



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

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

JUNE 30, 2019

INTRODUCTORY SECTION

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**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2019**

Village Trustees

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

Administrative Officials

Nancy Haines	Treasurer
Danielle Sedillo-Molina	Village Clerk
Tammy Silva	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
Los Ranchos de Albuquerque, New Mexico and
Mr. Brian Colòn, Esq.
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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

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. Brian Colòn, Esq.
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 as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue fund, 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 - 10 and the schedules related to the Village's pension plan on pages 37 - 39 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 nonmajor fund financial statements and the schedules required by Section 2.2.2 NMAC (Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreement, and Schedule of Appropriations), and other information, such as the Introductory Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

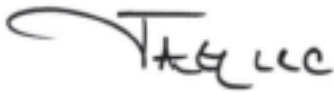
Mr. Donald T. Lopez, Mayor and
the Village Board of Trustees
Village of Los Ranchos de Albuquerque, New Mexico and
Mr. Brian Colòn, Esq.
New Mexico State Auditor

The combining and individual nonmajor fund financial statements and the schedules required by 2.2.2 NMAC (Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreement, and Schedule of Appropriations) 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 nonmajor fund financial statements and the schedules required by 2.2.2 NMAC (Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreement, and Schedule of Appropriations) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 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
December 12, 2019

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

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 increased \$147,849 or approximately 4.2% from the prior year. Total Village revenue decreased \$230,705, or approximately 5.05% from the prior year.
- The Village's expenses increased \$896,195, or approximately 28.1% from the prior year.
- The Village increased its net position by \$1,627,340, a 3.8% increase for this fiscal year.

VILLAGE HIGHLIGHTS

Mayor Donald T. Lopez continued serving the remainder of the mayoral term of the late Mayor Abraham. At the July 2018 meeting of the Board of Trustees, Trustee Mary Homan was elected to serve as Mayor Pro Tem. At the May 2019 meeting of the Board of Trustees, the Board appointed Tom Riccobene to serve as Trustee to fill the vacancy and serve until the next regular municipal election. The transition has been efficient and the direction and priorities of the Administration remain consistent and focused.

The 2035 Los Ranchos Master Plan has been adopted after a lengthy public input process and an in-depth assessment of existing conditions and trends in and around the Village. The Master Plan provides guidance for planning and zoning policy to preserve and develop community assets based on solid land use and infrastructure planning.

The Fourth Street Revitalization Project remains the highest priority of infrastructure and capital projects. The first phase of construction of the Fourth Street Revitalization Project from Schulte Road to Pueblo Solano is approximately 95% complete under our contract with Bradbury Stamm Construction. The completed streetscape greatly improves the safety of pedestrian and vehicular traffic with a continuous turn lane, sidewalks, crosswalks, lighting, on-street parking, and a public parking lot. Additional enhancements intended to increase commercial activity on the Village's most economically important street include a storm water drainage system, significant landscaping, aesthetically pleasing furniture and signage, brick and colored concrete sidewalks and promenades, and improved access to businesses.

The Village is actively seeking funding for planning, design, and construction of the final phase of the Fourth Street Revitalization Project from Pueblo Solano Road to the Village limits just north of Ortega Road. This project is included in the Village Infrastructure Capital Improvement Plan as the number one ranked project, and numerous applications and requests for funding have been submitted and/or are in development.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

The Village has made significant progress in creating the Village Center Project as an economic catalyst on property acquired as part of a Village Metropolitan Redevelopment Area Plan. The approximately thirteen-acre site is anchored in the Fourth Street and Osuna Road corridor and is expected to draw gross receipts tax from the greater metropolitan area. In response to an RFP issued in 2018, the Village has selected and entered into a development agreement with Palindrome Communities for a mixed use, high density commercial and residential development. The Village anticipates a development plan will be approved in the 2020 fiscal year.

The Village has initiated significant planning and development effort in enhancing and marketing the agricultural activity and heritage of the Rio Grande Valley. The Village continues to add programs and improvements to the Larry P. Abraham Agri-Nature Center and the current Aligning Our AgriFuture is a collaboration between New Mexico State University (NMSU) and the Village of Los Ranchos to continue to transform the Larry P. Abraham Agri-Nature Center into the destination hub for onsite community connection and agricultural education.

The Mayor and Board of Trustees are committed to careful expenditure of anticipated revenues while investing in prioritized projects expected to fuel economic growth and maintain the unique quality of life in the Village. Management of resources for the long-term fiscal health of the Village remains the primary focus of this administration.

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 11 and 12) 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 13. 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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

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, and Culture and Recreation are reported. Gross receipts taxes, franchise fees, fines, permits, and state and federal grants finance most of these activities.

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 13 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, 2019, net position changed as follows:

		Governmental Activities
Net position, beginning of year		\$42,742,440
Change in net position		1,627,340
Net position, ending		\$44,369,780
	2019	2018
Cash and investments	\$5,808,782	\$7,182,409
Taxes receivable	308,993	315,058
Grants receivable	492,186	360,452
Capital assets, net of depreciation	41,331,299	38,357,977
Total assets	47,941,260	46,215,896
Deferred outflows of resources	193,693	298,997

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Total liabilities	3,368,981	3,719,339	
Deferred inflows of resources	396,192	53,114	
Total net position	\$44,369,780	\$42,742,440	

The decrease in cash and investments, the increases in capital assets and grants receivable are primarily due to the work-in-progress related to the 4th Street construction project. The net decrease in total liabilities is primarily due to the principal and interest 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 2019 Amount	Percent of Total	Increase (Decrease) from 2018	Percent Increase (Decrease)
Assets				
Cash and cash equivalents	\$5,808,782	87.87%	\$(1,373,627)	(19.12%)
Taxes receivable	308,993	4.67%	(6,065)	(1.92%)
Grants receivable	492,186	7.46%	131,734	36.54%
Total assets	6,609,961	100.00%	(1,247,958)	(15.88%)
Liabilities				
Accounts payable	465,582	92.89%	393,976	550.19%
Accrued liabilities	35,619	7.11%	(1,129)	(3.07%)
Total liabilities	501,201	100.00%	392,847	362.55%

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Deferred Inflows

Unavailable revenue, property taxes	17,568	100.00%	767	4.56%
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Fund Balances

Restricted for				
Special revenue	212,897	3.50%	(56,171)	(20.87%)
Debt service	-	0.00%	(6,010)	(100.00%)
Committed to				
Capital projects	-	0.00%	(31,112)	(100.00%)
Assigned to				
Special revenue	86,150	1.41%	5,966	7.44%
Capital projects	836,104	13.73%	375,652	81.58%
Debt service	906,993	14.89%	(36,058)	(3.82%)
Unassigned				
General fund	4,049,049	66.47%	(1,893,838)	(31.86%)
Total fund balances	\$6,091,193	100.00%	\$(1,641,568)	(21.23%)

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 continued work-in-progress of the 4th Street 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, 2019, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2019 Amount	Percent of Total	Increase (Decrease) from 2018	Percent Increase (Decrease)
Taxes	\$3,687,482	64.53%	\$ 150,496	4.25%
Licenses, permits, fees and fines	88,472	1.55%	8,589	10.75%
Intergovernmental	1,296,500	22.69%	1,050,770	427.61%
Interest and investment income	141,254	2.47%	41,699	41.88%
Rental income	408,909	7.16%	38,359	10.35%
Other	91,733	1.61%	28,478	45.02%
Total revenues	\$5,714,350	100.00%	\$1,318,391	29.99%

The increase in intergovernmental is due to state grants for the 4th Street and Larry P. Abraham Agri-Nature Center capital infrastructure. Also, the small city assistance grant was \$258,571 higher than the previous year. The increase on interest and investment income is due to a higher yield in 2019. The increase in rental income is primarily due to the self-storage rental income and the increase in Other Income was due to the proceeds from the sale of a trailer.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019**

Expenditures	FYE 2019 Amount	Percent of Total	Increase (Decrease) from 2018	Percent Increase (Decrease)
General government	\$1,422,503	19.39%	\$ 193,161	15.71%
Public safety	622,739	8.48%	47,482	8.25%
Highways and streets	799,773	10.90%	594,143	288.93%
Culture and recreation	270,135	3.68%	35,977	15.36%
Debt service	315,055	4.29%	(333,874)	(51.45%)
Capital outlay	3,905,715	53.26%	1,187,767	43.70%
Total expenditures	\$7,335,920	100.00%	\$1,724,656	30.73%

The increase in general government is due to an increase in several expenses: wages and benefits, management of the 4th 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. Capital outlay increases, again, were primarily due to the 4th Street construction project. Debt service decrease was due to notes being paid in prior year and only the principal and interest on the bond payment was paid in the current year.

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 fund that has 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.

The General Fund had a significant difference between final budget and actual in the Capital Outlay line item, a variance of \$1,224,839 expected but not expended, due to continual delays related to the 4th 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)
JUNE 30, 2019**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land	\$27,181,873	\$27,181,873
Buildings – construction in process	145,505	145,505
Infrastructure – construction in process	5,875,255	2,176,979
Buildings	4,934,214	4,934,214
Improvements	753,446	753,446
Infrastructure	10,453,343	10,453,343
Furniture, fixtures and equipment	2,597,779	2,597,779
Vehicles	195,140	195,140
Totals	<u>\$52,136,555</u>	<u>\$48,438,279</u>

At the end of June 30, 2019, the Village had approximately \$52.1 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. Infrastructure construction in process was increased by the continuing improvement work for the 4th 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 levy was imposed to repay the debt. The 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 and is transferred from the reserve account to the bond fund to repay the bond debt. As of June 30, 2019, the balance in the Bond Reserve Fund is \$901,102. The amount transferred in FY2019 was \$41,949.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The Village is making just a modest decrease to gross receipts revenue. The Village increased wages and benefits in 2020 and in addition to expanding the agricultural program, it also added a handful of specific expenditures unique to 2020.

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 5,808,782
Taxes receivable	
Property	23,459
Gross receipts	285,534
Grants receivable	492,186
Capital assets, not depreciated	33,202,633
Capital assets, net of accumulated depreciation	<u>8,128,666</u>
Total assets	<u>47,941,260</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	<u>193,693</u>
LIABILITIES	
Accounts payable	465,581
Accrued compensation and benefits	35,619
Accrued interest payable	46,169
Compensated absences, due in one year	21,794
Long-term liabilities, due in one year	210,000
Long-term liabilities, due in more than one year	2,255,000
Net pension liability	<u>334,818</u>
Total liabilities	<u>3,368,981</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>396,192</u>
NET POSITION	
Net investment in capital assets	38,866,299
Restricted for	
Public safety	900
Special revenue	85,250
Highways and streets	1,049,001
Debt service	924,561
Unrestricted	<u>3,443,769</u>
Total net position	<u><u>\$ 44,369,780</u></u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					Governmental Activities
Governmental activities					
General government	\$ 1,365,028	\$ 88,332	\$ 390,276	\$ -	\$ (886,420)
Public safety	698,097	140	46,561	-	(651,396)
Highways and streets	1,539,983	-	-	859,663	(680,320)
Culture and recreation	372,549	-	-	-	(372,549)
Interest on long-term debt	112,119	-	-	-	(112,119)
Total primary government	\$ 4,087,777	\$ 88,472	\$ 436,837	\$ 859,663	(2,702,805)
		General Revenues			
		Gross receipts taxes			2,716,262
		Franchise taxes			342,154
		Property taxes			273,106
		Motor vehicle registration			28,213
		Gasoline taxes			30,784
		Other taxes			297,730
		Rental income			408,909
		Interest and investment income			141,254
		Other			91,733
		Total general revenues			4,330,145
		Change in net position			1,627,340
		Net position, beginning of year			42,742,440
		Net position, ending			\$ 44,369,780

See Accompanying Notes.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Municipal Street	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS						
Cash and investments	\$ 4,236,845	\$ 193,821	\$ 366,048	\$ 901,102	\$ 110,966	\$ 5,808,782
Taxes receivable						
Property	-	-	-	23,459	-	23,459
Gross receipts	285,534	-	-	-	-	285,534
Grants receivable	26,165	19,076	438,945	-	8,000	492,186
Total assets	<u>\$ 4,548,544</u>	<u>\$ 212,897</u>	<u>\$ 804,993</u>	<u>\$ 924,561</u>	<u>\$ 118,966</u>	<u>\$ 6,609,961</u>
LIABILITIES						
Accounts payable	\$ 463,877	\$ -	\$ -	\$ -	\$ 1,705	\$ 465,582
Accrued compensation and benefits	35,619	-	-	-	-	35,619
Total liabilities	<u>499,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,705</u>	<u>501,201</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	17,568	-	17,568
FUND BALANCES						
Restricted for						
Special revenue funds	-	212,897	-	-	-	212,897
Debt service funds	-	-	-	-	-	-
Committed to						
Capital projects funds	-	-	-	-	-	-
Assigned to						
Special revenue funds	-	-	-	-	86,150	86,150
Capital projects funds	-	-	804,993	-	31,111	836,104
Debt service funds	-	-	-	906,993	-	906,993
Unassigned						
General fund	4,049,049	-	-	-	-	4,049,049
Total fund balances	<u>4,049,049</u>	<u>212,897</u>	<u>804,993</u>	<u>906,993</u>	<u>117,261</u>	<u>6,091,193</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 4,548,544</u>	<u>\$ 212,897</u>	<u>\$ 804,993</u>	<u>\$ 924,561</u>	<u>\$ 118,966</u>	<u>\$ 6,609,961</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$	6,091,193
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		41,331,299
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		17,568
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.		(46,169)
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 consist of:		
Compensated absences	\$	(21,794)
Bonds payable		(2,465,000)
Net pension liability		<u>(334,818)</u>
		(2,821,612)
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.		193,693
Deferred inflows of resources related to pensions are not received in the current period and, therefore, are not reported in the governmental funds.		<u>(396,192)</u>
Net position - governmental activities	\$	<u>44,369,780</u>

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, 2019

	General	Municipal Street	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 3,199,787	\$ 214,589	\$ -	\$ 273,106	\$ -	\$ 3,687,482
Licenses, permits, fees, fines	88,332	-	-	-	140	88,472
Non-federal sources						
Intergovernmental	390,276	-	859,663	-	46,561	1,296,500
Interest and investment income	141,254	-	-	-	-	141,254
Rental income	408,909	-	-	-	-	408,909
Other	74,763	-	-	-	16,970	91,733
Total revenues	<u>4,303,321</u>	<u>214,589</u>	<u>859,663</u>	<u>273,106</u>	<u>63,671</u>	<u>5,714,350</u>
EXPENDITURES						
Current						
General government	1,422,384	-	-	119	-	1,422,503
Public safety	476,257	-	-	-	146,482	622,739
Highways and streets	252,230	250,000	297,543	-	-	799,773
Culture and recreation	258,231	-	-	-	11,904	270,135
Debt service	-	-	-	315,055	-	315,055
Capital outlay	3,688,136	-	217,579	-	-	3,905,715
Total expenditures	<u>6,097,238</u>	<u>250,000</u>	<u>515,122</u>	<u>315,174</u>	<u>158,386</u>	<u>7,335,920</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,793,917)</u>	<u>(35,411)</u>	<u>344,541</u>	<u>(42,068)</u>	<u>(94,715)</u>	<u>(1,621,570)</u>
Other Financing Sources (Uses)						
State reversion	-	-	-	-	(20,000)	(20,000)
Operating transfers in	-	-	-	-	99,921	99,921
Operating transfers out	(99,921)	-	-	-	-	(99,921)
Total other financing sources (uses)	<u>(99,921)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,921</u>	<u>(20,000)</u>
Net change in fund balance	(1,893,838)	(35,411)	344,541	(42,068)	(14,794)	(1,641,570)
Fund balance, beginning of year	5,942,887	248,308	460,452	949,061	132,055	7,732,763
Fund balance, end of year	<u>\$ 4,049,049</u>	<u>\$ 212,897</u>	<u>\$ 804,993</u>	<u>\$ 906,993</u>	<u>\$ 117,261</u>	<u>\$ 6,091,193</u>

See Accompanying Notes.

**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, 2019**

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

Net change in fund balance - governmental funds \$ (1,641,570)

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	\$ (724,954)	
Capital outlay	<u>3,698,276</u>	2,973,322

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	767
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Accrued interest payable is an expense under the full accrual method and not the modified accrual method.	2,936
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Accrued compensated absences are expensed under the accrual method and not the modified accrual method.	12,160
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	200,000
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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>79,725</u>
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Change in net position - governmental activities \$ 1,627,340

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 3,155,815	\$ 3,155,815	\$ 3,200,281	\$ 44,466
Licenses and permits and fees	82,394	82,394	89,103	6,709
Intergovernmental	160,000	160,000	390,276	230,276
Interest and investment income	20,500	20,500	130,728	110,228
Rental income	380,790	380,790	440,000	59,210
Other	14,800	14,800	24,736	9,936
Total revenues	<u>3,814,299</u>	<u>3,814,299</u>	<u>4,275,124</u>	<u>460,825</u>
EXPENDITURES				
General government	1,590,310	1,590,310	1,564,635	25,675
Public safety	475,719	475,719	467,013	8,706
Highways and streets	253,850	253,580	222,750	30,830
Culture and recreation	259,580	259,580	228,753	30,827
Capital outlay	4,912,975	4,912,975	3,326,275	1,586,700
Total expenditures	<u>7,492,435</u>	<u>7,492,165</u>	<u>5,809,426</u>	<u>1,682,739</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(3,678,135)	(3,677,865)	(1,534,302)	2,143,563
Other Financing Sources (Uses)				
Operating transfers out	(357,548)	(477,548)	-	477,548
Net change in fund balance	(4,035,683)	(4,155,413)	(1,534,302)	<u>\$ 2,621,111</u>
Prior year cash appropriated	-	-	-	
	<u>\$ (4,035,683)</u>	<u>\$ (4,155,413)</u>	<u>\$ (1,534,302)</u>	

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

Non-GAAP change in fund balance	\$ (1,534,302)
Change in	
Accounts receivable	37,483
Accounts payable	(394,007)
Accrued compensation and benefits	(3,012)
GAAP change in fund balance	<u>\$ (1,893,838)</u>

See Accompanying Notes.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Taxes	\$ 213,713	\$ 213,713	\$ 213,544	\$ (169)
Total revenues	213,713	213,713	213,544	(169)
EXPENDITURES				
Capital outlay	385,430	385,430	250,000	135,430
Total expenditures	385,430	385,430	250,000	135,430
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(171,717)	(171,717)	(36,456)	135,261
Other Financing Sources (Uses)				
Operating transfers out	-	-	-	-
Net change in fund balance	(171,717)	(171,717)	(36,456)	<u>\$ 135,261</u>
Prior year cash appropriated	-	-	-	
	<u>\$ (171,717)</u>	<u>\$ (171,717)</u>	<u>\$ (36,456)</u>	

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

Non-GAAP change in fund balance	\$	(36,456)
Change in		
Taxes receivable		1,045
GAAP change in fund balance	\$	<u>(35,411)</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 non-fiduciary 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, 2019

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

The Village applies the following revenue recognition principles applied to non-exchange 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 non-exchange 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 non-exchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated non-exchange transactions and voluntary non-exchange 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, 2019

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, 2019

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, 2019

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, 2019

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 capital 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 \$212,897 at June 30, 2019. The fund represents gas and gross receipts taxes restricted for road repairs and improvements.

The Infrastructure Fund has assigned funds of \$804,993 at June 30, 2019 for the purchase of open space.

The Debt Service Fund has restricted funds of \$906,993 consisting of property tax revenues restricted for debt service payments.

Other Funds

The following nonmajor funds have Restricted Fund Balances for specific purposes:

Corrections Fund: cash restricted for corrections in the amount of \$900.

The remaining Special Revenue Funds Restricted Fund Balance of \$80,184 relates to program revenue and opening fund balances. The Committed Funds of \$31,111 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, 2019

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, 2019

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, 2019, the Village's bank balance total of \$863,698, none of which was exposed to credit risk.

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, 2019

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, 2019 was 35 days for WAM(R), and 112 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, 2019

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 27,181,873	\$ -	\$ -	\$ 27,181,873
Buildings - construction in process	145,505	-	-	145,505
Infrastructure - construction in process	2,176,979	3,698,276	-	5,875,255
Total, not depreciated	<u>29,504,357</u>	<u>3,698,276</u>	<u>-</u>	<u>33,202,633</u>
Capital assets, depreciated				
Buildings	4,934,214	-	-	4,934,214
Improvements	753,446	-	-	753,446
Infrastructure	10,453,343	-	-	10,453,343
Furniture, fixtures, and equipment	2,597,779	-	-	2,597,779
Fire protection equipment	-	-	-	-
Vehicles	195,140	-	-	195,140
Total, depreciated	<u>18,933,922</u>	<u>-</u>	<u>-</u>	<u>18,933,922</u>
Accumulated depreciation for				
Buildings	1,487,197	131,959	-	1,619,156
Improvements	475,629	32,883	-	508,512
Infrastructure	5,366,776	532,738	-	5,899,514
Furniture, fixtures, and equipment	2,555,560	27,374	-	2,582,934
Fire protection equipment	-	-	-	-
Vehicles	195,140	-	-	195,140
Total, accumulated depreciated, net	<u>10,080,302</u>	<u>724,954</u>	<u>-</u>	<u>10,805,256</u>
Total capital assets, depreciated, net	<u>8,853,620</u>	<u>(724,954)</u>	<u>-</u>	<u>8,128,666</u>
Total capital assets, depreciated and non-depreciated, net	<u>\$ 38,357,977</u>	<u>\$ 2,973,322</u>	<u>\$ -</u>	<u>\$ 41,331,299</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 11,439
Public safety	55,358
Highways and streets	544,257
Culture and recreation	<u>113,900</u>
Total depreciation expense	<u><u>\$ 724,954</u></u>

NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2019, 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	\$ 2,665,000	\$ -	\$ (200,000)	\$ 2,465,000	\$ 210,000
Net pension liability	862,925	-	(528,107)	334,818	-
Compensated absences	<u>33,954</u>	<u>27,339</u>	<u>(39,499)</u>	<u>21,794</u>	<u>21,794</u>
Total	<u><u>\$ 3,561,879</u></u>	<u><u>\$ 27,339</u></u>	<u><u>\$ (767,606)</u></u>	<u><u>\$ 2,821,612</u></u>	<u><u>\$ 231,794</u></u>

General Obligation Bonds. The Village issued and sold general obligation bonds, Series 2007, in the aggregate principal 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>
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>
Total	<u><u>\$ 2,465,000</u></u>	<u><u>\$ 550,697</u></u>	<u><u>\$ 3,015,697</u></u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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
Governmental Funds		
Major Funds		
General Fund	\$ -	\$ 99,921
Infrastructure Fund	-	-
Debt Service Fund	-	-
Non-major Funds		
Other Special Revenue Fund	99,921	-
Total	\$ 99,921	\$ 99,921

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, 2019

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, 2019

NOTE 7. PERA PENSION PLAN (CONTINUED)

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a liability of \$334,818 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PERA PENSION PLAN (CONTINUED)

The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village' proportion of the net pension liability was based on a projection of the Village long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Village proportion was 0.0210% which was a decrease of 0.0418% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$31,725. At June 30, 2019, 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	\$ 9,677	\$ 8,791
Changes in proportion and differences between contributions and proportionate share of contributions	30,356	1,925
Changes of assumptions or other inputs	24,832	-
Net difference between projected and actual earnings on pension plan investments	17,378	385,476
Village contributions subsequent to the measurement date	<u>111,450</u>	<u>-</u>
	<u>\$ 193,693</u>	<u>\$ 396,192</u>

\$111,450 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (79,956)
2021	(109,159)
2022	(124,798)
2023	<u>(36)</u>
	<u>\$ (313,949)</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PERA PENSION PLAN (CONTINUED)

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

PERA	
Actuarial valuation date	June 30, 2018
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	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 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	20.00%	7.35%
Total	<u>100.00%</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PERA PENSION PLAN (CONTINUED)

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, 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 7.25%, 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 (6.25%) or 1- percentage-point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
<u>PERA Municipal General Division</u>			
Village's proportionate share of the net pension liability	\$ 515,932	\$ 334,818	\$ 185,098

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, 2019

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, 2019 is \$35,705,000. The next payment of \$310,000 is due September 1, 2019.

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
LAST 10 FISCAL YEARS* (UNAUDITED)

Municipal General Division:

	Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Village's proportion of the net pension liability (asset)		0.0210%	0.0628%	0.0610%	0.0601%	0.0518%
Village's proportionate share of the net pension liability (asset)		\$ 334,818	\$ 862,925	\$ 974,575	\$ 612,772	\$ 404,096
Village's covered payroll		\$ 671,491	\$ 617,547	\$ 551,528	\$ 505,885	\$ 498,636
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		50%	140%	177%	121%	81%
Plan fiduciary net position as a percentage of the total plan liability		71.13%	73.74%	69.18%	76.99%	81.29%

* The amounts presented were determined as of June 30, 2019. 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
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)

Municipal General Division:

	June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 112,221	\$ 108,183	\$ 96,589	\$ 91,448	\$ 87,236
Contributions in relation to the contractually required contribution	\$ 112,221	\$ 108,183	\$ 96,589	\$ 91,448	\$ 87,236
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 671,491	\$ 617,547	\$ 551,528	\$ 505,885	\$ 498,636
Contributions as a percentage of covered-employee payroll	16.7%	17.5%	17.5%	18.1%	17.5%

* The amounts presented were determined as of June 30, 2019. 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, 2019

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, 2019 report is available at: <http://www.nmpera.org>

SUPPLEMENTARY INFORMATION

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2019

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, 2019

	Special Revenue				Capital Projects	Total
	Corrections	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces	Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 900	\$ -	\$ -	\$ 78,955	\$ 31,111	\$ 110,966
Receivables						
Other	-	-	-	8,000	-	8,000
Total assets	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,955</u>	<u>\$ 31,111</u>	<u>\$ 118,966</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,705	\$ -	\$ 1,705
Accrued compensation and benefits	-	-	-	-	-	-
Reversion payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,705</u>	<u>-</u>	<u>1,705</u>
FUND BALANCES						
Restricted for special revenues	900	-	-	85,250	-	86,150
Committed to capital projects	-	-	-	-	31,111	31,111
Assigned to special revenues	-	-	-	-	-	-
Total fund balances	<u>900</u>	<u>-</u>	<u>-</u>	<u>85,250</u>	<u>31,111</u>	<u>117,261</u>
Total liabilities and fund balances	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,955</u>	<u>\$ 31,111</u>	<u>\$ 118,966</u>

See Accompanying Notes.

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, 2019

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Correction	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees, fines	140	-	-	-	140
Non-federal sources					
Intergovernmental	-	46,561	-	-	46,561
Other	-	-	-	16,970	16,970
Total revenues	<u>140</u>	<u>46,561</u>	<u>-</u>	<u>16,970</u>	<u>63,671</u>
EXPENDITURES					
Current					
Public safety	-	116,561	29,921	-	146,482
Culture and recreation	-	-	-	11,904	11,904
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>116,561</u>	<u>29,921</u>	<u>11,904</u>	<u>158,386</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>140</u>	<u>(70,000)</u>	<u>(29,921)</u>	<u>5,066</u>	<u>(94,715)</u>
Other Financing Resources (Uses)					
State Reversion	-	-	(20,000)	-	(20,000)
Operating transfers in	-	70,000	29,921	-	99,921
Operating transfers out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>70,000</u>	<u>9,921</u>	<u>-</u>	<u>79,921</u>
Net change in fund balance	140	-	(20,000)	5,066	(14,794)
Fund balance, beginning of year	<u>760</u>	<u>-</u>	<u>20,000</u>	<u>80,184</u>	<u>132,055</u>
Fund balance, end of year	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,250</u>	<u>\$ 117,261</u>

See Accompanying Notes.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2019

<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	\$ 828,478	\$ 723,048
Bank of America	Certificate of Deposit	Certificate of deposit	35,220	35,220
Petty Cash	General		-	600
Petty Cash	Special Revenue		-	600
Total cash and cash equivalents			<u>863,698</u>	<u>759,468</u>
	Local Government			
NM State Treasurer	Investment Pool	Investment	<u>5,049,530</u>	<u>5,049,314</u>
Total deposit and investment accounts			<u><u>\$ 5,913,228</u></u>	<u><u>\$ 5,808,782</u></u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2019

	Bank of America
Deposits at June 30, 2019	\$ 863,698
FDIC coverage	(250,000)
Uninsured public funds	613,698
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	714,454
Uninsured and uncollateralized	\$ -
50% pledged collateral requirement per state statute	\$ 306,849
Total pledged collateral	714,454
Pledged collateral over the requirement	\$ (407,605)

Pledged collateral at June 30, 2019 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AO2978 3.5000	3138LTJY5	5/1/2042	\$ 714,454

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, 2019

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 and 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, 2019

<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>
D15089	11/16/2015	06/30/2019	\$ 350,500	\$ 350,500	\$ -	\$ -
A2548	11/03/2016	06/30/2020	250,000	250,000	-	-
15-0734	11/23/2015	06/30/2019	165,000	165,000	-	-
16-A2397	09/19/2016	06/30/2020	140,000	-	140,000	-
D16078	08/28/2018	06/30/2022	200,000	166,137	33,863	33,863
Total			<u>\$ 1,105,500</u>	<u>\$ 931,637</u>	<u>\$ 173,863</u>	<u>\$ 33,863</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
Los Ranchos de Albuquerque, New Mexico and
Mr. Brian Colòn, Esq.
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, 2019, 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 December 12, 2019.

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. Brian Colòn, Esq.
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, non-compliance 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 non-compliance 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
December 12, 2019

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

None

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weakness(es)? No
- Non-compliance material to financial statements noted? No

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
JUNE 30, 2019

An exit conference was held on December 12, 2019, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Donald T. Lopez, Mayor
Allen L. Lewis, Village Trustee
Nancy Haines, Village Treasurer
Tim McDonough, Active Administrator
Danielle Sedillo-Molina, Village Clerk
Alice Garcia, Accounting Temporary Staff

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.