
Lodgers' taxes	-	-	722,974	-
State operating grants	105,164	212,807	-	-
Federal operating grants	6,305	-	-	-
Charges for services	-	-	-	-
Licenses and fees	133,794	-	-	18,941
Interest income	10,613	715	-	-
Miscellaneous income	140,711	-	-	-
Total revenue	2,872,379	213,522	722,974	24,481
Expenditures				
Current:				
General government	932,889	-	-	-
Public safety	311,438	87,951	-	-
Public works	-	-	-	338,042
Culture and recreation	-	-	582,494	-
Capital outlay	164,948	294,948	-	13,248
Debt service:	-	-	-	-
Principal	61,429	-	-	-
Interest	38,893	1,942	-	-
Total expenditures	1,509,597	384,841	582,494	351,290
Excess (deficiency) of revenues over expenditures	1,362,782	(171,319)	140,480	(326,809)
Other financing sources (uses)				
Transfers in	53,000	-	-	252,692
Transfers out	(747,425)	-	(53,000)	-
Loan proceeds	-	454,116	-	-
Total other financing sources (uses)	(694,425)	454,116	(53,000)	252,692
Special and extraordinary item				
Asset donation (Note 8)	2,925,618	-	-	-
Asset donation capital expense (Note 8)	(2,925,618)	-	-	-
Total special and extraordinary item	-	-	-	-
Net change in fund balance	668,357	282,797	87,480	(74,117)
Fund balance - beginning of year	2,980,025	413,882	461,060	165,439
Fund balance - end of year	\$ 3,648,382	\$ 696,679	\$ 548,540	\$ 91,322

<u>Capital Projects</u>		
<u>Impact Fees</u>	<u>Non-Major</u>	
<u>299</u>	<u>Governmental</u>	
	<u>Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 427,363
-	-	2,048,429
-	-	5,540
-	-	722,974
-	21,800	339,771
-	-	6,305
-	4,500	4,500
5,563	-	158,298
-	-	11,328
-	-	140,711
<u>5,563</u>	<u>26,300</u>	<u>3,865,219</u>
1,250	6,397	940,536
-	109,292	508,681
-	-	338,042
-	9,188	591,682
-	38,523	511,667
-	-	-
-	-	61,429
-	-	40,835
<u>1,250</u>	<u>163,400</u>	<u>2,992,872</u>
<u>4,313</u>	<u>(137,100)</u>	<u>872,347</u>
-	137,225	442,917
(20,225)	-	(820,650)
-	-	454,116
<u>(20,225)</u>	<u>137,225</u>	<u>76,383</u>
-	-	2,925,618
-	-	(2,925,618)
-	-	-
(15,912)	125	948,730
694,428	76,241	4,791,075
<u>\$ 678,516</u>	<u>\$ 76,366</u>	<u>\$ 5,739,805</u>

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STATE OF NEW MEXICO
Village of Taos Ski Valley
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Exhibit B-2
Page 2 of 2

Net Change in Fund Balance - Governmental Funds	\$ 948,730
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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	3,437,285
Depreciation expense	(470,590)

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

Increase in delinquent property taxes	34,750
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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	(24,647)
-----------------	----------

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	(2,182)
Decrease in accrued interest	105
Debt issuance	(454,116)
Principal payments on bonds and loans payable	61,429

Change in Net Position of Governmental Activities	\$ 3,530,764
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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, 2022

	Budgeted Amounts		Actual	Variance Favorable
	Original	Final	Non-GAAP Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property taxes	\$ 520,000	\$ 520,000	\$ 428,845	\$ (91,155)
Gross receipts	1,304,500	1,369,500	2,068,060	698,560
Gasoline and Motor vehicle	-	-	-	-
Lodgers taxes	-	-	-	-
Franchise tax	78,000	78,000	-	(78,000)
Intergovernmental income:				
Federal operating grants	-	-	6,305	6,305
Federal capital grants	-	-	-	-
State operating grants	90,000	90,000	105,164	15,164
State capital grants	-	-	-	-
Charges for services	21,000	21,000	-	(21,000)
Licenses and fees	58,000	58,000	133,794	75,794
Interest income (loss)	6,900	6,900	10,613	3,713
Miscellaneous	5,000	5,000	143,790	138,790
Total revenue	<u>2,083,400</u>	<u>2,148,400</u>	<u>2,896,571</u>	<u>748,171</u>
Expenditures				
Current				
General government	1,236,370	1,236,370	1,094,306	142,064
Public safety	342,403	383,778	305,428	78,350
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital outlay	80,000	80,000	29,328	50,672
Debt Service:	-	-	-	-
Principal	61,430	61,430	61,429	1
Interest	38,892	38,892	38,893	(1)
Total expenditures	<u>1,759,095</u>	<u>1,800,470</u>	<u>1,529,384</u>	<u>271,086</u>
Excess (deficiency) of revenues over expenditures	<u>324,305</u>	<u>347,930</u>	<u>1,367,187</u>	<u>1,019,257</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(324,305)	(347,930)		
Transfers in	325,000	325,000	542,223	217,223
Transfers out	(1,244,384)	(1,582,084)	(1,236,648)	345,436
Total other financing sources (uses)	<u>(919,384)</u>	<u>(1,257,084)</u>	<u>(694,425)</u>	<u>562,659</u>
Net Change in fund balance	(595,079)	(909,154)	672,762	
Fund balance - beginning of year	2,980,025	2,980,025	2,980,025	
Fund balance - end of year	<u>\$ 2,384,946</u>	<u>\$ 2,070,871</u>	<u>\$ 2,901,304</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>672,762</u>	
Adjustments to revenue for receivables			10,559	
Adjustment to expenditures for accounts payable, capital outlay and transfers			(14,964)	
Net Change in fund balance (GAAP basis)			<u>\$ 668,357</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Fire Protection

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, 2022

	Budgeted Amounts		Actual	Variance Favorable
	Original	Final	Non-GAAP Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Lodgers taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	84,279	84,279	212,807	128,528
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	715	715
Miscellaneous	-	454,116	454,116	-
Total revenue	84,279	538,395	667,638	129,243
Expenditures				
Current				
General government	-	-	-	-
Public safety	15,300	604,416	377,129	227,287
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	1,942	1,942	-
Total expenditures	15,300	606,358	379,071	227,287
Excess (deficiency) of revenues over expenditures	68,979	(67,963)	288,567	356,530
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	68,979	(67,963)	288,567	
Fund balance - beginning of year	413,882	413,882	414,689	
Fund balance - end of year	\$ 482,861	\$ 345,919	\$ 703,256	
Net change in fund balance (non-GAAP budgetary basis)			288,567	
Adjustments to revenue for decrease in receivables			(5,770)	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ 282,797	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Lodgers Tax

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, 2022

	Budgeted Amounts		Actual	Variance Favorable
	Original	Final	Non-GAAP Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Lodgers taxes	450,000	450,000	708,883	258,883
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>450,000</u>	<u>450,000</u>	<u>708,883</u>	<u>258,883</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	549,541	549,541	428,243	121,298
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>549,541</u>	<u>549,541</u>	<u>428,243</u>	<u>121,298</u>
Excess (deficiency) of revenues over expenditures	<u>(99,541)</u>	<u>(99,541)</u>	<u>280,640</u>	<u>380,181</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	99,541	99,541	-	-
Transfers in	-	-	-	-
Transfers out	(60,000)	(60,000)	(53,000)	7,000
Total other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(53,000)</u>	<u>7,000</u>
Net Change in fund balance	(159,541)	(159,541)	227,640	
Fund balance - beginning of year	165,439	165,439	165,439	
Fund balance - end of year	<u>\$ 5,898</u>	<u>\$ 5,898</u>	<u>\$ 442,538</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>227,640</u>	
Adjustments to revenue for decrease in receivables			14,091	
Adjustment to expenditures			(154,251)	
Net Change in fund balance (GAAP basis)			<u>\$ 87,480</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Streets

Exhibit C-4

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Favorable
	Original	Final	Non-GAAP Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	5,145	5,132	4,670	(462)
Lodgers taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	328,668	327,834	-	(327,834)
Charges for services	-	-	-	-
Licenses and fees	26,085	26,019	17,475	(8,544)
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>359,898</u>	<u>358,985</u>	<u>22,145</u>	<u>(336,840)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	738,687	738,687	294,644	444,043
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	91,593	91,593	36,534	55,059
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>830,280</u>	<u>830,280</u>	<u>331,178</u>	<u>499,102</u>
Excess (deficiency) of revenues over expenditures	<u>(470,382)</u>	<u>(471,295)</u>	<u>(309,033)</u>	<u>162,262</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	470,382	471,295	-	-
Transfers in	577,692	577,692	252,692	(325,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>577,692</u>	<u>577,692</u>	<u>252,692</u>	<u>(325,000)</u>
Net Change in fund balance	107,310	106,397	(56,341)	
Fund balance - beginning of year	199,597	199,597	199,597	
Fund balance - end of year	<u>\$ 306,907</u>	<u>\$ 305,994</u>	<u>\$ 143,256</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>(56,341)</u>	
Adjustments to revenue for increase in receivables			2,336	
Adjustment to expenditures for increase in liabilities			(20,112)	
Net Change in fund balance (GAAP basis)			<u>\$ (74,117)</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, 2022

Exhibit D-1

	Joint Utility	Solid Waste	Total
Assets			
Cash and cash equivalents	\$ 3,154,875	\$ 305,777	\$ 3,460,652
Restricted cash	20,805	-	20,805
Investments	13,768	-	13,768
Accounts receivable, net	85,627	5,165	90,792
Inventory	73,119	-	73,119
Prepaid expense	1,575	-	1,575
Total current assets	<u>3,349,769</u>	<u>310,942</u>	<u>3,660,711</u>
Noncurrent assets			
Capital assets	20,370,986	-	20,370,986
Less: Accumulated depreciation	(5,455,210)	-	(5,455,210)
Total noncurrent assets	<u>14,915,776</u>	<u>-</u>	<u>14,915,776</u>
Deferred outflows of resources			
Deferred outflows from pensions	30,468	-	30,468
Total deferred outflows	<u>30,468</u>	<u>-</u>	<u>30,468</u>
Total assets, and deferred outflows of resources	<u>\$ 18,296,013</u>	<u>\$ 310,942</u>	<u>\$ 18,606,955</u>
Liabilities, deferred inflows and net position			
Liabilities			
Accounts payable	\$ 15,296	\$ 5,796	\$ 21,092
Accrued salaries and benefits	6,325	-	6,325
Customer deposits	-	-	-
Accrued interest	3,894	-	3,894
Due to other funds	-	-	-
Loans payable	318,734	-	318,734
Unearned revenue	-	-	-
Compensated absences	10,578	-	10,578
Due to other Funds	892,795	-	892,795
Total current liabilities	<u>1,247,622</u>	<u>5,796</u>	<u>1,253,418</u>
Noncurrent liabilities			
Loans payable	7,725,946	-	7,725,946
Compensated absences	5,645	-	5,645
Net pension liability	209,830	-	209,830
Total noncurrent liabilities	<u>7,941,421</u>	<u>-</u>	<u>7,941,421</u>
Total liabilities	<u>9,189,043</u>	<u>5,796</u>	<u>9,194,839</u>
Deferred inflows of resources			
Deferred inflows from pensions	94,181	-	94,181
Total deferred inflows of resources	<u>94,181</u>	<u>-</u>	<u>94,181</u>
Net position			
Net investment in capital asset	6,871,096	-	6,871,096
Restricted for:			
Debt service	19,836	-	19,836
Capital projects	14,737	-	14,737
Unrestricted	2,107,120	305,146	2,412,266
Total net position	<u>9,012,789</u>	<u>305,146</u>	<u>9,317,935</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,296,013</u>	<u>\$ 310,942</u>	<u>\$ 18,606,955</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Taos Ski Valley
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit D-2

	Joint Utility	Solid Waste	Total
Operating revenues:			
Charges for services	\$ 909,990	\$ 67,955	\$ 977,945
Total operating revenues	<u>909,990</u>	<u>67,955</u>	<u>977,945</u>
Operating expenses:			
Depreciation and amortization	453,377	-	453,377
Personnel services	365,015	4,428	369,443
Contractual services	18,846	43,136	61,982
Supplies	14,092	180	14,272
Maintenance and materials	2,875	-	2,875
Utilities	120,806	5,903	126,709
Miscellaneous	46,004	254	46,258
Total operating expense	<u>1,021,015</u>	<u>53,901</u>	<u>1,074,916</u>
Operating income (loss)	<u>(111,025)</u>	<u>14,054</u>	<u>(96,971)</u>
Non-operating revenues (expense):			
Interest income	2,708	-	2,708
Other Income	10,904	-	10,904
Interest expense	(180,196)	-	(180,196)
Miscellaneous revenue (expense)	(6,329)	-	(6,329)
Total non-operating revenues (expense)	<u>(172,913)</u>	<u>-</u>	<u>(172,913)</u>
Income (loss) before contributions and transfers	<u>(283,938)</u>	<u>14,054</u>	<u>(269,884)</u>
Transfers in	377,733	-	377,733
Total contributions and transfers	<u>377,733</u>	<u>-</u>	<u>377,733</u>
Change in Net Position	<u>93,795</u>	<u>14,054</u>	<u>107,849</u>
Net Position - beginning of the year	8,918,994	291,092	9,210,086
Net Position - end of the year	<u><u>\$ 9,012,789</u></u>	<u><u>\$ 305,146</u></u>	<u><u>\$ 9,317,935</u></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, 2022

Exhibit D-3

	Joint Utility	Solid Waste	Total
Cash flow from operating activities:			
Cash received from customers	\$ 904,430	\$ 69,179	\$ 973,609
Cash payments to employees for services	(365,858)	(4,428)	(370,286)
Cash payments to suppliers for goods and services	(227,605)	(52,517)	(280,122)
Net cash provided by operating activities	<u>\$ 310,967</u>	<u>\$ 12,234</u>	<u>\$ 323,201</u>
Cash flow from noncapital financing activities:			
Miscellaneous	\$ 10,904	\$ -	\$ 10,904
Transfers	1,270,528	-	1,270,528
Net cash flows provided by noncapital financing activities	<u>\$ 1,281,432</u>	<u>\$ -</u>	<u>\$ 1,281,432</u>
Cash flows from capital and related financing activities:			
Interest paid	\$ (181,249)	\$ -	\$ (181,249)
Principal payments	(314,090)	-	(314,090)
Acquisition of capital assets	(13,611)	-	(13,611)
Net cash provided (used) by capital and related financing activities	<u>\$ (508,950)</u>	<u>\$ -</u>	<u>\$ (508,950)</u>
Cash flows from investing activities:			
Proceeds from sale (purchase) of investments	\$ 192,907	\$ -	\$ 192,907
Interest income	2,708	-	2,708
Net cash provided by investing activities	<u>\$ 195,615</u>	<u>\$ -</u>	<u>\$ 195,615</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 1,279,064</u>	<u>\$ 12,234</u>	<u>\$ 1,291,298</u>
Cash & cash equivalents - beginning of year	1,896,616	293,543	2,190,159
Cash & cash equivalents - end of year	<u><u>\$ 3,175,680</u></u>	<u><u>\$ 305,777</u></u>	<u><u>\$ 3,481,457</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (111,025)	\$ 14,054	\$ (96,971)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Pension expense	8,453	-	8,453
Depreciation	453,377	-	453,377
Changes in assets & liabilities:			-
Receivables	(5,560)	1,224	(4,336)
Prepaid expense	(1,575)	-	(1,575)
Inventory	(22,911)	-	(22,911)
Accounts payable	(496)	(3,044)	(3,540)
Accrued salaries and benefits	(7,791)	-	(7,791)
Compensated absences	(1,505)	-	(1,505)
Net cash provided (used) by operating activities	<u><u>\$ 310,967</u></u>	<u><u>\$ 12,234</u></u>	<u><u>\$ 323,201</u></u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022

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, 2022

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, 2022

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.

Fire Protection Fund (Special Revenue Fund) - To account for the revenues for the state fire allotment and public safety related expenditures. Authority NMSA 1978 59A-53-1 to 17.

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, 2022

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, 2022 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, 2022

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:

<u>Asset</u>	<u>Years</u>
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, 2022, 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, 2022

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 and inflows 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:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>	<u>Hours Earned Per year</u>
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, 2022

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, 2022, the Village has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$2,928,543 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, 2022

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 \$125,800 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 'measurable' and 'available' in the governmental fund financial statements.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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, 2022 is presented as part of the budgetary statements.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 3. Deposits and Investments

The Village's cash balances consist of checking accounts, interest bearing savings accounts and demand deposits, and money market account. The majority of Village's cash and investments are pooled. All interest income is accounted for in the related funds.

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2022.

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

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

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 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.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 3. Deposits and Investments (continued)

At June 30, 2022, \$1,995,198 of the Village's bank balance of \$2,495,198 was exposed to custodial credit risk, \$1,938,038 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 \$57,160 was uninsured and uncollateralized at June 30, 2022.

	<u>Centinel Bank</u>	<u>Hillcrest Bank</u>	<u>Total</u>
Deposits	\$ 857,160	\$ 1,638,038	\$ 2,495,198
Less: FDIC Coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	<u>607,160</u>	<u>1,388,038</u>	<u>1,995,198</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Villages name	<u>550,000</u>	<u>1,575,243</u>	<u>1,938,038</u>
Uninsured and uncollateralized	<u>57,160</u>	<u>-</u>	<u>57,160</u>
Collateral requirements (50% of uninsured funds)	303,580	694,019	997,599
Pledged Collateral	<u>550,000</u>	<u>1,575,243</u>	<u>2,125,243</u>
Over (under) collateralized	<u>\$ 246,420</u>	<u>\$ 881,224</u>	<u>\$ 1,127,644</u>

A summary of the Village's investments as of June 30, 2022 is as follows:

<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	[49] day WAM R; [89] day WAM (F)	AAAm	\$ 5,808,078	\$ 5,808,078	1

<u>Investment Type</u>	<u>Maturities</u>	<u>Rating</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Fair Value</u>
Certificate of Deposit SVGS	1/27/2023	NA	\$ 202,004	\$ 202,000	1
Certificate of Deposit SAFRA	10/19/2022	NA	86,002	86,000	1
Certificate of Deposit SANDY SPRING	2/17/2023	NA	241,003	243,686	1
Certificate of Deposit GS	10/19/2022	NA	88,002	88,000	1
Certificate of Deposit GS #2	10/19/2022	NA	118,002	118,000	1
Certificate of Deposit Beal	1/18/2023	NA	63,003	63,000	1
Certificate of Deposit Synchrony	11/3/2022	NA	201,002	201,000	1
			<u>\$ 999,018</u>	<u>\$ 1,001,686</u>	

All of the above investments in certificate of deposits (CD) were 100% collateralized at June 30, 2022.

The Amount invested in the LGIP pool is classified as cash and cash equivalents in the Villages financial statements due to their "maturity date being less than 90 days. New Mexico Local Government Investment Pool (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(1) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

New Mexico LGIP is rated AAAm by Standard & Poor's.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

All of the Village's investments in New Mexico LGIP of \$5,808,078 and certificate of deposits of \$1,001,686 are measured through level 1 input.

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	\$	3,081,462
Restricted cash and cash equivalents - Governmental Activities per Exhibit A-1		871,203
Investments (CD) - Governmental Activities Per Exhibit A-1		987,918
Cash and cash equivalents - Business-type Activities per Exhibit A-1		3,460,652
Restricted cash and cash equivalents - Business-type Activities per Exhibit A-1		20,805
Investments (CD) - Business-type Activities Per Exhibit A-1		13,768
Total cash and cash equivalents and Investments	\$	<u>8,435,808</u>
Add: outstanding checks	\$	117,571
Less: outstanding deposits		(754)
Less: petty cash		(1,200)
Less: cash held at the New Mexico State Treasurers Office		(5,808,078)
Less: cash held at the NMFA		<u>(248,149)</u>
Bank balance of deposits	\$	<u><u>2,495,198</u></u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 4. Accounts and Taxes Receivable

Receivables as of June 30, 2022 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Taxes Receivable:			
Gross receipts taxes	\$ 89,724	\$ -	\$ 89,724
Property taxes	123,668	-	123,668
Gas taxes	870	-	870
Lodgers Taxes	14,353	-	14,353
Franchise taxes	16,908	-	16,908
Other receivables:			
Miscellaneous	4,114	-	4,114
<i>Customer Receivables, Net</i>	-	90,792	90,792
Total Receivables, Net	<u>\$ 249,637</u>	<u>\$ 90,792</u>	<u>\$ 340,429</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 \$112,715 and is reclassified as deferred inflow of resources in the governmental fund financial statements.

Customer receivables in proprietary funds were \$86,456 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 and Balances

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, 2022 were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Joint Utility	\$ 377,733
General Fund	EMS	85,000
General Fund	Streets	252,692
General Fund	Village Apartments	24,000
General Fund	Recreation	8,000
Lodgers	General Fund	53,000
Capital Projects	Recreation	20,225
		<u>\$ 820,650</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 5. Interfund Transfers and Balances

The Village records temporary interfund receivables and payables to enable the funds to operate until grant monies are available.

The Composition of interfund balances during the year ending June 30, 2022 is as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Lodgers	General	\$ 132,050
Joint Utility	General	892,795
		<u>\$ 1,024,845</u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2022 follows (land and construction in progress is not subject to depreciation):

Governmental Activities:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets not depreciated:				
Land	\$ 1,522,369	\$ -	\$ -	\$ 1,522,369
Construction In Progress	1,033,839	151,391	-	1,185,230
Total capital assets not depreciated	<u>2,556,208</u>	<u>151,391</u>	<u>-</u>	<u>2,707,599</u>
Capital asset depreciated:				
Equipment	2,207,090	360,276	(34,009)	2,533,357
Buildings	990,266	-	-	990,266
Infrastructure	10,964,077	2,925,618	-	13,889,695
Total capital assets, depreciated	<u>14,161,433</u>	<u>3,285,894</u>	<u>(34,009)</u>	<u>17,413,318</u>
Total capital assets	<u>16,717,641</u>	<u>3,437,285</u>	<u>(34,009)</u>	<u>20,120,917</u>
Less accumulated depreciation:				
Equipment	1,605,792	116,569	(34,009)	1,688,352
Buildings	222,068	25,063	-	247,131
Infrastructure	1,294,473	328,958	-	1,623,431
Total accumulated depreciation	<u>3,122,333</u>	<u>470,590</u>	<u>(34,009)</u>	<u>3,558,914</u>
Capital Assets, Net	<u>\$ 13,595,308</u>			<u>\$ 16,562,003</u>

Depreciation expense was charged to the following Governmental Activities:

General Government	\$ 186,051
Public Safety	100,625
Public Works	66,870
Culture and Recreation	117,044
	<u>\$ 470,590</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 6. Capital Assets (continued)

Business-type Activities

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Business-type activities:				
Capital assets not depreciated:				
Land and Water Rights	\$ 677,568	\$ -	\$ -	\$ 677,568
Construction In Progress	60,771	13,611	-	74,382
Total capital assets not depreciated	<u>738,339</u>	<u>13,611</u>	<u>-</u>	<u>751,950</u>
Capital asset depreciated:				
Equipment	960,829	-	(12,000)	948,829
Buildings	199,738	-	(9,275)	190,463
Water and Sewer System	18,481,726	-	(1,982)	18,479,744
Total capital assets, depreciated	<u>19,642,293</u>	<u>-</u>	<u>(23,257)</u>	<u>19,619,036</u>
Total capital assets	<u><u>20,380,632</u></u>			<u><u>20,370,986</u></u>
Less accumulated depreciation:				
Distribution System	879,232	17,413	(5,671)	890,974
Equipment	191,585	1,170	(9,275)	183,480
Land Improvements	3,947,944	434,794	(1,982)	4,380,756
Total accumulated depreciation	<u>5,018,761</u>	<u>453,377</u>	<u>(16,928)</u>	<u>5,455,210</u>
Capital Assets, Net	<u><u>\$ 15,361,871</u></u>			<u><u>\$ 14,915,776</u></u>

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2022, the following changes occurred in the long-term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental Funds					
NMFA	\$ 1,116,726	\$ 454,116	\$ (30,269)	\$ 1,540,573	\$ 86,992
New Mexico Tax and Revenue	129,831	-	(31,160)	98,671	31,160
Total Debt	<u>1,246,557</u>	<u>454,116</u>	<u>(61,429)</u>	<u>1,639,244</u>	<u>118,152</u>
Compensated Absences	92,797	35,222	(33,039)	94,980	33,039
Total Long Term Debt	<u><u>\$ 1,339,354</u></u>	<u><u>\$ 489,338</u></u>	<u><u>\$ (94,468)</u></u>	<u><u>\$ 1,734,224</u></u>	<u><u>\$ 151,191</u></u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 7. Long-term Debt (continued)

The Village had the following loans outstanding in governmental funds during fiscal year 2022:

Taos Mountain Lodge (NMFA PPRF-3452)

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 \$1,695,976 at June 30, 2022, which is 3.38% of gross receipts taxes at their current rate. During the year ended June 30, 2022 the Village recognized a total of \$257,915 in pledged GRT revenues, and retired \$69,162 in loan principal and interest.

The annual requirements to amortize NMFA PPRF-3452 including interest payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 30,898	\$ 38,263	\$ 69,161
2024	31,630	37,531	69,161
2025	32,427	36,734	69,161
2026	33,277	35,884	69,161
2027	34,186	34,976	69,162
2028-2032	187,251	158,554	345,805
2033-2037	221,113	124,892	346,005
2038-2042	264,582	81,133	345,715
2043-2047	251,093	25,552	276,645
	<u>\$ 1,086,457</u>	<u>\$ 573,519</u>	<u>\$ 1,659,976</u>

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, 2022 total \$98,671 which is 1.52% of gross receipts taxes at their current rate. During the year ended June 30, 2022 the Village recognized a total of \$257,915 in pledged GRT revenues, and retired \$31,160 in loan principal.

The annual requirements to amortize the above New Mexico Tax and revenue loan including interest payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 31,160	\$ -	\$ 31,160
2024	31,160	-	31,160
2025	31,160	-	31,160
2026	5,191	-	5,191
	<u>\$ 98,671</u>	<u>\$ -</u>	<u>\$ 98,671</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 7. Long-term Debt (continued)

See USDA Series 2020B below in Business-Type Activities for further disclosures related to pledged GRT revenues

Fire Equipment Loan PPRF-5579

On July 30, 2022 the Village obtained a loan from the New Mexico Finance Authority in the amount of \$454,116 and bears interest at a rate of 0.62%, with payments due June 1st and December 1st. The loan is for the purposes of purchasing new firefighting apparatus and related equipment for the Village. Revenues pledged to service this loan are the State Fire Protection Funds made to the Village periodically by the state of New Mexico pursuant to Section 59A-53-7, NMSA 1978. The revenues pledged total \$467,334 at June 30, 2022, will be 27.45% of the State fire allotment at its current rate. During the year ended June 30, 2022 the Village recognized a total of \$1,942 in pledged fire allotment revenues, and retired \$1,942 in loan principal and interest.

The annual requirements to amortize NMFA PPRF-5579 including interest payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 56,094	\$ 2,323	\$ 58,417
2024	56,173	2,244	58,417
2025	56,296	2,120	58,416
2026	56,476	1,940	58,416
2027	56,725	1,692	58,417
2028-2032	172,352	2,899	175,251
	<u>\$ 454,116</u>	<u>\$ 13,218</u>	<u>\$ 467,334</u>

A summary of the loans outstanding in governmental activities at June 30, 2022 are as follows:

Description	Date of Issue	Maturity Date	Interest rate	Issue Amount	Balance June 30, 2022	Current Portion
NMFA PPRF-3452 Taos Mountain Lodge	7/1/2016	5/1/2046	3.62%	\$ 1,266,447	\$ 1,086,457	\$ 30,898
New Mexico Tax and Revenue	8/21/2019	8/1/2025	0.00%	186,959	98,671	31,160
NMFA PPRF-5579 Fire Equipment Loan	7/30/2021	6/1/2036	0.623	454,116	454,116	56,094
					<u>\$ 1,639,244</u>	<u>\$ 118,152</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
NMED Loans	\$ 725,504	-	\$ (165,121)	\$ 560,383	\$ 167,103
NMFA Loans	353,258	-	(34,093)	319,165	34,080
USDA Revenue Bonds	7,280,008	-	(114,876)	7,165,132	117,551
Total debt	<u>\$ 8,358,770</u>	<u>-</u>	<u>\$ (314,090)</u>	<u>\$ 8,044,680</u>	<u>\$ 318,734</u>
Compensated Absences	17,728	9,073	(10,578)	16,223	10,578
Total Long Term Debt	<u>\$ 8,376,498</u>	<u>\$ 9,073</u>	<u>\$ (324,668)</u>	<u>\$ 8,060,903</u>	<u>\$ 329,312</u>

The Joint Utility had the following loans outstanding in the Joint Utility during fiscal year 2022:

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 \$506,436 at June 30, 2022, which is -91% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2022 the Village recognized \$337,880 in pledged Joint Utility 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 \$72,540 at June 30, 2022, which is -24% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2022 the Village recognized \$337,888 in pledged Joint Utility 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, 2022

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 an interest rate of 0.25%. Principal and interest payments on the loan are due June 1, and December 1, with annual payments totaling \$26,242 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 \$209,713 at June 30, 2022, which is -24% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2022 the Village recognized \$337,808 in pledged Joint Utility revenues, and retired \$26,242 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 an interest 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 \$113,516 at June 30, 2022, which is -4% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2022 the Village recognized \$337,808 in pledged Joint Utility revenues, and retired \$8,731 in loan principal and interest.

A summary of all the loans outstanding in the Joint Utility at June 30, 2022 are as follows:

Description	Date of Issue	Maturity Date	Interest rate	Issue Amount	Balance June 30, 2022	Current Portion
NMED CWSRF 1438049R	11/27/2006	11/27/2026	1-3%	\$ 1,641,757	\$ 488,703	\$ 95,423
NMED CWSRF 052	1/22/2018	1/22/2023	1.20%	\$ 350,000	71,680	71,680
NMFA WPF - 776	1/15/2010	6/1/2029	0.25%	\$ 511,401	207,630	25,728
NMFA WPF 951	2/26/2016	6/1/2032	0.25%	\$ 164,000	111,535	8,352
					<u>\$ 879,548</u>	<u>\$ 201,183</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

The annual requirements to amortize the above loans in the Joint Utility including interest payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 201,183	\$ 7,490	\$ 208,673
2024	130,733	5,400	136,133
2025	131,976	4,156	136,132
2026	133,234	2,897	136,131
2027	134,508	1,624	136,132
2028-2032	120,842	952	121,794
2033-3037	27,072	41	27,113
	<u>\$ 879,548</u>	<u>\$ 22,560</u>	<u>\$ 902,108</u>

The Joint Utility had the following bonds outstanding in the Joint Utility during fiscal year 2022:

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 12st 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 \$4,898,218 at June 30, 2022, which is -116% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2022 the Village recognized \$337,808 in pledged Joint Utility revenues, and retired \$128,940 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, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 52,898	\$ 76,005	\$ 128,903
2024	54,168	74,735	128,903
2025	55,469	73,434	128,903
2026	56,801	72,102	128,903
2027	58,164	70,739	128,903
2028-2032	312,453	332,062	644,515
2033-3037	351,808	292,706	644,514
3038-2042	396,120	248,394	644,514
2043-2047	446,014	198,500	644,514
2048-2052	502,192	142,322	644,514
2053-2057	565,447	79,068	644,515
2058-2062	372,813	13,804	386,617
	<u>3,224,347</u>	<u>1,673,871</u>	<u>4,898,218</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

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 12st 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 \$5,986,546 at June 30, 2022, which is 8% of the gross receipt revenues at their current rate. During the year ended June 30, 2022 the Village recognized \$257,915 in pledged GRT revenues, and retired \$157,593 in loan principal and interest.

The annual requirements to amortize the above 2020B gross receipts tax revenue bonds including interest payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2023	\$ 64,653	\$ 92,895	\$ 157,548
2024	66,205	91,342	157,547
2025	67,795	89,753	157,548
2026	69,423	88,125	157,548
2027	71,090	86,458	157,548
2028-2032	381,887	405,853	787,740
2033-2037	429,987	357,752	787,739
2038-2042	484,147	303,593	787,740
2043-2047	545,128	242,611	787,739
2048-2052	613,791	173,949	787,740
2053-2057	691,101	96,638	787,739
2058-2062	455,578	16,792	472,370
	<u>\$ 3,940,785</u>	<u>\$ 2,045,761</u>	<u>\$ 5,986,546</u>

A summary of the above Joint Utility 2020A and 2020B bonds at June 30, 2022 are as follows:

Description	Date of Issue	Maturity Date	Interest rate	Issue Amount	Balance June 30, 2022	Current Portion
USDA Series 2020 A	6/12/2020	6/12/2060	2.42%	3,326,485	\$ 3,224,345	\$ 52,898
USDA Series 2020 B	6/12/2020	6/12/2060	2.42%	4,065,704	3,940,787	64,653
					<u>\$ 7,165,132</u>	<u>\$ 117,551</u>

At June 30, 2022 the Village held restricted cash in the following accounts as required by the USDA 2020 A and B Revenue Bonds:

Account Type	Amount
Asset reserve account	\$ 95,467
Debt Service Account	200,908
Debt service reserve account	336,902
Operations and maintenance reserves	3,071
	<u>\$ 636,348</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 8. Extraordinary Item

The Village received a capital asset dedication from Taos Ski Valley, Inc. The value of this dedication was set at \$2,925,618.

NOTE 9. 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 coverages are expected to be continued.

As of June 30, 2022, 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, 2022

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 employers 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 an annual comprehensive 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, 2021 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 2021 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_2021.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 \$75,070 for the year ended June 30, 2022.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

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

PERA Contribution Rates and Pension Factors In effect during FY21						
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%	17.24%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.7%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.80%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.70%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.70%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	19.20%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.20%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	19.20%	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%	17.30%	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, 2022

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, 2021. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2021, using generally accepted actuarial principles, including contributions for the year ended June 30, 2021. Therefore, the employer's portion was established as of the measurement date June 30, 2021.

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, 2021. Only employer contributions for the pay period end dates that fell within the period of July 1, 2020 to June 30, 2021 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2021 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, 2022 (measurement date 2021), the Village reported a liability of \$720,143 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2021, the Village's proportion was .0639 percent, which was slightly changed from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized PERA Fund Division Municipal General Pension expense of \$26,149. At June 30, 2022, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,927	\$ 2,466
Changes of assumptions	237	-
Net difference between projected and actual earnings on pension plan investments	-	295,937
Changes in proportion and differences between Village's contributions and proportionate share of contributions	19,359	24,946
Village's contributions subsequent to the measurement date	55,355	-
Total	<u>\$ 92,878</u>	<u>\$ 323,349</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

\$55,355 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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>
2023	\$ (38,123)
2024	(55,492)
2025	(70,989)
2026	(121,430)
Thereafter	-
Total	<u>\$ (286,034)</u>

For PERA Fund Division Municipal Police, at June 30, 2022 (measurement date 2021), the Village reported a liability of \$189,752 for its proportionate share of the net pension liability. At June 30, 2022, the Village's proportion was .0366 percent, which was slightly changed from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Village recognized PERA Fund Division Municipal Police pension expense of \$6,951. At June 30, 2022, 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	\$ 14,346	\$ -
Changes of assumptions	74	-
Net difference between projected and actual earnings on pension plan investments	-	68,782
Changes in proportion and differences between Village's contributions and proportionate share of contributions	2,595	8,505
Village's contributions subsequent to the measurement date	19,715	-
Total	<u>\$ 36,730</u>	<u>\$ 77,287</u>

The Village's contributions of \$19,715 are reported as deferred outflows of resources related to pensions, resulting in the Village's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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>
2023	\$ (6,091)
2024	(10,349)
2025	(15,769)
2026	(28,050)
Thereafter	-
Total	<u>\$ (60,259)</u>

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Actuarial Assumptions: The total pension liability at June 30, 2022 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2021
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
Remaining Amortization Period	25 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%
Post Retirement increase	1.6% Compounded annually
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:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.5%	5.90%
Risk Reduction	19.5%	1.00%
Credit Oriented	15.0%	4.20%
Real Assets	20.0%	6.00%
Multi Risk Allocation	10.0%	6.40%
Total	100%	

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, 2022

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.

PERA Fund Division Municipal Government	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 1,291,778	\$ 720,143	\$ 245,955
PERA Fund Division Municipal Police	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 332,204	\$ 189,752	\$ 73,178

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2021 PERA financial report. The report is available at:

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

Payables to pension plan: As of June 30, 2022, 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, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 29, 2022 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 \$2,802,743. 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 \$34,573. This amount is restricted for capital projects and debt service for the Joint Utility.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 13. Related Party

During the year the Village of Taos Ski Valley Tax Increment Development District (TIDD) paid the Village \$5,733 to reimburse the Village for work the Village's employees did for the TIDD. Of this total, \$2,648 was a receivable.

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, 2022.

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, 2022 were as follows:

Tax Abatement Program	Amount Abated	% Abated
Gross Receipts Tax:		
Village of Taos Ski Valley	\$ 914,314	75%
State of New Mexico	606,191	50%
Ad Valorem Tax:		
Village of Taos Ski Valley	183,763	75%
Taos County	109,097	35%
Total Abatements	<u>\$ 1,813,365</u>	

NOTE 15. GASB 87 Disclosures (Leases)

The Village had no leases which would affect GASB 87 as of June 30, 2022.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 16. 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

Energy Minerals and Natural Resources Department (EMNRD)

Participants:	Village 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

STATE OF NEW MEXICO
Village of Taos Ski Valley
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 16. Joint Powers Agreements (continued)

Community and Economic Development

Participants:	Taos County, Colfax County, Town of Taos, Village of Questa, Village of Red River, Village of Angel Fire, Village of Eagles Nest and Village of Taos Ski Valley,
Purpose:	Development within "enchanted Circle".
Responsible Party:	Enchanted Circle Council of Governments ECCoG
Period:	July 1-June 30 each fiscal year, may be terminated prior to 180 days before year end
Project Costs:	Undeterminable
Village's Contribution:	Financial participation on project basis with other assistance as agreed to by parties.
Audit Responsibility:	ECCoG

REQUIRED SUPPLEMENTARY 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

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
MUNICIPAL GENERAL FUND	2022	2021	2020	2019	2018	2017	2016	2015
Village's proportion of the net pension liability (asset)	0.0639%	0.0320%	0.0639%	0.0631%	0.0588%	0.0528%	0.0446%	0.0360%
Village's proportionate share of the net pension liability (asset)	\$ 720,143	\$ 1,336,692	\$ 1,106,173	\$ 1,006,018	\$ 807,962	\$ 843,567	\$ 454,736	\$ 280,839
Village's covered-employee payroll	\$ 579,888	\$ 608,523	\$ 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	124.19%	219.05%	181.78%	199.09%	122.40%	127.67%	64.15%	55.68%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	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

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
MUNICIPAL POLICE FUND	2022	2021	2020	2019	2018	2017	2016	2015
Village's proportion of the net pension liability (asset)	0.0366%	0.0385%	0.0378%	0.0377%	0.0772%	0.0230%	0.0238%	0.0023%
Village's proportionate share of the net pension liability (asset)	\$ 189,752	\$ 330,664	\$ 279,217	\$ 257,332	\$ 174,447	\$ 169,701	\$ 114,444	\$ 76,281
Village's covered-employee payroll	\$ 77,111	\$ 77,111	\$ 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	246.08%	428.82%	363.01%	168.97%	125.35%	136.00%	129.00%	86.49%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	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*

Schedule II
Page 1 of 2

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
MUNICIPAL GENERAL FUND	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 55,355	\$ 58,277	\$ 58,140	\$ 70,757	\$ 49,288	\$ 43,185	\$ 35,295	\$ 80,196
Contributions in relation to the contractually required contribution	\$ 55,355	\$ 58,375	\$ 58,140	\$ 50,825	\$ 62,204	\$ 49,288	\$ 35,295	\$ 80,196
Contribution deficiency (excess)	\$ -	\$ (98)	\$ -	\$ (19,932)	\$ 12,916	\$ 6,103	\$ -	\$ -
Village's covered-employee payroll	\$ 579,888	\$ 610,235	\$ 608,523	\$ 751,778	\$ 660,092	\$ 660,757	\$ 708,904	\$ 504,379
Contributions as a percentage of covered-employee payroll	9.55%	9.57%	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

Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
MUNICIPAL POLICE FUND	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 19,715	\$ 14,574	\$ 14,535	\$ 15,382	\$ 30,077	\$ 8,662	\$ 8,819	\$ 16,668
Contributions in relation to the contractually required contribution	\$ 19,715	\$ 14,594	\$ 14,535	\$ 15,054	\$ 14,336	\$ 12,235	\$ 8,819	\$ 16,668
Contribution deficiency (excess)	\$ -	\$ (20)	\$ -	\$ (328)	\$ (15,741)	\$ 3,573	\$ -	\$ -
Village's covered-employee payroll	\$ 106,275	\$ 77,111	\$ 76,918	\$ 152,232	\$ 139,164	\$ 123,652	\$ 88,764	\$ 88,192
Contributions as a percentage of covered-employee payroll	18.55%	18.93%	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, 2022

Changes of Benefit Terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY21 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2021.pdf.

Changes of Assumptions

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2021 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2021%20PERA%21Valuation%21Report_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, 2022**

Special Revenue Funds:

Emergency Medical Services (EMS) 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.

Law Enforcement Protection Fund (LEPF) - 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 - 503

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, 2022

Statement A-1

	Special Revenue				
	EMS	LEPF	Recreation	Village	Total Other
	206	211	217	Apartments	Governmental
				503	Funds
Assets					
Cash and cash equivalents	\$ 14,250	\$ 10,921	\$ 4,863	\$ 50,651	\$ 80,685
Total assets	<u>\$ 14,250</u>	<u>\$ 10,921</u>	<u>\$ 4,863</u>	<u>\$ 50,651</u>	<u>80,685</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 853	\$ -	\$ 2,689	\$ 777	\$ 4,319
Total liabilities	<u>853</u>	<u>-</u>	<u>2,689</u>	<u>777</u>	<u>4,319</u>
Fund balance					
Spendable:					
Restricted for:					
General government	-	-	-	49,874	49,874
Public safety	13,397	10,921	-	-	24,318
Culture and recreation	-	-	2,174	-	2,174
Total fund balance	<u>13,397</u>	<u>10,921</u>	<u>2,174</u>	<u>49,874</u>	<u>76,366</u>
Total liabilities and fund balance	<u>\$ 14,250</u>	<u>\$ 10,921</u>	<u>\$ 4,863</u>	<u>\$ 50,651</u>	<u>\$ 80,685</u>

STATE OF NEW MEXICO

Statement A-2

Village of Taos Ski valley

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022**

	Special Revenue				
	EMS 206	LEPF 211	Recreation 217	Village Apartments 403	Total Other Governmental Funds
Revenues					
State operating grants	\$ -	\$ 21,800	\$ -	\$ -	\$ 21,800
Charges for services	-	-	-	4,500	4,500
Total revenue	<u>-</u>	<u>21,800</u>	<u>-</u>	<u>4,500</u>	<u>26,300</u>
Expenditures					
Current:		-			
General government	-	-	-	6,397	6,397
Public safety	81,287	28,005	-	-	109,292
Culture and recreation	-	-	9,188	-	9,188
Capital outlay	-	-	38,523	-	38,523
Total expenditures	<u>81,287</u>	<u>28,005</u>	<u>47,711</u>	<u>6,397</u>	<u>163,400</u>
Excess (deficiency) of revenues over expenditures	<u>(81,287)</u>	<u>(6,205)</u>	<u>(47,711)</u>	<u>(1,897)</u>	<u>(137,100)</u>
Other financing sources (uses)					
Transfers in	85,000	-	28,225	24,000	137,225
Total other financing sources (uses)	<u>85,000</u>	<u>-</u>	<u>28,225</u>	<u>24,000</u>	<u>137,225</u>
Net change in fund balance	3,713	(6,205)	(19,486)	22,103	125
Fund balance - beginning of year	<u>9,684</u>	<u>17,126</u>	<u>21,660</u>	<u>27,771</u>	<u>76,241</u>
Fund balance - end of year	<u>\$ 13,397</u>	<u>\$ 10,921</u>	<u>\$ 2,174</u>	<u>\$ 49,874</u>	<u>\$ 76,366</u>

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Deposits and Investments
June 30, 2022

Schedule III

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Centinel Bank					
General Operating	Checking-Interest Bearing	\$ 232,654	\$ 754	\$ (117,571)	\$ 115,837
Impact Fee-Roads	Savings	124,364	-	-	124,364
Impact Fee-Parks	Savings	70,412	-	-	70,412
Impact Fee-PUN Safety	Savings	183,120	-	-	183,120
Impact Fee-Gen	Savings	246,610	-	-	246,610
Total Centinel Bank		\$ 857,160	\$ 754	\$ (117,571)	\$ 740,343
Hillcrest / Peoples Bank					
Hillcrest Net	USDA Asset Reserve Account	\$ 95,467	\$ -	\$ -	\$ 95,467
Hillcrest Hold Harm	USDA Debt Service	200,904	-	-	200,904
Hillcrest Reserve	USDA Debt Service Reserve	336,902	-	-	336,902
Hillcrest Proceed	USDA Maintenance Reserve	3,079	-	-	3,079
Certificate of Deposit	CD	88,000	-	-	88,000
Certificate of Deposit	CD	202,000	-	-	202,000
Certificate of Deposit	CD	243,686	-	-	243,686
Certificate of Deposit	CD	86,000	-	-	86,000
Certificate of Deposit	CD	118,000	-	-	118,000
Certificate of Deposit	CD	201,000	-	-	201,000
Certificate of Deposit	CD	63,000	-	-	63,000
Total Hillcrest / Peoples Bank		\$ 1,638,038	\$ -	\$ -	\$ 1,638,038
New Mexico State Treasurers Office					
LGIP	Savings	\$ 5,808,078	\$ -	\$ -	\$ 5,808,078
Total New Mexico Treasurers Cash		\$ 5,808,078	\$ -	\$ -	\$ 5,808,078
NMFA Cash					
PPRF-5579 Fire Equipment	Project funds	\$ 159,883	\$ -	\$ -	\$ 159,883
PPRF-3452 Taos Mountain Lodge	Debt Service	14,491	-	-	14,491
PPRF-3452 Taos Mountain Lodge	Debt Service Reserve	73,775	-	-	73,775
Total NMFA Cash		\$ 248,149	\$ -	\$ -	\$ 248,149
Total		\$ 8,551,425	\$ 754	\$ (117,571)	\$ 8,434,608
Petty Cash					1,200
Total Cash and Cash Equivalents					\$ 8,435,808
Cash and cash equivalents - Exhibit A-1					6,542,114
Restricted cash and cash equivalents - Exhibit A-1					892,008
Investments - Exhibit A-1					1,001,686
Reconciled deposits and investments					\$ 8,435,808

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2022

Schedule IV

Name of Depository	Description of Pledged Collateral	Maturity Date	CUSIP#	Fair Market Value
Centinel Bank	NMMI Revenue	6/1/2023	647183BM3	\$ 50,000
Centinel Bank	El Paso Independent Schools	8/15/2030	283770NY7	150,000
Centinel Bank	Alamogordo NM	8/1/2027	01446JD4	250,000
Centinel Bank	Espanola SCH	9/1/2025	29662RBA5	100,000
FHN Financial	CMO	7/25/2051	3136BH5C9	1,330,479
FHN Financial	CMO	10/25/2050	3137fXCM8	27,744
FHN Financial	CMO	3/25/2051	3137FFUQ8	217,020
				<u><u>\$ 2,125,243</u></u>

See Independent Auditors' Report

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COMPLIANCE SECTION



Auditors~Consultants~CPA

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, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 29, 2022.

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 responses costs as items FS 2022-001.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

November 29, 2022

**STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Findings and Responses
June 30, 2022**

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

SECTION II – PRIOR YEAR AUDIT FINDINGS

2021-001 – Compliance with Protective Debt Covenants – Other Non – Compliance – Repeated - Modified

SECTION III – Audit Findings

2022-001 (2021-001) – Compliance with Protective Debt Covenants – Other Non - Compliance

Condition: The Village's operating income for the Water and Sewer funds are \$(111,025) and total debt service during the year was \$493,339. The debt covenants require rates and amounts to be sufficient to produce revenues annually to pay the annual operation and maintenance of the system and 100% of both the principal and interest on the system revenue bonds and other parity system lien bonds.

Further, this was a previous year audit finding and the Village has not take adequate corrective action

Criteria: Village Ordinance NO. 2020-64 Section 32. Protective Covenants, states the following: Rates for all services rendered by the System shall be reasonable and just, taking into account and consideration the cost and value of the System and the proper and necessary allowances for the depreciation thereof and the amounts necessary for the retirement of the System Revenue Bond and all other Parity System Lien Bonds, accruing interest thereon, and reserves therefor and there shall be charged against all purchasers of service, including the Village, such rates and amounts as shall be adequate to meet the requirement of this and the preceding Sections hereof, and which shall be sufficient to produce revenues annually to pay the annual operation and maintenance expenses of the System and one hundred per cent (100%) of both the principal of (including mandatory sinking fund redemption amounts) and interest on the System Revenue Bond and other Parity System Lien Bonds (excluding the reserves therefor), all of which revenues, including those received from the Village, shall be subject to distribution to the payment of the cost of operating and maintaining the System and the payment of principal of (including mandatory sinking fund redemption amounts) and interest on all obligations payable from the revenues of the System, including reasonable reserves thereof.

STATE OF NEW MEXICO
Village of Taos Ski Valley
Schedule of Findings and Responses
June 30, 2022

Effect: The Village is not in compliance with the Debt Covenants of the USDA Series 2020 A sewer and water system revenue bonds.

Cause: The Village rates in Water and Sewer are not adequate to produce revenues annually to pay annual operation and system maintenance expenses and 100% of the principal and interest of the system loans and bonds outstanding which are detailed in Note 7 on pages 48-51.

Auditor Recommendation: We recommend the Village perform a rate analysis to ensure all protective covenants of bonds and notes outstanding are in compliance with debt agreements and revenues are sufficient to ensure the long-term viability of the Village's utility operations.

Management Progress: As this was a prior year Finding, progress was not adequate to remove finding.

Management Response: Management will recommend a rate increase to governance to be in compliance with debt covenants. In addition, Management will see if it is feasible to pay down the debt to a suitable level.

Responsible Party: Village Governance

Timeline: Fiscal year 2023

**STATE OF NEW MEXICO
Village of Taos Ski Valley
Exit Conference
June 30, 2022**

Exit Conference

An exit conference was held on November 29, 2022. In attendance were the following:

Thomas Wittman	Mayor Pro Tempore
John Avila	Village Administrator
Carroll Griesedieck	Finance Director
Ann Woolridge	Village Clerk
Misty Schuck, CPA, CGMA, CFE, CGFM, CICA	Contract Accountant

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.