



**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE,  
NEW MEXICO**

**JUNE 30, 2018**

## INTRODUCTORY SECTION

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**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2018**

**Village Trustees**

Donald T. Lopez	Mayor
Mary Homan	Trustee
Allen L. Lewis	Trustee
Pablo R. Rael	Trustee

**Administrative Officials**

Kelly S. Ward	Administrator
Nancy Haines	Treasurer
Stephanie Dominguez	Village Clerk
Gil Saavedra	Village Accountant

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Mr. Donald T. Lopez, Mayor and  
the Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico and  
Mr. Wayne Johnson, New Mexico State Auditor  
Santa Fe, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Village of Los Ranchos de Albuquerque, New Mexico (the Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We did not audit the 2017 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Village. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village, is based solely on the report of the other auditors.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

Mr. Donald T. Lopez, Mayor and  
the Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico and  
Mr. Wayne Johnson, New Mexico State Auditor

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Village, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, and the schedules related to the Village's pension plan on pages 43 through 45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements for all non-major fund and the schedules required by Section 2.2.2 NMAC, as listed in the Supplementary Information and Other Supplementary Information sections of the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

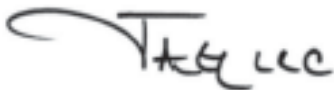


Mr. Donald T. Lopez, Mayor and  
the Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico and  
Mr. Wayne Johnson, New Mexico State Auditor

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018 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.



Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 19, 2018

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

This Management's Discussion & Analysis (MD&A) is provided pursuant to the requirement of Statement 34 of the Government Accounting Standards Board (GASB-34). The MD&A introduces the basic financial statements and provides an analytical overview of the organization's financial activities.

**FINANCIAL HIGHLIGHTS**

- The Village's tax revenues decreased \$10,663 or approximately 0.3% from the prior year. Total Village revenue increased \$498,010 or approximately 12.2% from the prior year.
- The Village's expenses increased \$12,083 or approximately 0.4% from the prior year.
- The Village increased its net position by \$1,694,881 a 4.1% increase for this fiscal year.
- For additional highlights see the financial charts at the end of this Management's Discussion and Analysis.

**VILLAGE HIGHLIGHTS**

On May 5, 2018, the mayor of the Village of Los Ranchos de Albuquerque, Larry P. Abraham, passed away. Mayor Pro-Tem, Donald T. Lopez, assumed the roles and responsibilities of mayor. At the June meeting of the Board of Trustees, Trustee Lopez was appointed by the Board to serve the remainder of the mayoral term of the late Mayor Abraham. The transition has been smooth with no staff changes or shifts in direction or priorities.

The Fourth Street revitalization project remains the number one infrastructure and capital project for the Village. A request for proposal was issued by the Village to select a contractor. Bradbury Stamm Construction, an Albuquerque construction firm, was selected and a contract was approved by the Board of Trustees at its January 2018 meeting. Construction began in February 2018. The current estimate for completion of the project is March 2019.

The improvements envisioned for the street will be a significant contribution to the quality of the corridor, make it a highly attractive place for people and businesses, help it function more efficiently and improve its appearance. Changes include drainage facilities, sidewalks, trees, better lighting and amenities for pedestrians. Fourth Street is the Village's most important commercial street; a variety of retail and service businesses, as well as schools and housing are located along it. Fourth Street businesses provide convenient places for residents to shop, dine, and find the services that they need. The street is important to the Village identity.

The Village continues to build upon its efforts to create an economic catalyst at the corner of Fourth Street and Osuna Road. The Village purchased two additional properties in the blighted area under the auspice of the Metropolitan Redevelopment Act. The purchases took place in the months of July and December 2017. Additionally, in December, the Village adopted a redevelopment plan as required by the MRA. A request for proposals for a real estate developer was issued in April 2018. Submissions were received on July 13, 2018. As of September 30, 2018, the evaluation and review process has not been concluded. This development would serve as an anchor point for the commercial activity along the Fourth Street corridor and serve as a central gathering place for the Village. The area has been titled as the Village Center and has its own zone code that sets it apart from other commercial zoning along the corridor.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

An additional project is the remodel to the newly renamed Larry P. Abraham Agri-Nature Center. Initial designs of the remodel have been completed and preliminary cost estimates indicate that the complete project is out of reach for the Village at this time. The administration continues to work on a phased plan along with a reduction in the scope.

While careful to keep expenditures well below revenue, the Mayor and the Board of Trustees have also shown their commitment to invest in certain long-range priorities which promise to fuel economic growth and lead to an increase in tax revenue. Management of municipal resources for the long-term fiscal health of the Village remains the Administration's primary focus.

**THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities* (on pages 17 and 18) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. *Fund financial statements* start on page 19. For governmental activities, these statements identify activities that were financed in the short-term as well as what remains for future spending. *Fund financial statements* also report the Village's operations in more detail than the *governmental-wide statements* by providing information about the Village's most significant funds.

**Reporting on the Village as a Whole: The Government-Wide Statement of Net Position and the Government-Wide Statement of Activities**

Our analysis of the Village as a whole begins on page 6. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the fiscal year's activities?" The *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities* report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In addition, pursuant to the requirements of Statement 63 of the Government Accounting Standards Board (*GASB-63*), the *Government-Wide Statement of Net Position* standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

These two statements report the Village's net position and changes to them. The Village's net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources; and are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors to consider in assessing the financial stability of the Village may be changes in the Village's gross receipts tax base and the condition of the Village's road and infrastructures.

In the *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities*, we only have governmental activities where the Village's basic services such as General Government, Public Safety, Highways and Streets, Culture and Recreation, and Health and Welfare are reported. Gross receipts taxes, franchise fees, fines, permits, and state and federal grants finance most of these activities.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

**Reporting on the Village's Most Significant Funds**

**Fund Financial Statements**

Our analysis of the Village's major funds begins on page 7. The fund financial statements begin on page 19 and provide detailed information about the most significant fund-not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustees establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g., grants received from the State of New Mexico). Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent year(s). These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities*) and governmental funds in reconciliation at the bottom of the fund financial statements.

**THE VILLAGE AS A WHOLE**

For the year ended June 30, 2018, net position changed as follows:

Net position, beginning of year	\$41,047,559
Change in net position	1,694,881
Net position, ending	<u>\$42,742,440</u>

	<u>2018</u>	<u>2017</u>
Cash and investments	<b>\$ 7,182,409</b>	\$ 8,193,202
Taxes receivable	<b>315,058</b>	320,423
Grants receivable	<b>360,452</b>	14,092
Capital assets, net of depreciation	<b>38,357,977</b>	36,385,746
Total assets	<u><b>46,215,896</b></u>	<u>44,913,463</u>
Deferred outflows of resources	<u><b>298,997</b></u>	<u>436,373</u>
Total liabilities	<u><b>3,719,339</b></u>	<u>4,292,604</u>
Deferred inflows of resources	<u><b>53,114</b></u>	<u>9,673</u>
<b>Total net position</b>	<u><b>\$42,742,440</b></u>	<u>\$41,047,559</u>

The decrease in cash and investments is due to the \$1,168,000 in purchases of real property. The decrease in receivables is mainly due to a slight decrease in gross receipt taxes. The increase in grants receivable is because expenditures have increased as more work is being completed on the 4<sup>th</sup> Street Project. The increase in capital assets is due mostly to the purchase of real property for the Village Center Project and the work in progress on

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

the 4<sup>th</sup> Street Project less depreciation. The net decrease in total liabilities is due to notes being paid and the principal payment on the general obligation bonds. The implementation of GASB No. 68 also required accounting for the outflows and inflows of resources related to pensions.

**Governmental Activities**

To aid in the understanding of the *Government-Wide Statement of Activities* additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions to the Village. It also identifies how much each function draws from general revenues or if it is self-financing through fee and grants. Some of the individual line item revenues reported for each function are:

*General government* – Building permits, excavation/barricade permits, business registrations fee, home occupation fees, parcel permit fees, liquor license fees, Village Vision advertising fees, motor vehicle fees, and State of New Mexico grants

*Public safety* – State of New Mexico grants are categorized as operation grants.

*Highway and Streets* – State of New Mexico grants.

*Culture and recreation* – State of New Mexico grants.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

**THE VILLAGE FUNDS**

Balance Sheet	FYE 2018 Amount	Percent of Total	Increase (Decrease) from 2017	Percent Increase (Decrease)
<b>Assets</b>				
Cash and cash equivalents	<b>\$7,182,409</b>	91.40%	\$(1,010,793)	(12.34%)
Taxes receivable	<b>315,058</b>	4.01%	(5,365)	(1.67%)
Grants receivable	<b>360,452</b>	4.59%	346,360	2457.85%
<b>Total assets</b>	<b>7,857,919</b>	100.00%	(669,798)	(7.85%)
<b>Liabilities</b>				
Accounts payable	<b>71,606</b>	66.09%	50,599	240.87%
Accrued liabilities	<b>36,748</b>	33.91%	4,404	13.62%
<b>Total liabilities</b>	<b>108,354</b>	100.00%	55,003	103.10%
<b>Deferred Inflows</b>				
Unavailable revenue, property taxes	<b>16,801</b>	100.00%	650	4.02%

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

**Fund Balances**

Restricted for				
Special revenue	<b>269,068</b>	3.48%	(603,502)	(69.16%)
Debt service	<b>6,010</b>	0.08%	95	1.61%
Committed to				
Capital projects	<b>31,112</b>	0.40%	(13,311)	(29.96%)
Assigned to				
Special revenue	<b>80,184</b>	1.04%	9,691	13.75%
Capital projects	<b>460,452</b>	5.95%	160,452	53.48%
Debt service	<b>943,051</b>	12.20%	(51,809)	(5.21%)
Unassigned				
General fund	<b>5,942,887</b>	76.85%	(227,067)	(3.68%)
<b>Total fund balances</b>	<b>\$7,732,764</b>	100.00%	\$ (725,451)	(8.58%)

Although this is a summary of the Village's significant funds, the major increases or decreases were explained in the previous discussion of the change in net position in the Village as a Whole section. As mentioned earlier, the decrease in cash is due to the \$1,168,000 in purchases of real property for the Village Center Project.

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2018 Amount	Percent of Total	Increase (Decrease) from 2017	Percent Increase (Decrease)
Taxes	<b>\$3,536,986</b>	80.46%	\$ (8,530)	(0.24%)
Licenses, permits, fees and fines	<b>79,883</b>	1.82%	(166)	(0.02%)
Intergovernmental	<b>245,730</b>	5.59%	(160,575)	(39.52%)
Interest and investment income	<b>99,555</b>	2.26%	52,484	111.50%
Rental income	<b>370,550</b>	8.43%	161,161	76.97%
Other	<b>63,255</b>	1.44%	(5,878)	(8.50%)
<b>Total revenues</b>	<b>\$4,395,959</b>	100.00%	\$ 38,496	0.88%

The decrease in intergovernmental is because in fiscal year 2017 the Village received \$100,000 for the purchase of a fire truck. Also, the small city assistance grant was \$45,700 less this year than the previous year and the Village did not apply for the \$20,000 law enforcement protection fund grant. The increase on interest and investment income is due to a higher yield in 2018. The increase in rental income comes from purchasing A-AAA Self Storage in May 2017. The Village had a full year of rental income from the self-storage in 2018.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

<b>Expenditures</b>	<b>FYE 2018 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2017</b>	<b>Percent Increase (Decrease)</b>
General government	<b>\$1,229,342</b>	21.91%	\$ 116,909	10.51%
Public safety	<b>575,257</b>	10.25%	(75,516)	(11.60%)
Highways and streets	<b>205,630</b>	3.66%	37,497	22.30%
Culture and recreation	<b>234,158</b>	4.17%	32,642	16.20%
Debit service	<b>648,929</b>	11.57%	23,159	3.70%
Capital outlay	<b>2,717,948</b>	48.44%	(647,721)	(19.24%)
<b>Total expenditures</b>	<b>\$5,611,264</b>	100.00%	\$(513,030)	(8.38%)

The increase in general government is due to an increase in several expenses: wages and benefits, management of the 4<sup>th</sup> Street project, management of the A-AAA Self Storage units, insurance & utilities. The increase in highways and streets and culture and recreation is due to an increase in wages and benefits and maintenance on equipment. Even though the Village paid off two notes and paid \$55,500 more in principal payments in 2018; it also paid \$32,400 less in interest and this resulted in the increase in debt service. While there was an increase in the 4<sup>th</sup> Street construction the Village purchased \$1,780,000 less real property in 2018 and this is the reason for the decrease in capital outlay.

**BUDGETARY HIGHLIGHTS**

The Village’s initial budget and all budgetary revisions are approved by the Village’s Board of Trustees and State of New Mexico Department of Finance and Administration. The Village may increase or decrease its budget due to changes in economic circumstances faced by the Village.

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for major special revenue funds that have a legally adopted annual budget to be presented. The budgetary comparison schedules should present both the original and final appropriated budgets for the reporting period as well as the actual inputs, outputs and balances stated on the government’s budgetary basis. As required by the Office of the State Auditor under 2 NMAC 2.2, the Statements of Revenues and Expenditures – Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

For the General Fund, there was a significant decrease in the Capital Outlay original budget (\$3,055,870) to the final budget (\$1,013,347) due to project delays related to the 4<sup>th</sup> Street project, and also due to a lack of funds related to the Agri-Nature Center project. The General Fund also had a significant difference between final budget and actual budget results in the Capital Outlay line item, a variance of \$825,589 expected, but not received, due to continual delays related to the 4<sup>th</sup> Street project.

**CAPITAL ASSETS**

The following schedule represents a comparison of the capital assets of the Village in comparison to the prior year:

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
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	<b>2018</b>	2017
Land	<b>\$27,181,873</b>	\$26,021,392
Buildings – construction in process	<b>145,505</b>	128,310
Infrastructure – construction in process	<b>2,176,979</b>	685,469
Buildings	<b>4,934,214</b>	4,959,680
Improvements	<b>753,446</b>	775,712
Infrastructure	<b>10,453,343</b>	10,423,215
Furniture, fixtures and equipment	<b>2,597,779</b>	2,692,506
Fire protection equipment	-	6,399
Vehicles	<b>195,140</b>	195,140
<b>Total</b>	<b>\$48,438,279</b>	\$45,887,823

At the end of June 30, 2018, the Village had approximately \$48.4 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. As mentioned earlier the increase in land is due to the purchase of real property for the Village Center Project. The increase in buildings construction in progress is due to the design work for improvements to be made to the Agri-Nature Center. Infrastructure construction in process was increased by the continuing improvement work for the 4<sup>th</sup> Street project.

**GENERAL OBLIGATION BONDS**

In August 2007 the Village of Los Ranchos issued \$3,600,000 in general obligation bonds. A 1 mil property tax was imposed to repay the debt. The current estimate of the funds that the Village has to transfer from the General Fund is \$1,000,000, over the 20-year term to repay the debt. As of this report, \$1,000,000 has been accumulated and transferred to a reserve fund to repay the general obligation bond debt.

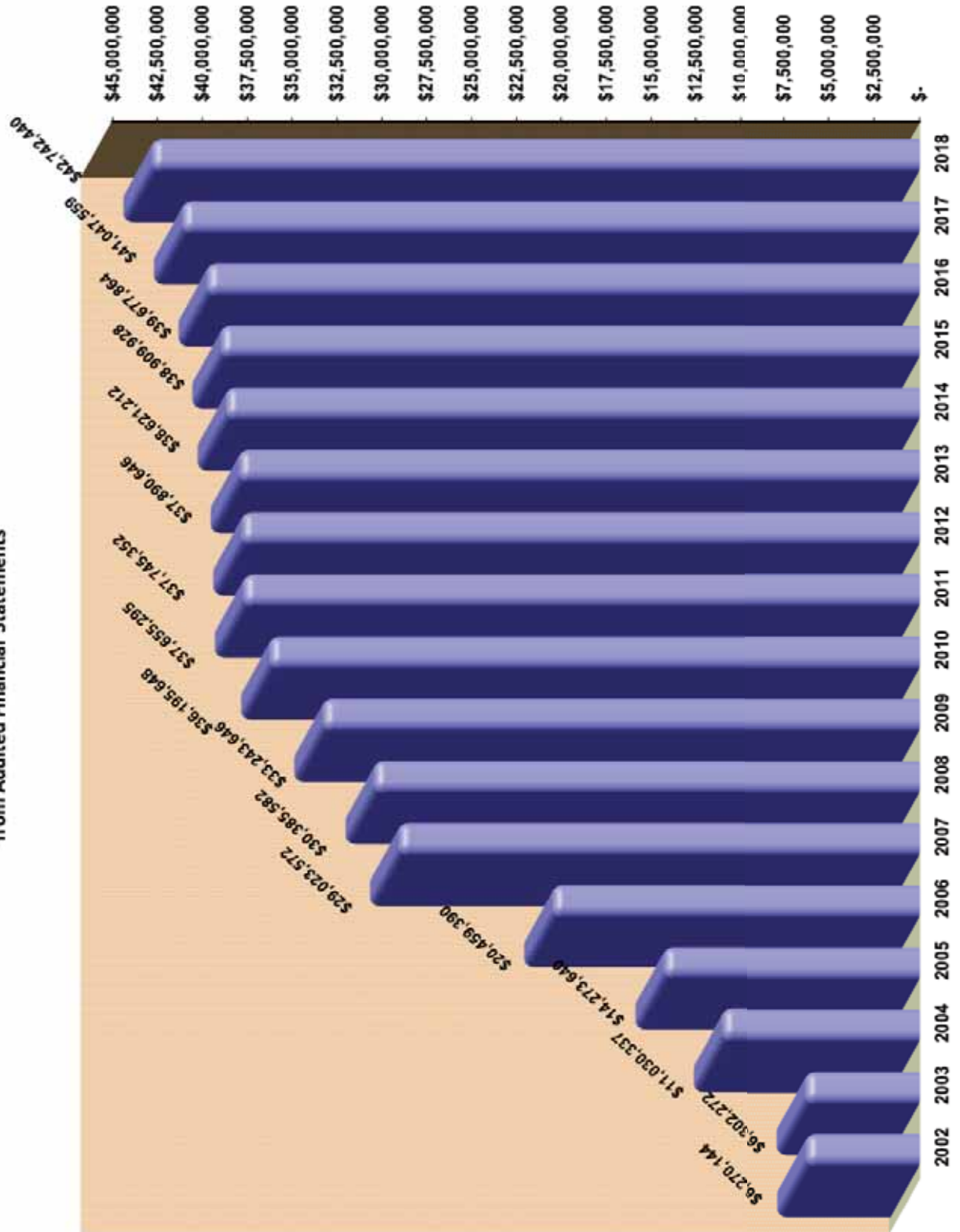
**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Even with the anticipated gross receipts revenue from the construction on the 4<sup>th</sup> Street project the Village is making just a modest increase to gross receipts revenue. The Village increased wages and benefits in 2019 and it also added a handful of specific expenditures unique to 2019.



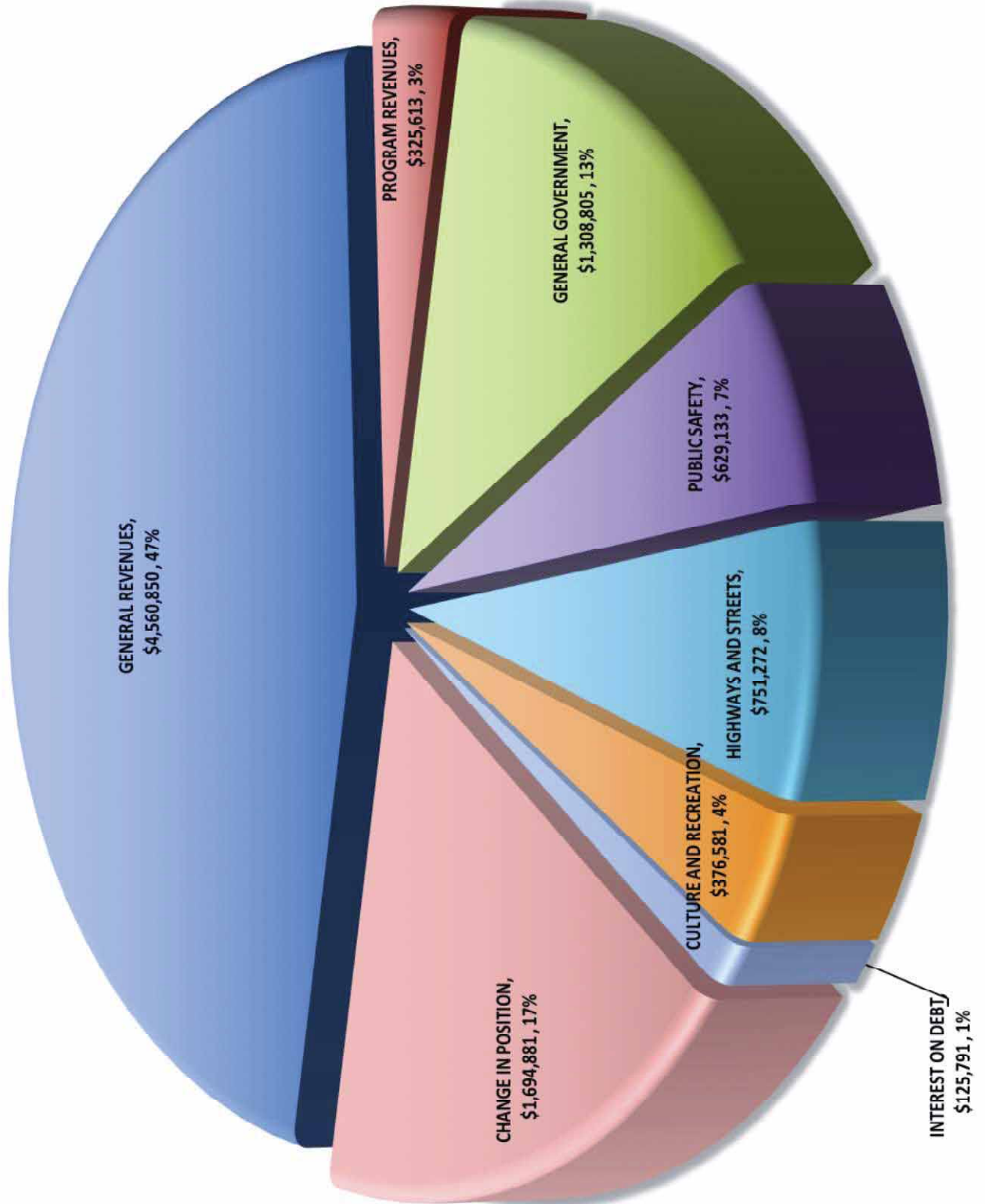
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 JUNE 30, 2018

Village of Los Ranchos de Albuquerque  
 Statement of Net Position  
 from Audited Financial Statements

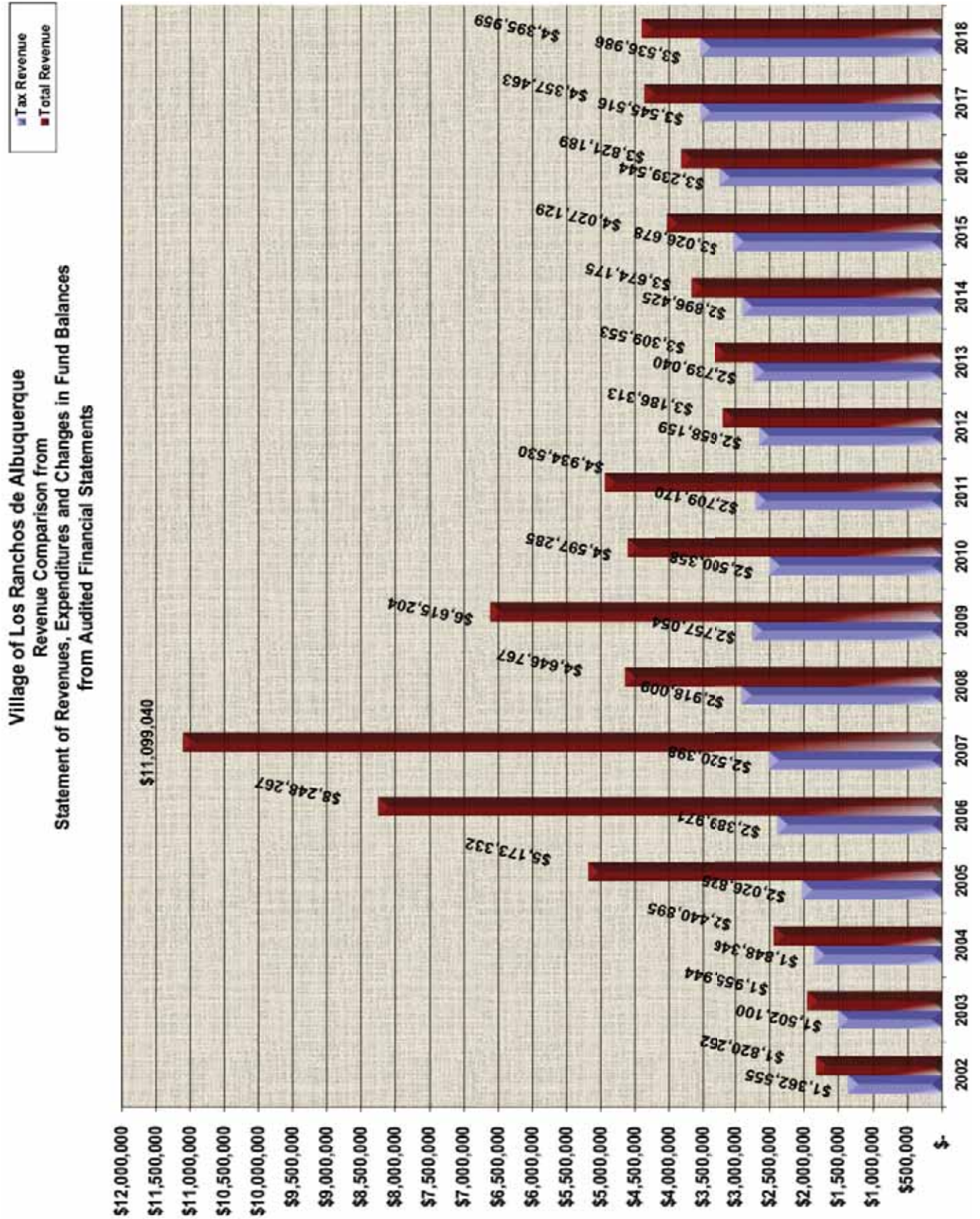


VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018

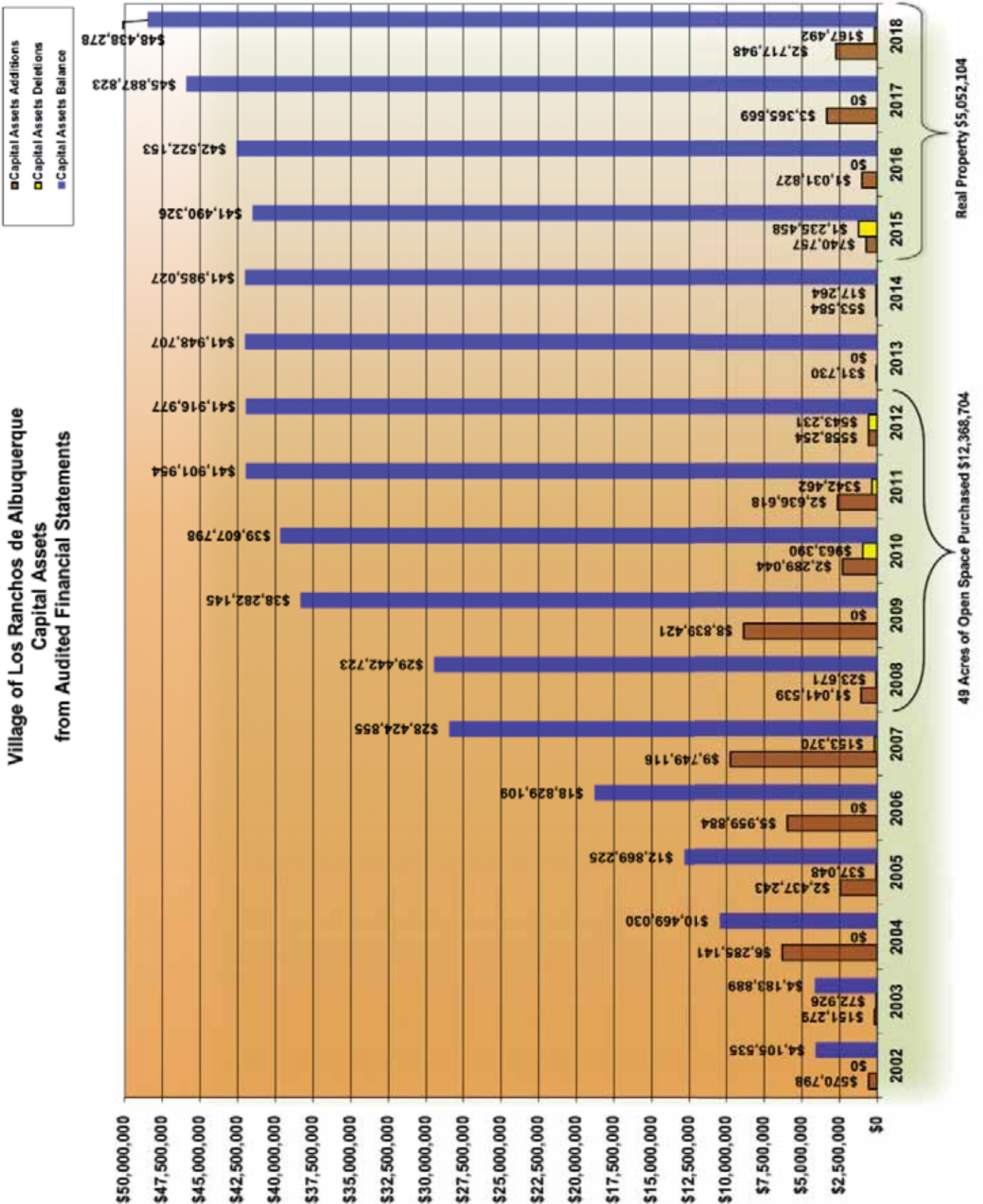
Village of Los Ranchos de Albuquerque  
Government Wide Statement of Activities for the Year Ending June 30, 2018



VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 JUNE 30, 2018

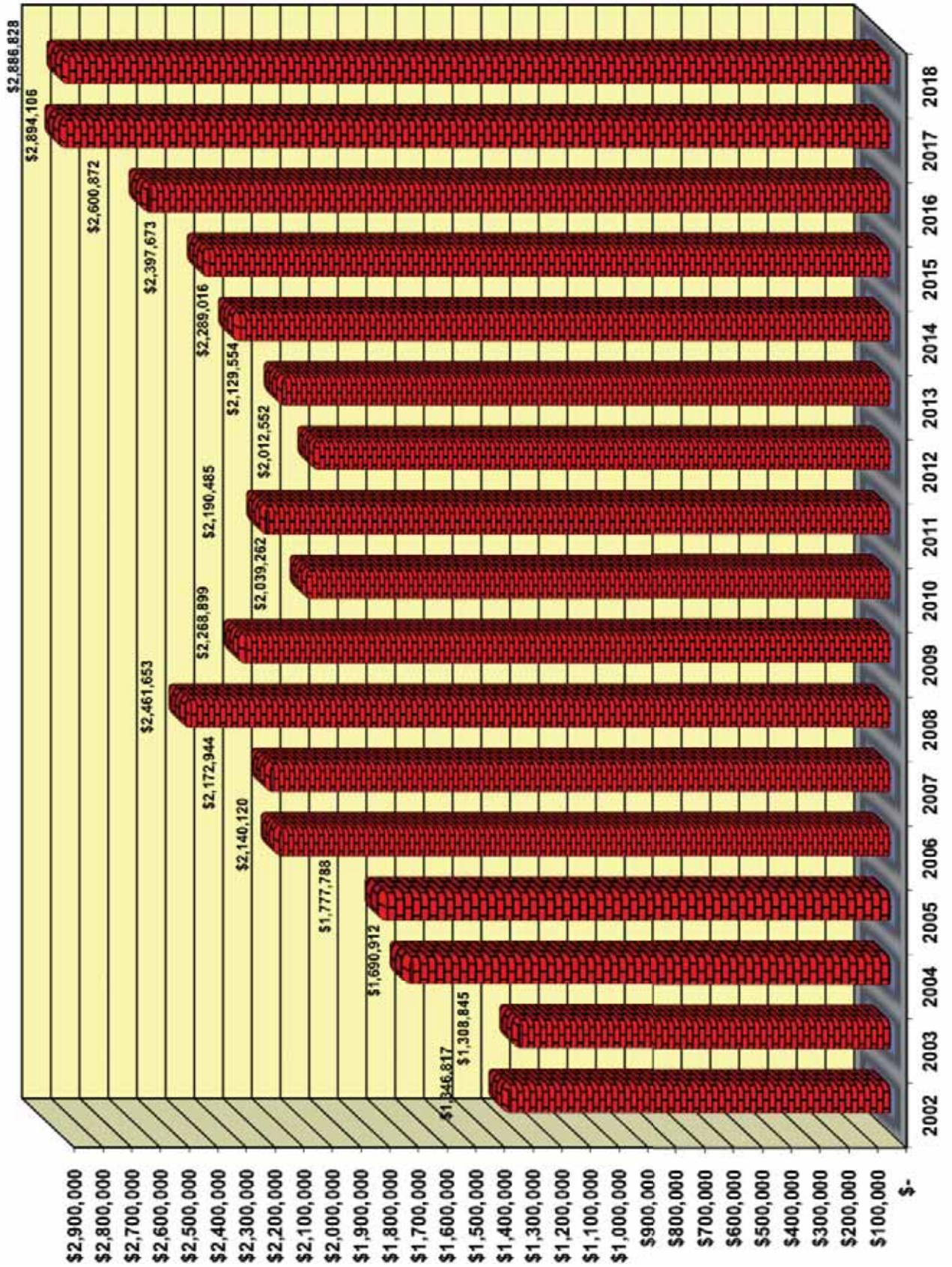


VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 JUNE 30, 2018



VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 JUNE 30, 2018

Village of Los Ranchos de Albuquerque  
 Gross Receipts Tax Revenue (NON-GAAP)



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2018**

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Village Administrator or Village Treasurer at:

Village of Los Ranchos de Albuquerque, New Mexico  
6718 Rio Grande Blvd. NW  
Los Ranchos de Albuquerque, NM 87107

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 7,182,409
Taxes receivable	
Property	22,811
Gross receipts	244,102
Gas	3,153
Motor vehicle	2,246
Franchise	42,746
Grants receivable	360,452
Capital assets, not depreciated	29,504,357
Capital assets, net of accumulated depreciation	<u>8,853,620</u>
<b>Total assets</b>	<u>46,215,896</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pension	<u>298,997</u>
<b>LIABILITIES</b>	
Accounts payable	71,606
Accrued compensation and benefits	36,748
Accrued interest payable	49,106
Compensated absences, due in one year	33,954
Long-term liabilities, due in one year	200,000
Long-term liabilities, due in more than one year	2,465,000
Net pension liability	<u>862,925</u>
<b>Total liabilities</b>	<u>3,719,339</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	<u>53,114</u>
<b>NET POSITION</b>	
Net investment in capital assets	35,692,977
Restricted for	
Public safety	20,760
Highways and streets	248,308
Debt service	22,811
Unrestricted	<u>6,757,584</u>
<b>Total net position</b>	<u>\$ 42,742,440</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Primary Government</b>					
Governmental activities					
General government	\$ 1,308,805	\$ 79,562	\$ 131,704	\$ -	\$ (1,097,539)
Public safety	629,133	321	114,026	-	(514,786)
Highways and streets	751,272	-	-	-	(751,272)
Culture and recreation	376,581	-	-	-	(376,581)
Interest on long-term debt	125,791	-	-	-	(125,791)
<b>Total primary government</b>	<u>\$ 3,191,582</u>	<u>\$ 79,883</u>	<u>\$ 245,730</u>	<u>\$ -</u>	<u>(2,865,969)</u>
<b>General Revenues</b>					
					2,881,940
					331,187
					262,753
					25,449
					36,307
					370,550
					99,555
					489,854
					63,255
					<u>4,560,850</u>
					1,694,881
					<u>41,047,559</u>
					<u>\$ 42,742,440</u>



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General	Municipal Street	Infrastructure	Debt Service	Non-major Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 5,771,148	\$ 230,277	\$ 100,000	\$ 943,051	\$ 137,933	\$ 7,182,409
Taxes receivable						
Property	-	-	-	22,811	-	22,811
Gross receipts	231,470	12,632	-	-	-	244,102
Gas	-	3,153	-	-	-	3,153
Motor vehicle	-	2,246	-	-	-	2,246
Franchise	42,746	-	-	-	-	42,746
Grants receivable	-	-	360,452	-	-	360,452
<b>Total assets</b>	<u>\$ 6,045,364</u>	<u>\$ 248,308</u>	<u>\$ 460,452</u>	<u>\$ 965,862</u>	<u>\$ 137,933</u>	<u>\$ 7,857,919</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 69,870	\$ -	\$ -	\$ -	\$ 1,736	\$ 71,606
Accrued compensation and benefits	32,607	-	-	-	4,141	36,748
<b>Total liabilities</b>	<u>102,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,877</u>	<u>108,354</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	-	-	-	16,801	-	16,801
<b>FUND BALANCES</b>						
Restricted for						
Special revenue funds	-	248,308	-	-	20,760	269,068
Debt service funds	-	-	-	6,010	-	6,010
Committed to						
Capital projects funds	-	-	-	-	31,112	31,112
Assigned to						
Special revenue funds	-	-	-	-	80,184	80,184
Capital projects funds	-	-	460,452	-	-	460,452
Debt service funds	-	-	-	943,051	-	943,051
Unassigned						
General fund	5,942,887	-	-	-	-	5,942,887
<b>Total fund balances</b>	<u>5,942,887</u>	<u>248,308</u>	<u>460,452</u>	<u>949,061</u>	<u>132,056</u>	<u>7,732,764</u>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<u>\$ 6,045,364</u>	<u>\$ 248,308</u>	<u>\$ 460,452</u>	<u>\$ 965,862</u>	<u>\$ 137,933</u>	<u>\$ 7,857,919</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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

<b>Total fund balance - governmental funds</b>	\$	7,732,764
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		38,357,977
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		16,801
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.		(49,106)
Long-term liabilities, including compensated absences, bonds payable, and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities consists of:		
Compensated absences	\$	(33,954)
Bonds payable		(2,665,000)
Net pension liability		<u>(862,925)</u>
		(3,561,879)
Deferred outflows of resources related to pension are not due and payable in the current period and, therefore, are not reported in the governmental funds.		298,997
Deferred inflows of resources related to pensions are not received in the current period and, therefore, are not reported in the governmental funds.		<u>(53,114)</u>
<b>Net position - governmental activities</b>	<b>\$</b>	<b><u>42,742,440</u></b>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General	Municipal Street	Infrastructure	Debt Service	Non-major Governmental Funds	Total
<b>Revenues</b>						
Taxes	\$ 3,064,135	\$ 210,748	\$ -	\$ 262,103	\$ -	\$ 3,536,986
Licenses, permits, fees, fines	79,562	-	-	-	321	79,883
Non-federal sources						
Intergovernmental	131,704	-	-	-	114,026	245,730
Interest and investment income	99,555	-	-	-	-	99,555
Rental income	370,550	-	-	-	-	370,550
Other	25,036	-	-	-	38,219	63,255
<b>Total revenues</b>	<u>3,770,542</u>	<u>210,748</u>	<u>-</u>	<u>262,103</u>	<u>152,566</u>	<u>4,395,959</u>
<b>Expenditures</b>						
Current						
General government	1,229,342	-	-	-	-	1,229,342
Public safety	461,231	-	-	-	114,026	575,257
Highways and streets	205,630	-	-	-	-	205,630
Culture and recreation	205,630	-	-	-	28,528	234,158
Debt service	-	-	-	648,929	-	648,929
Capital outlay	232,231	814,570	1,657,835	-	13,312	2,717,948
<b>Total expenditures</b>	<u>2,334,064</u>	<u>814,570</u>	<u>1,657,835</u>	<u>648,929</u>	<u>155,866</u>	<u>5,611,264</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<u>1,436,478</u>	<u>(603,822)</u>	<u>(1,657,835)</u>	<u>(386,826)</u>	<u>(3,300)</u>	<u>(1,215,305)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in: severance tax appropriation	-	-	489,854	-	-	489,854
Operating transfers in	-	-	1,328,433	386,920	2,000	1,717,353
Operating transfers out	(1,663,545)	-	-	(51,808)	(2,000)	(1,717,353)
<b>Total other financing sources (uses)</b>	<u>(1,663,545)</u>	<u>-</u>	<u>1,818,287</u>	<u>335,112</u>	<u>-</u>	<u>489,854</u>
<b>Net change in fund balance</b>	(227,067)	(603,822)	160,452	(51,714)	(3,300)	(725,451)
Fund balance, beginning of year	<u>6,169,954</u>	<u>852,130</u>	<u>300,000</u>	<u>1,000,775</u>	<u>135,356</u>	<u>8,458,215</u>
<b>Fund balance, end of year</b>	<u>\$ 5,942,887</u>	<u>\$ 248,308</u>	<u>\$ 460,452</u>	<u>\$ 949,061</u>	<u>\$ 132,056</u>	<u>\$ 7,732,764</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
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, 2018**

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

**Net change in fund balance - governmental funds** \$ (725,451)

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. The following is the amount by which capital outlay exceeded depreciation in the current period.

Depreciation expense	\$ (705,543)	
Loss on the disposal of capital assets	(40,174)	
Capital outlay	<u>2,717,948</u>	1,972,231

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	650
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Accrued interest payable is an expense under the full accrual method and not the modified accrual method.	3,901
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Accrued compensated absences are expensed under the accrual method and not the modified accrual method.	(6,520)
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	519,237
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions	<u>(69,167)</u>
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**Change in net position - governmental activities** \$ 1,694,881

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,210,161	\$ 3,188,853	\$ 3,067,936	\$ (120,917)
Licenses and permits and fees	80,169	85,380	79,562	(5,818)
Intergovernmental	200,000	200,000	131,704	(68,296)
Interest and investment income	20,500	78,197	99,555	21,358
Rental income	400,955	389,036	370,550	(18,486)
Other	17,100	27,138	25,036	(2,102)
<b>Total revenues</b>	<b>3,928,885</b>	<b>3,968,604</b>	<b>3,774,343</b>	<b>(194,261)</b>
<b>Expenditures</b>				
General government	1,264,295	1,244,143	1,225,243	18,900
Public safety	453,200	458,975	461,231	(2,256)
Highways and streets	227,421	217,691	203,133	14,558
Culture and recreation	227,421	217,691	203,133	14,558
Capital outlay	3,055,870	1,013,347	187,758	825,589
<b>Total expenditures</b>	<b>5,228,207</b>	<b>3,151,847</b>	<b>2,280,498</b>	<b>871,349</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>				
	(1,299,322)	816,757	1,493,845	677,088
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(1,516,189)	(1,738,988)	(1,663,545)	75,443
<b>Net change in fund balance</b>				
	(2,815,511)	(922,231)	(169,700)	<b>\$ 752,531</b>
Prior year cash appropriated	2,815,511	922,231	169,700	
	\$ -	\$ -	\$ -	

Reconciliation of the Non-GAAP change in fund balance to the GAAP change in fund balance:

Non-GAAP change in fund balance	\$ (169,700)
Change in	
Accounts receivable	(3,800)
Accounts payable	(48,863)
Accrued compensation and benefits	(4,704)
GAAP change in fund balance	<b>\$ (227,067)</b>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) - MUNICIPAL STREET**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 220,484	\$ 218,797	\$ 213,057	\$ (5,740)
<b>Total revenues</b>	220,484	218,797	213,057	(5,740)
<b>Expenditures</b>				
Capital outlay	1,000,000	1,000,000	814,570	185,430
<b>Total expenditures</b>	1,000,000	1,000,000	814,570	185,430
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	(779,516)	(781,203)	(601,513)	179,690
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	-	-	-	-
<b>Net change in fund balance</b>	(779,516)	(781,203)	(601,513)	\$ 179,690
Prior year cash appropriated	779,516	781,203	601,513	
	\$ -	\$ -	\$ -	

Reconciliation of the Non-GAAP change in fund balance to the GAAP change in fund balance:

Non-GAAP change in fund balance	\$ (601,513)
Change in Taxes receivable	(2,309)
GAAP change in fund balance	\$ (603,822)

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Entity.* The Village of Los Ranchos de Albuquerque, New Mexico (the Village) was incorporated in 1958 under the laws of the State of New Mexico. The Village operates under a Mayor-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), streets, health and social services, culture and recreation, education, public improvements, and general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

**A. Financial Reporting Entity**

As required by GAAP, financial statements are presented for the Village and its component units. A legally separate organization that does not qualify as a primary government is a potential component unit. The normal criterion for deciding whether a potential component unit is, in fact, a component unit is financial accountability. Financial accountability is determined by analyzing fiscal dependency, board appointments, financial benefit or burden relationships, or the ability of the primary government to impose its will on the potential component unit. Based on these criteria, the Village has no component units.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

Governmental 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. For this purpose, the Village considers revenues to be available if they are collected within 30 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 made.

The Village applies the following revenue recognition principles applied to nonexchange transactions:

*Derived tax revenues* are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

*Imposed nonexchange revenues – property taxes* are levied and collected by the Bernalillo County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10 and May 10. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

*Imposed nonexchange revenue other than property taxes* are recognized in the period when an enforceable legal claim has arisen and the resources are available.

*Government-mandated nonexchange transactions and voluntary nonexchange transactions* are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Village reports the following major governmental funds:

*General Fund.* The General Fund is the Village's primary operating fund. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

*Municipal Street Fund.* To account for funds used to maintain roads for which the Village has responsibility. Financing sources include gasoline and gross receipts taxes. Expenditures are restricted for the construction and maintenance of Village roads. Authority is NMSA 7-1-6-27.



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

*Infrastructure Fund.* The Infrastructure Fund accounts for financial resources and expenditures of capital projects funded through state grants.

*Debt Service Fund.* The Debt Service Fund is used to account for the receipts and disbursements of funds related to bond and loans.

**B. Cash and Investments**

Cash includes amounts in demand deposits and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value that is determined by using selected bases. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

The Village does not have an investment policy. Village funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government Investment Pool).

**C. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Capital Assets**

Capital assets, which include software, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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. Such assets, including infrastructure, have higher limits that must be met before they are capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	40 years
Land improvements	20 years
Infrastructure	20 years
Machinery, equipment, and software	3 - 20 years
Fire protection equipment	15 years
Furniture and fixtures	15 years
Vehicles	5 - 10 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets which cost more than \$5,000 and have a life greater than one year to be added to the Statement of Net Position and a yearly inventory of those assets must be taken.

**E. Intangible Assets**

Intangible assets with indefinite lives are not amortized. Indefinite lived intangible assets, such as water rights, are tested for impairment on an annual basis. There were no intangible assets at year-end.

**F. Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item in the fund financial statements, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Pensions – Deferred Inflows and Deferred Outflows or Resources**

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

**H. Accrued Employee Benefits**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

**I. Fund Balances**

The Village utilizes fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest-level action to remove or change the constraint.
- Assigned fund balance—amounts the Village intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Fund Balances (Continued)**

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Trustees have provided otherwise in its commitment or assignment actions.

**Major Funds**

The Municipal Street Fund has restricted funds of \$248,308 at June 30, 2018. The fund represents gas and gross receipts taxes restricted for road repairs and improvements.

The Infrastructure Fund has assigned funds of \$460,452 at June 30, 2018 for the purchase of open space.

The Debt Service Fund has restricted funds of \$6,010 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of \$943,051 consists of reserve funds set aside for debt service payments.

**Other Funds**

The following non-major funds have Restricted Fund Balances for specific purposes:

Corrections Fund: cash restricted for corrections in the amount of \$760.

Law Enforcement Protection: cash restricted for law enforcement in the amount of \$20,000.

The remaining Special Revenue Funds Assigned Fund Balance of \$80,184 relates to program revenue and opening fund balances. The Committed Funds of \$31,112 relate to an Economic Development Plan.

**J. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for 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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**L. Budgetary Information**

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, capital projects, and debt service funds.

The Village follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk submits to the Village Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Board of Trustees and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital project funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

**M. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2. CASH AND INVESTMENTS**

***Deposits***

*Custodial Credit Risk - Deposits.* Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2018, the Village's bank balance total of \$434,748 was exposed to credit risk in the amount of \$184,748 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	\$ 184,748
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

*Credit Risk.* The Village has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with a AAA or better rating, or repurchase agreements.

***Investments***

The Village categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village does not have any investments that are measured using level 1, 2, or 3 inputs.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of the Village's investment in a single issuer. The Village has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The 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 Section 6-10-10 I through 6-10-10 P and Sections 6-10-10-.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

LGIP does not have unit shares. Per Section 6-10-10.1 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 this pool is voluntary. The independent auditor's report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

*Interest Rate Risk* – The LGIP's policy is to invest in securities with an average maturity of less than 182 days, or a 0.5 yearly average term. The LGIP's weighted average maturity at June 30, 2018 was 50 days for WAM(R), and 100 days for WAM(F).

*Credit Quality* – The LGIP is rated AAAM.

Investments held at the Bank of America are invested in dollar denominated certificates of deposit. The certificates have maturities of 12 months or less.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ending June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital assets, not depreciated</b>				
Land	\$ 26,021,392	\$ 1,167,981	\$ (7,500)	\$ 27,181,873
Buildings - construction in process	128,310	17,195	-	145,505
Infrastructure - construction in process	685,469	1,494,442	(2,932)	2,176,979
<b>Total, not depreciated</b>	<u>26,835,171</u>	<u>2,679,618</u>	<u>(10,432)</u>	<u>29,504,357</u>
<b>Capital assets, depreciated</b>				
Buildings	4,959,680	-	(25,466)	4,934,214
Improvements	775,712	-	(22,266)	753,446
Infrastructure	10,423,215	38,328	(8,200)	10,453,343
Furniture, fixtures, and equipment	2,692,506	-	(94,727)	2,597,779
Fire protection equipment	6,399	-	(6,399)	-
Vehicles	195,140	-	-	195,140
<b>Total, depreciated</b>	<u>19,052,652</u>	<u>38,328</u>	<u>(157,058)</u>	<u>18,933,922</u>
<b>Accumulated depreciation for</b>				
Buildings	1,374,826	123,355	(10,984)	1,487,197
Improvements	454,386	32,883	(11,640)	475,629
Infrastructure	4,850,940	521,931	(6,095)	5,366,776
Furniture, fixtures, and equipment	2,620,386	27,374	(92,200)	2,555,560
Fire protection equipment	6,399	-	(6,399)	-
Vehicles	195,140	-	-	195,140
<b>Total, accumulated</b>				
<b>depreciated, net</b>	<u>9,502,077</u>	<u>705,543</u>	<u>(127,318)</u>	<u>10,080,302</u>
<b>Total capital assets,</b>				
<b>depreciated, net</b>	<u>9,550,575</u>	<u>(667,215)</u>	<u>(29,740)</u>	<u>8,853,620</u>
<b>Total capital assets, depreciated</b>				
<b>and non-depreciated, net</b>	<u>\$ 36,385,746</u>	<u>\$ 2,012,403</u>	<u>\$ (40,172)</u>	<u>\$ 38,357,977</u>



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was allocated to functions/programs of the government as follows:

Governmental activities	
General government	\$ 11,133
Public safety	53,876
Highways and streets	529,684
Culture and recreation	<u>110,850</u>
<b>Total depreciation expense</b>	<u><u>\$ 705,543</u></u>

**NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS**

During the year ended June 30, 2018, the following changes occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation					
bonds	\$ 2,855,000	\$ -	\$ (190,000)	\$ 2,665,000	\$ 200,000
Loans	329,237	-	(329,237)	-	-
Net pension liability	974,575	-	(111,650)	<b>862,925</b>	-
Compensated absences	<u>27,434</u>	<u>49,054</u>	<u>(42,534)</u>	<u><b>33,954</b></u>	<u>33,954</u>
<b>Total</b>	<u><u>\$ 4,186,246</u></u>	<u><u>\$ 49,054</u></u>	<u><u>\$ (673,421)</u></u>	<u><u>\$ 3,561,879</u></u>	<u><u>\$ 233,954</u></u>

*General Obligation Bonds.* The Village issued and sold general obligation bonds, Series 2007, in the aggregate principle amount of \$3,600,000 on August 8, 2007. The bonds are payable from property taxes levied on all taxable property within the Village. The bonds mature August 2027. The Village used the funds to acquire open space within the Village. The net effective interest rate of the bonds is 4.75% and is payable semiannually on February 1 and August 1, commencing on February 1, 2008.

The following is a schedule of the debt service requirements to maturity for the general obligation bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000	\$ 115,055	\$ 315,055
2020	210,000	106,290	316,290
2021	220,000	97,045	317,045
2022	230,000	87,255	317,255
2023	260,000	76,345	336,345
2024 to 2028	<u>1,545,000</u>	<u>183,762</u>	<u>1,728,762</u>
<b>Total</b>	<u><u>\$ 2,665,000</u></u>	<u><u>\$ 665,752</u></u>	<u><u>\$ 3,330,752</u></u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS (CONTINUED)**

*Accrued Compensated Absences.* It is the policy of the Village to accrue vacation leave based on years of service to regular full-time employees. Part-time employees will accrue annual leave on a prorated basis. Sick leave is accrued at a rate of eight hours per month for full-time employees and four hours per month for part-time employees. Upon termination, annual leave remaining will be paid in full. An employee in good standing may receive compensation for accrued sick leave when the employee has accumulated at least 240 hours at a rate of one day of pay for every three days of sick leave. When an employee has accumulated at least 480 hours of sick leave, the rate of payment will be one day of pay for each two days of accrued sick leave. When an employee who has accumulated over 240 hours of sick leave may choose each year in December or at times designated by the Village Administrator to receive payment for sick leave in excess of 240 hours at a rate of one day for each two days of sick leave accrued.

Payroll is tracked on a per-fund basis. Compensated absences relating to employees of a given fund are liquidated with money from that fund. The majority of compensated absences have been liquidated with money from the general fund.

**NOTE 5. INTERFUND OPERATING TRANSFERS**

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
	<u>          </u>	<u>          </u>
Governmental Funds		
Major Funds		
General Fund	\$ -	\$ 1,663,545
Infrastructure Fund	1,328,433	-
Debt Service Fund	386,920	51,808
Non-major Funds		
Other Special Revenue Fund	<u>2,000</u>	<u>2,000</u>
<b>Total</b>	<u><u>\$ 1,717,353</u></u>	<u><u>\$ 1,717,353</u></u>

The above transfers were to transfer money to the debt service fund for debt payments, and to transfer money to the infrastructure fund for the purchase of land and other capital assets.

**NOTE 6. PROPERTY TAXES**

Bernalillo County is responsible for assessing, collecting, and distributing property taxes for the Village. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by April 10 of the following year. Property taxes are delinquent if not paid by thirty days after the due date. Taxes on real property are levied on January 1 of the year for which the taxes are imposed.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. PERA PENSION PLAN**

*Plan description.* Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, 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 Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

*Benefits Provided.* Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

*TIER II.* The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5% and effective July 1, 2014 employer contributions were raised .05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. PERA PENSION PLAN (CONTINUED)**

**Contributions.** See PERA’s comprehensive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors as of July 1, 2017						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Years of Service		Pension maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		Tier 1	Tier 2	
State Plan 3	7.42%	8.92%	16.99%	3.00%	2.50%	90%
Municipal Plan 1 (plan open to new employers)	7.00%	8.50%	7.40%	2.00%	2.00%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.50%	2.00%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.00%	2.50%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.00%	2.50%	90%
Municipal Police Plan 1	7.00%	8.50%	10.40%	2.00%	2.00%	90.00%
Municipal Police Plan 2	7.00%	8.50%	15.40%	2.50%	2.00%	90.00%
Municipal Police Plan 3	7.00%	8.50%	18.90%	2.50%	2.00%	90.00%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.00%	2.50%	90.00%
Municipal Police Plan 5	16.30%	17.80%	18.90%	3.50%	3.00%	90.00%
Municipal Fire Plan 1	8.00%	9.50%	11.40%	2.00%	2.00%	90.00%
Municipal Fire Plan 2	8.00%	9.50%	17.90%	2.50%	2.00%	90.00%
Municipal Fire Plan 3	8.00%	9.50%	21.65%	2.50%	2.00%	90.00%
Municipal Fire Plan 4	12.80%	14.30%	21.65%	3.00%	2.50%	90.00%
Municipal Fire Plan 5	16.20%	17.70%	21.65%	3.50%	3.00%	90.00%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.00%	3.00%	90.00%
State Police and Audit Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.00%	3.00%	90.00%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.00%	3.00%	90.00%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.00%	3.00%	90.00%

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2018, the Village reported a liability of \$862,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. PERA PENSION PLAN (CONTINUED)**

The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Village's proportion was 0.0628%, which was an increase of 0.0018% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized pension expense of \$133,436. At June 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>          </u>	<u>          </u>
Differences between expected and actual experience	\$ 33,907	\$ 44,197
Changes in proportion and differences between contributor and proportionate share of contributions	46,315	-
Changes of assumptions or other inputs	39,794	8,917
Net difference between projected and actual earnings on pension plan investments	70,798	-
Village contributions subsequent to the measurement date	<u>108,183</u>	<u>-</u>
	<u>\$ 298,997</u>	<u>\$ 53,114</u>

\$108,183 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 53,494
2020	88,466
2021	16,430
2022	(20,690)
2023	<u>-</u>
	<u>\$ 137,700</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. PERA PENSION PLAN (CONTINUED)**

*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14% annual rate
Includes inflation at	2.25% annual rate for first 9 years, then 2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

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

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Absolute Return	<u>20.00%</u>	7.35%
<b>Total</b>	<u><u>100.00%</u></u>	

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7. PERA PENSION PLAN (CONTINUED)**

*Discount rate.* A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

*Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.51%, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51%) or 1- percentage-point higher (8.51%) than the current rate:

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
<u>PERA Municipal General Division</u>			
Village's proportionate share of the net pension liability	\$ 1,352,489	\$ 862,925	\$ 455,785

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

**NOTE 8. POST-EMPLOYMENT HEALTH CARE PLAN**

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

**NOTE 9. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers’ compensation claims. In addition, the Village has obtained insurance through a commercial carrier operating as a common risk management and insurance program. The Village pays an annual premium to a commercial carrier for its general coverage and all risk of loss is transferred.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. RISK MANAGEMENT (CONTINUED)**

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the Statement of Net Position because it is not expected to be liquidated with expendable available financial resources.

**NOTE 10. CONTINGENCIES**

*Litigation.* Claims have been filed against the Village and are in various stages of processing, and some may ultimately be brought to trial. It is not possible to estimate the likelihood and amount of such claims. Accordingly, no accrual has been made for them.

**NOTE 11. CONDUIT DEBT**

During the year ending June 30, 2011, the Village issued \$36,000,000 in Educational Facilities Refunding and Improvement Revenue Bonds (Albuquerque Academy Project), Series 2010. The bonds are special limited obligations of the Village. The bond ordinance adopted by the Village in connection with the issuance of the bonds provide that the bonds shall never constitute the debt or indebtedness of the Village and shall not constitute or give rise to a pecuniary liability of the Village or a charge against its general credit or taxing powers. The Albuquerque Academy has guaranteed the payment of principal and interest on the bonds. Final maturity of the bonds is September 21, 2040. The aggregate amount outstanding at June 30, 2018 is \$35,905,000. The next payment of \$200,000 is due September 1, 2018.

**NOTE 12. TAX ABATEMENTS**

The Village has evaluated GASB 77 with regard to tax abatements and has determined that it is not a party to any agreements that abate taxes.



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN**  
**FOR THE YEARS ENDED JUNE 30, 2018 - 2015**  
**LAST 10 FISCAL YEARS\* (UNAUDITED)**

Municipal General Division:

	Fiscal Year Measurement Date	<b>2018</b> <b>2017</b>	2017 2016	2016 2015	2015 2014
Village's proportion of the net pension liability (asset)		<b>0.0628%</b>	0.0610%	0.0601%	0.0518%
Village's proportionate share of the net pension liability (asset)		<b>\$ 862,925</b>	\$ 974,575	\$ 612,772	\$ 404,096
Village's covered-employee payroll		<b>\$ 617,547</b>	\$ 551,528	\$ 505,885	\$ 498,636
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		<b>140%</b>	177%	121%	81%
Plan fiduciary net position as a percentage of the total plan liability		<b>73.74%</b>	69.18%	76.99%	81.29%

\* The amounts presented were determined as of June 30, 2018. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, the Village will present information for those years which information is available.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
FOR THE YEARS ENDED JUNE 30, 2018 - 2015  
LAST 10 FISCAL YEARS\* (UNAUDITED)**

Municipal General Division:	June 30,			
	<b>2018</b>	2017	2016	2015
Contractually required contributions	<b>\$ 108,183</b>	\$ 96,589	\$ 91,448	\$ 87,236
Contributions in relation to the contractually required contribution	<b><u>\$ 108,183</u></b>	<u>\$ 96,589</u>	<u>\$ 91,448</u>	<u>\$ 87,236</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Village's covered-employee payroll	 <b>\$ 617,547</b>	 \$ 551,528	 505,885	 498,636
 Contributions as a percentage of covered-employee payroll	 <b>17.5%</b>	 17.5%	 18.1%	 17.5%

\* The amounts presented were determined as of June 30, 2018. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, the Village will present information for those years for which information is available.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**JUNE 30, 2018**

***Changes in Benefit Terms*** – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA CAFR, which is available at:

<https://www.saonm.org>

***Changes of Assumptions*** – The Public Employees Retirement Association of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at:

<http://www.nmpera.org>

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FUND DESCRIPTIONS**  
**JUNE 30, 2018**

**SPECIAL REVENUE FUNDS**

*Corrections.* To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 33-9-3.

*Fire Protection Fund.* To account for the operations and maintenance of the fire department. The operations are financed by an allotment from the annual fire grant from the State of New Mexico. Authority is NMSA 59-A-53-1.

*Law Enforcement Protection Fund.* To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

*Other Special Revenue Fund.* To account for the Villages Lavender in the Valley and Growers Market activities, as well as other small grants that the Village does not receive on a regular basis.

**CAPITAL PROJECTS FUNDS**

*Open Spaces Fund.* To account for the expenditures to purchase open spaces in the Village.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	Special Revenue				Capital Projects	Total Non-Major Governmental Funds
	Corrections	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces	
<b>ASSETS</b>						
Cash and investments	\$ 760	\$ -	\$ 20,000	\$ 86,061	\$ 31,112	\$ 137,933
Receivables						
Gross receipts	-	-	-	-	-	-
Gas	-	-	-	-	-	-
Motor vehicle	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 86,061</u>	<u>\$ 31,112</u>	<u>\$ 137,933</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,736	\$ -	\$ 1,736
Accrued compensation and benefits	-	-	-	4,141	-	4,141
Reversion payable	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,877</u>	<u>-</u>	<u>5,877</u>
<b>FUND BALANCES</b>						
Restricted for special revenues	760	-	20,000	-	-	20,760
Committed to capital projects	-	-	-	-	31,112	31,112
Assigned to special revenues	-	-	-	80,184	-	80,184
<b>Total fund balances</b>	<u>760</u>	<u>-</u>	<u>20,000</u>	<u>80,184</u>	<u>31,112</u>	<u>132,056</u>
<b>Total liabilities and fund balances</b>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 86,061</u>	<u>\$ 31,112</u>	<u>\$ 137,933</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue			Capital Projects	Total Non-Major Governmental Funds
	Correction	Fire Protection	Law Enforcement Protection	Other Special Revenue	
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees, fines	320	-	-	-	320
Non-federal sources					
Intergovernmental	-	114,026	-	-	114,026
Other	-	-	-	38,219	38,219
<b>Total revenues</b>	<u>320</u>	<u>114,026</u>	<u>-</u>	<u>-</u>	<u>152,565</u>
<b>Expenditures</b>					
Current					
Public safety	-	114,026	-	-	114,026
Culture and recreation	-	-	-	28,528	28,528
Capital outlay	-	-	-	13,312	13,312
<b>Total expenditures</b>	<u>-</u>	<u>114,026</u>	<u>-</u>	<u>13,312</u>	<u>155,866</u>
<b>Excess (deficiency) of revenues over expenditures before other financing sources (uses)</b>	<u>320</u>	<u>-</u>	<u>-</u>	<u>(13,312)</u>	<u>(3,301)</u>
<b>Other Financing Resources (Uses)</b>					
Operating transfers in	-	-	-	2,000	2,000
Operating transfers out	-	-	-	(2,000)	(2,000)
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	320	-	-	(13,312)	(3,301)
Fund balance, beginning of year	<u>440</u>	<u>-</u>	<u>20,000</u>	<u>44,423</u>	<u>135,356</u>
<b>Fund balance, end of year</b>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 31,111</u>	<u>\$ 132,055</u>



**OTHER SUPPLEMENTARY INFORMATION**

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2018**

<u>Depository</u>	<u>Account Name</u>	<u>Type</u>	<u>Depository Balance</u>	<u>Reconciled Balance</u>
Bank of America	Pooled Cash Account	Interest bearing checking	\$ 399,528	\$ 181,914
Bank of America	Certificate of Deposit	Certificate of deposit	35,220	35,220
Petty Cash	General		-	600
Petty Cash	Special Revenue		-	200
<b>Total cash and cash equivalents</b>			<u>434,748</u>	<u>217,934</u>
	Local Government			
NM State Treasurer	Investment Pool	Investment	<u>6,964,475</u>	<u>6,964,475</u>
<b>Total deposit and investment accounts</b>			<u>\$ 7,399,223</u>	<u>\$ 7,182,409</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**JUNE 30, 2018**

	Bank of America
Deposits at June 30, 2018	\$ 434,748
FDIC coverage	(250,000)
Uninsured public funds	184,748
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	204,025
Uninsured and uncollateralized	\$ -
50% pledged collateral requirement per state statute	\$ 92,374
Total pledged collateral	204,025
Pledged collateral over the requirement	\$ (111,651)

Pledged collateral at June 30, 2018 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AE0758 3.5000	3138LQZY3	4/2/2042	\$ 204,025

The custodian of the pledged securities is Bank of America in Charlotte, North Carolina.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SCHEDULE OF JOINT POWERS AGREEMENT  
JUNE 30, 2018**

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Code Regulation Services	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To regulate residential and commercial construction located within the geographical boundaries of the Village	10/27/09 to Indefinite	\$17,500 per year	\$ -	Not stated in the agreement	County of Bernalillo

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF APPROPRIATIONS**  
**JUNE 30, 2018**

<u>Appropriation</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>	<u>Funds Encumbered</u>
D14233	09/20/2013	06/30/2017	\$ 681,000	\$ 681,000	\$ -	\$ -
D15089	11/16/2015	06/30/2019	350,500	295,519	54,981	54,981
A2548	11/03/2016	06/30/2020	250,000	10,000	240,000	240,000
15-0734	11/23/2015	06/30/2019	165,000	88,635	76,365	76,365
16-A2397	09/19/2016	06/30/2020	140,000	-	140,000	140,000
<b>Total</b>			<u>\$ 1,586,500</u>	<u>\$ 1,075,154</u>	<u>\$ 511,346</u>	<u>\$ 511,346</u>

**COMPLIANCE SECTION**



**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***

Mr. Donald T. Lopez, Mayor and  
the Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico and  
Mr. Wayne Johnson, New Mexico State Auditor  
Santa Fe, 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, financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue fund of the Village of Los Ranchos de Albuquerque, New Mexico (the Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds of the Village, presented as supplemental information, and have issued our report thereon dated October 19, 2018.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned 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.

Mr. Donald T. Lopez, Mayor and  
the Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico and  
Mr. Wayne Johnson, New Mexico State Auditor

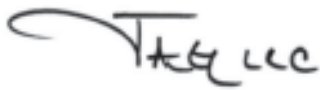
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
October 19, 2018



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018**

None

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

None

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
EXIT CONFERENCE  
JUNE 30, 2018**

An exit conference was held on October 19, 2018, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Donald T. Lopez, Mayor  
Nancy Haines, Treasurer  
Kelly S. Ward, Administrator  
Gil Saavedra, Village Accountant

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE, Managing Partner  
Shawn T. Mortensen, CPA, Audit Manager

*The financial statements were prepared by Jaramillo Accounting Group LLC from the books and records of the Village of Los Ranchos de Albuquerque, New Mexico. However, the contents of these financial statements remain the responsibility of the Village's management.*