

# PORCH & ASSOCIATES LLC

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE,  
NEW MEXICO

Financial Statements, Supplementary Information  
and  
Independent Auditor's Report

June 30, 2014

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

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VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

List of Principal Officials

June 30, 2014

**Village Trustees**

Larry P. Abraham	Mayor
Donald T. Lopez	Mayor Pro Tem
Mary Homan	Trustee
Allen L. Lewis	Trustee
Pablo R. Rael	Trustee

**Administrative Officials**

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

**Independent Auditor's Report**

Mr. Hector H. Balderas, State Auditor and  
Larry P. Abraham, Mayor and  
the Board of Trustees  
Village of Los Ranchos de Albuquerque, 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 comparison for the general fund of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all major non-special revenue and nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, 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. 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.

Mr. Hector H. Balderas, State Auditor and  
Larry P. Abraham, Mayor and  
the Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico

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, and the aggregate remaining fund information of the Village of Los Ranchos de Albuquerque, New Mexico, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major non-special revenue funds and nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 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 the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Mr. Hector H. Balderas, State Auditor and  
Larry P. Abraham, Mayor and  
the Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico

The supplemental schedules 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government auditing standards*, we have also issued our report dated August 20, 2014 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.



Albuquerque, New Mexico  
August 20, 2014



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

This *Management's Discussion & Analysis (MD&A)* is provided pursuant to the requirements 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* \$168,869 or approximately 6.2% from the prior year. Total Village revenue *increased* \$219,847 or approximately 7.5% from the prior year.
- The Village's expenses *decreased* \$215,170 or approximately 6.8% from the prior year.
- The Village increased its net position by \$730,566, a 1.9% increase for this fiscal year.
- For additional highlights see the financial charts at the end of this Management's Discussion & Analysis.

**VILLAGE HIGHLIGHTS**

The Board of Trustees, the Mayor and the administration of the Village have embarked on an exciting project that will revitalize Fourth Street within the Village and create a better place to live, walk, ride, shop and eat.

The renaissance envisioned for the street will improve the quality of the corridor, make it a highly attractive place for people and businesses, help it function better and improve its appearance. Potential changes include drainage improvements, sidewalks, trees, better lighting and amenities for pedestrians. Fourth Street is our most important commercial street; a variety of retail and service businesses, as well as schools and housing are located along it. Fourth Street businesses provide convenient places for residents to shop and find the services that they need, and the street is important to the Village identity. The Village has received a legislative appropriation of \$681,000 and has committed \$1.0 million toward the design and construction of those improvements.

This will be the main infrastructure project for the Village. Additional projects involve the resurfacing of segments of various roadways, resurfacing tennis courts and improvements to certain municipal buildings.

The Village has seen an increase in residential construction during the previous 12 months. This includes new construction as well as remodels. The sluggishness that lingers in the economy can be noticed in the lack of new subdivision applications and new commercial construction. We do, however, anticipate a slight increase in gross receipts tax revenue in the coming fiscal years. Management of municipal resources for the long-term fiscal health of the Village is the administration's primary focus.

While careful to keep expenditures below revenue, the Mayor and the Board of Trustees have also shown their commitment to invest in certain long-range priorities and infrastructure improvements. We continue to set aside funds for open space purchases and bond repayments along with the aforementioned improvement project on Fourth Street.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

**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 16 and 17) 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 18. 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 *government-wide statements* by providing information about the Village's most significant funds.

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

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

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

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

**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 18 and provide detailed information about the most significant funds - not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustee's establish 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 years. These funds are

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

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 reconciliations on pages 19 and 21.

**THE VILLAGE AS A WHOLE**

For the year ended June 30, 2014, net position changed as follows:

	<b>Governmental Activities</b>
Beginning net position	\$ 37,890,646
Increase (decrease) in net position	730,566
Ending net position	<u>\$ 38,621,212</u>

	<u>2014</u>	<u>2013</u>
Cash and investments	\$ 8,005,122	6,467,693
Receivables	266,494	237,065
Capital assets, net of depreciation	34,514,504	35,474,140
Bond issuance costs	-	47,560
Total assets	<u>42,786,120</u>	<u>42,226,459</u>
Total liabilities	<u>4,164,908</u>	<u>4,335,813</u>
Total net Position	\$38,621,212	37,890,646

The increase in cash and investments is due to the excess of revenues over expenditures on a cash basis. The increase in receivables is mainly due to an increase in gross receipt taxes. The decrease in capital assets net of depreciation is due to the depreciation expense for this fiscal year. The decrease in total liabilities is due to the principal reduction on the long-term debt and a decrease in accounts payable.

**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 the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Building permits, excavation/barricade permits, business registrations fees, home occupation fees, parcel permit fees, liquor license fees, Village Vision advertising fees, motor vehicle fees, and State of New Mexico grants.
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**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

Public safety State of New Mexico grants are categorized as operating 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'S FUNDS**

The following schedule represents a summary of general, special revenue, and capital project funds for balance sheet comparisons to prior year amounts and the related percentage increases and decreases.

<b>Balance Sheet</b>	<b>FYE 2014 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2013</b>	<b>Percent Increase (Decrease)</b>
<b>Assets:</b>				
<i>Cash and cash equivalents</i>	\$ 8,005,122	96.78%	\$ 1,537,429	23.77%
<i>Receivables</i>	266,494	3.22%	29,429	12.42%
<i>Total assets</i>	8,271,616	100.00%	1,566,858	23.37%
<b>Liabilities:</b>				
<i>Accounts payable</i>	41,156	71.76%	(21,516)	(34.34%)
<i>Accrued liabilities</i>	16,196	28.24%	4,951	44.03%
<i>Total liabilities</i>	57,352	100.00%	(16,565)	(22.41%)
<b>Fund balance:</b>				
<i>Restricted for:</i>				
<i>Special revenue</i>	685,555	8.35%	186,918	37.49%
<i>Debt service</i>	128,380	1.57%	(26,629)	(17.18%)
<i>Committed to:</i>				
<i>Capital projects</i>	44,423	0.54%	0	0.0%
<i>Assigned to:</i>				
<i>Special revenue</i>	37,829	0.46%	26,829	243.90%
<i>Capital projects</i>	1,200,000	14.63%	300,000	33.34%
<i>Debt service</i>	700,000	8.53%	100,000	16.67%
<i>Unassigned:</i>				
<i>General fund</i>	5,408,593	65.92%	986,821	22.32%
<i>Total fund balance</i>	\$ 8,204,780	100.00%	\$ 1,573,939	23.74%

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

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 increase in cash is due to the excess of revenues over expenditures on a cash basis.

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to the prior year.

<b>Revenues:</b>	<b>FYE 2014 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2013</b>	<b>Percent Increase (Decrease)</b>
<i>Taxes</i>	\$ 2,896,425	78.84%	\$ 157,385	5.75%
<i>Licenses and permits</i>	86,674	2.35%	18,118	26.43%
<i>Intergovernmental</i>	495,473	13.49%	179,697	56.91 %
<i>Interest income</i>	7,305	0.20%	(990)	(11.93%)
<i>Other income</i>	188,298	5.12%	10,412	5.85%
<i>Total Revenues</i>	\$ 3,674,175	100.00%	\$ 364,622	11.02%

The increase in taxes is due to the increase in gross receipts taxes. The increase in licenses and permits is due to an increase in building permit fees. The increase in intergovernmental revenues is because of the Small Cities Distribution for 2014.

<b>Expenditures:</b>	<b>FYE 2014 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from FYE 2013</b>	<b>Percent Increase (Decrease)</b>
<i>General government</i>	\$ 861,558	40.18%	\$ (99,211)	(10.33%)
<i>Public safety</i>	606,645	28.29%	(73,121)	(10.76%)
<i>Highway and streets</i>	118,363	5.52%	(14,181)	(10.70%)
<i>Culture and recreation</i>	145,301	6.78%	1,988	1.39%
<i>Debt service</i>	358,869	16.73%	46,438	14.86%
<i>Capital outlay</i>	53,584	2.50%	21,854	68.87%
<i>Total Expenditures</i>	\$ 2,144,320	100.00%	\$ (116,232)	(5.14%)

The most significant decrease in expenditures was in general government. The reason for the decrease is that in fiscal year 2013 the Village purchased a computer system and presentation system an expenditure unique to 2013. The reason for the decrease in public safety is that no expenditures were made in 2014 for the Emergency Medical Services and Law Enforcement Protection funds. The increase in debt service is due to the increased principal payment for the Village's general obligation bonds.

**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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for each 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.

**CAPITAL ASSETS**

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

	<b>Governmental Activities</b>	
	2014	2013
Land	\$ 22,137,269	\$ 22,137,269
Buildings – construction in process	8,608	8,608
Infrastructure – construction in process	47,016	2,932
Buildings	5,093,576	5,093,576
Improvements	989,357	989,357
Infrastructure	10,000,456	10,000,456
Furniture, fixtures and equipment	3,507,206	3,514,970
Fire protection equipment	6,399	6,399
Vehicles	195,140	195,139
<b>TOTALS</b>	<b>\$ 41,985,027</b>	<b>\$ 41,948,707</b>

At the end of June 30, 2014, the Village had approximately \$42 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. Infrastructure construction in process was increased by the aerial mapping and survey for the 4<sup>th</sup> Street improvement project. The Village purchased a 2001 F-550 Super Duty bucket truck.

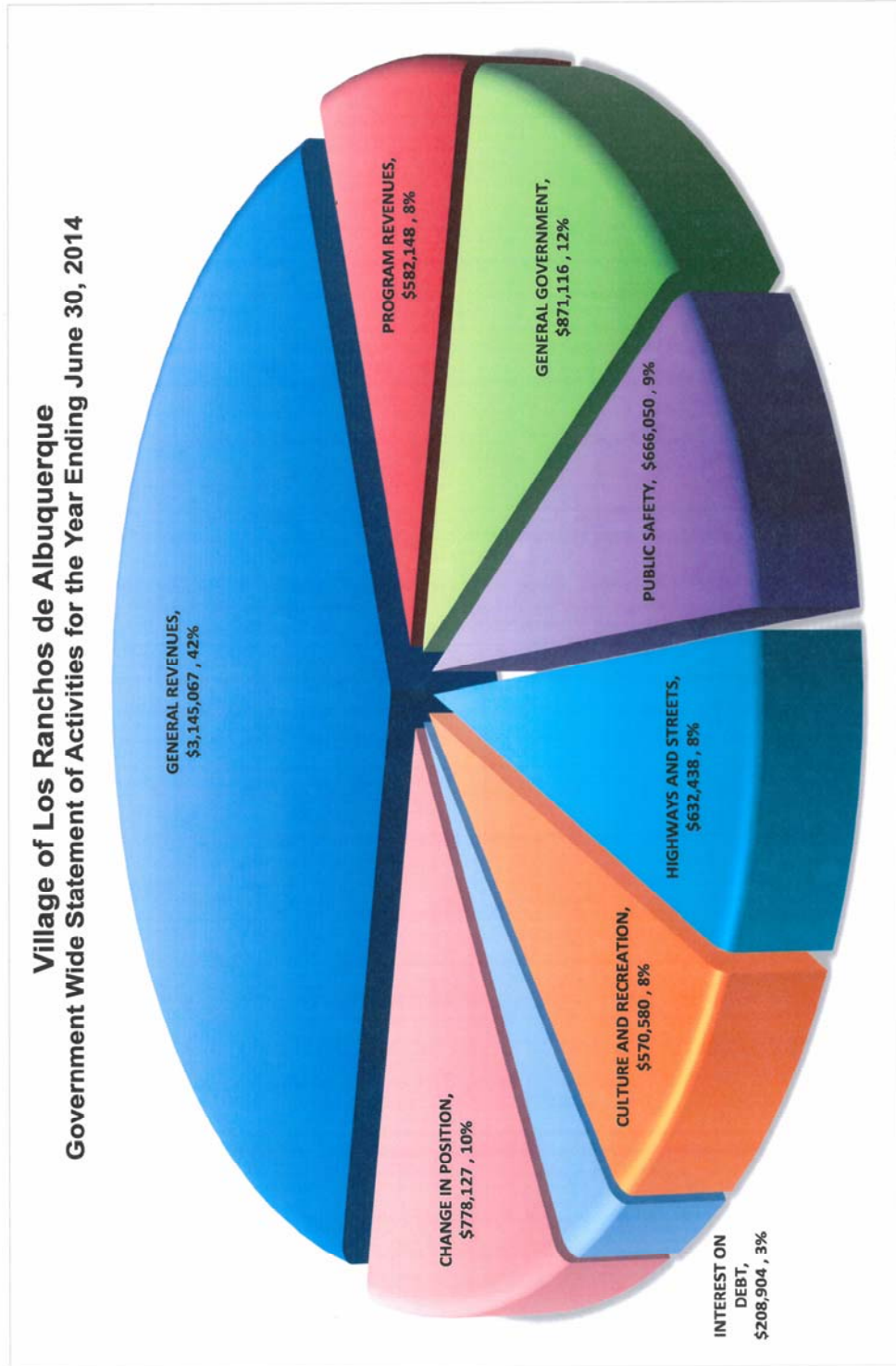
**GENERAL OBLIGATION BONDS**

In August of 2007 the Village of Los Ranchos issued \$3,600,000 in general obligation bonds. A 1 mil property tax was imposed to repay the debt. The Village has to transfer approximately \$1,118,000 from the General Fund, over the 20-year term, to repay the debt. Already \$700,000 has been transferred to a reserve fund to repay the general obligation bond debt.

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

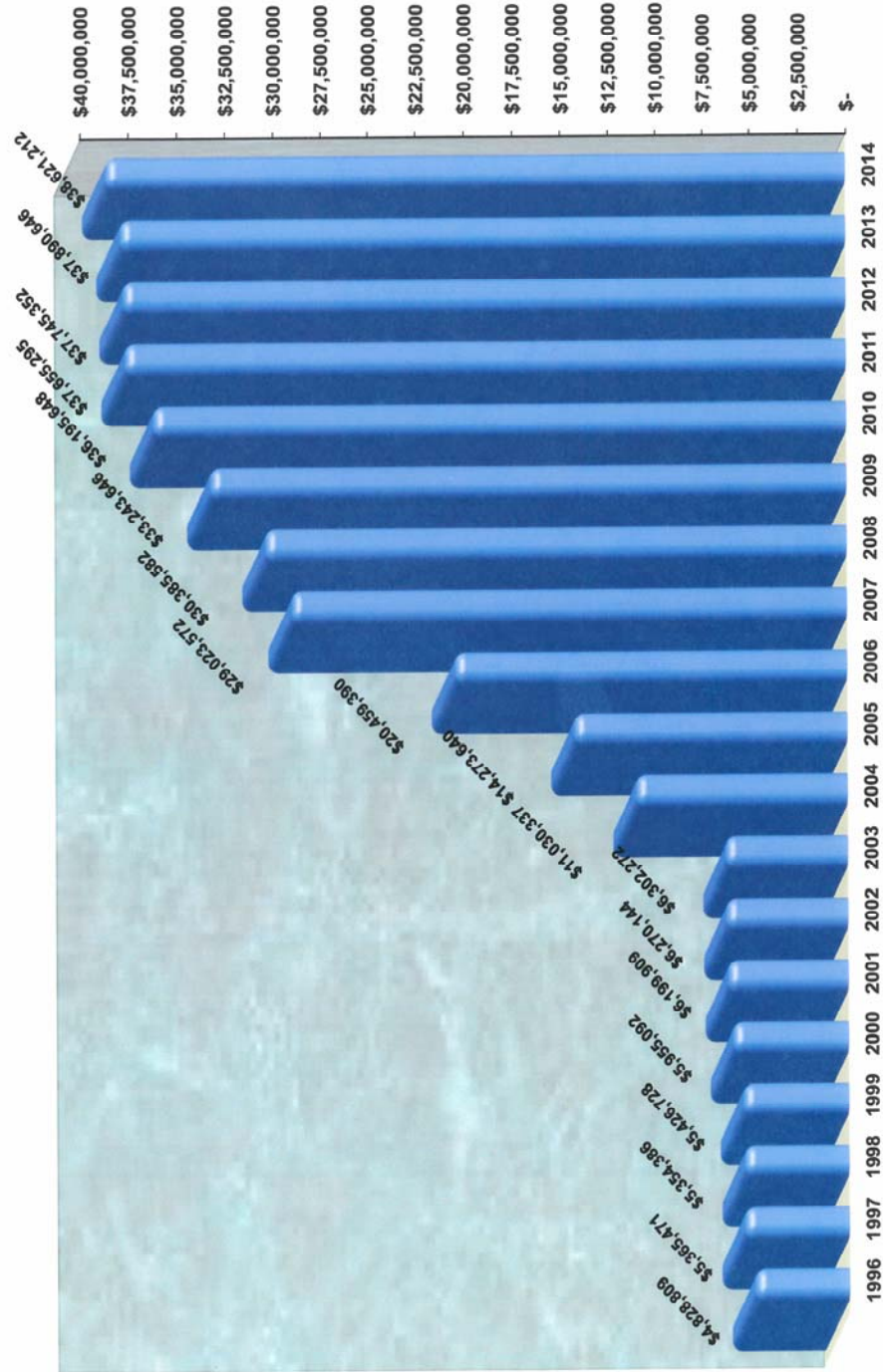
We expect the economy to still see a very slow recovery and therefore only projected a modest increase in General fund revenues for the 2015 fiscal year revenues. In addition, General fund expenditures were increased over the 2014 - 2015 actual amounts for inflation.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014



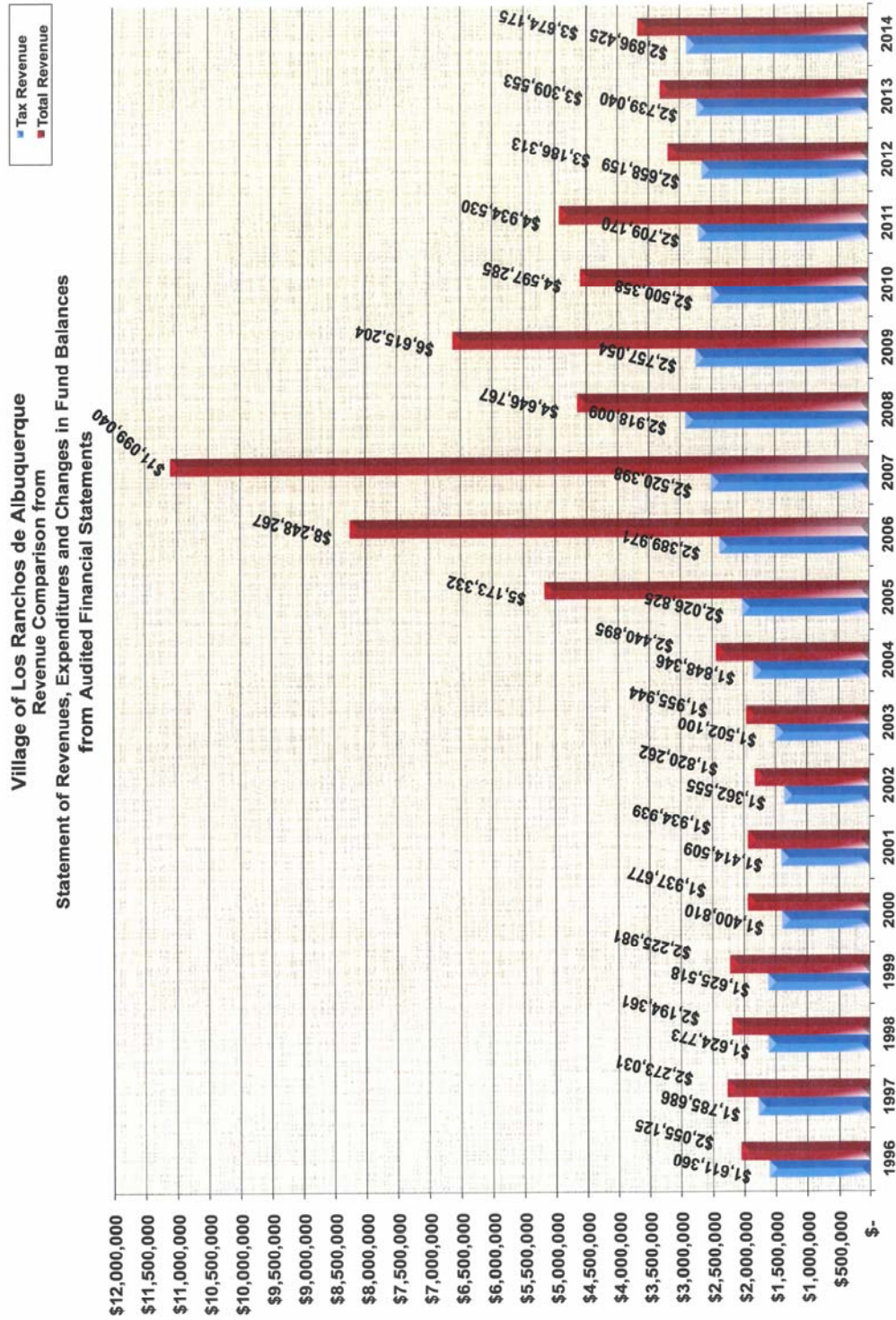
**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 June 30, 2014**

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

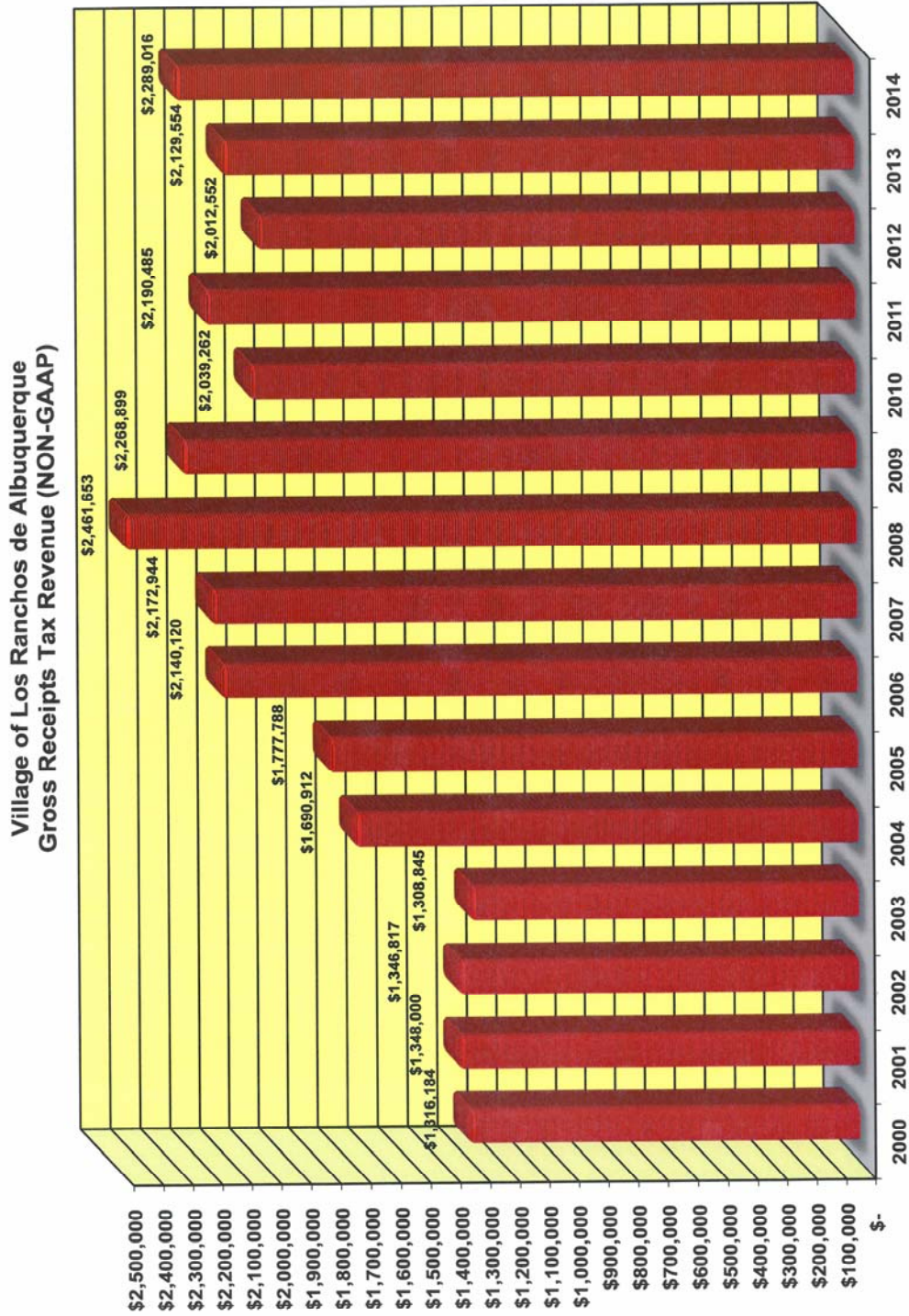




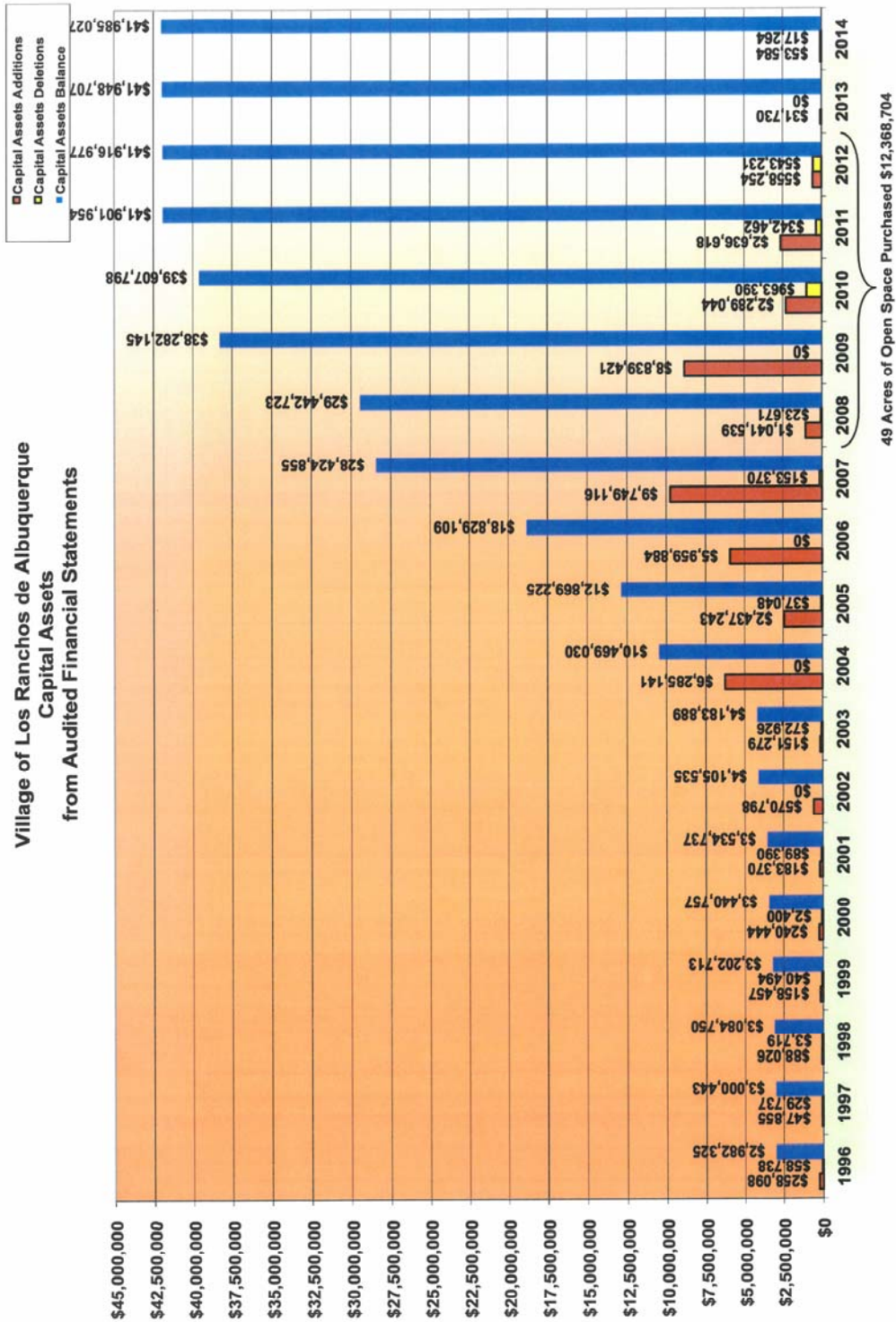
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 June 30, 2014



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 June 30, 2014**



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2014**

**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, 2014**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 8,005,122
Taxes receivable:	
Taxes	
Property	14,676
Gross receipts	206,657
Gas	2,373
Motor vehicle	1,940
Franchise	40,848
Capital assets, not depreciated	22,192,893
Capital assets, net of accumulated depreciation	<u>12,321,611</u>
<b>Total assets</b>	<u>42,786,120</u>
<b>LIABILITIES</b>	
Accounts payable	41,156
Accrued compensation and benefits	16,196
Accrued interest payable	64,513
Compensated absences, due in one year	12,289
Long-term liabilities, due in one year	524,416
Long-term liabilities, due in more than one year	<u>3,506,338</u>
<b>Total liabilities</b>	<u>4,164,908</u>
<b>NET POSITION</b>	
Net investment in capital assets	30,483,750
Restricted for:	
Public safety	20,640
Highways and streets	664,915
Debt service	137,864
Unrestricted	<u>7,314,043</u>
<b>Total net position</b>	<u><u>\$ 38,621,212</u></u>

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2014**

<u>Functions/Programs</u>	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary government</b>					
Governmental activities:					
General government	\$ 871,116	86,654	372,937	-	(411,525)
Public safety	666,051	20	122,536	-	(543,495)
Highways and streets	632,438	-	-	-	(632,438)
Culture and recreation	570,580	-	-	-	(570,580)
Interest on long-term debt	208,904	-	-	-	(208,904)
<b>Total primary government</b>	<u>2,949,089</u>	<u>86,674</u>	<u>495,473</u>	<u>-</u>	<u>(2,366,942)</u>
General Revenues:					
Gross receipts taxes					2,310,750
Franchise taxes					313,492
Property taxes					234,697
Motor vehicle registration					22,735
Gasoline taxes					24,235
Interest and investment income					7,305
Transfers in: Severance tax appropriation					44,084
Loss on the disposal of capital assets					(528)
Other					188,298
<b>Total general revenues</b>					<u>3,145,068</u>
<b>Change in net position</b>					<u>778,126</u>
Net position, beginning of year					37,890,646
Restatement					(47,560)
Net position, beginning of year, as restated					<u>37,843,086</u>
<b>Net position, ending</b>					<u>\$ 38,621,212</u>

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2014**

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 5,227,360	1,200,000	823,188	754,574	8,005,122
Taxes Receivable:					
Property	-	-	14,676	-	14,676
Gross receipts	195,996	-	-	10,661	206,657
Gas	-	-	-	2,373	2,373
Motor vehicle	-	-	-	1,940	1,940
Franchise	40,848	-	-	-	40,848
<b>Total assets</b>	<b>\$ 5,464,204</b>	<b>1,200,000</b>	<b>837,864</b>	<b>769,548</b>	<b>8,271,616</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 41,102	-	-	54	41,156
Accrued compensation and benefits	14,509	-	-	1,687	16,196
<b>Total liabilities</b>	<b>55,611</b>	<b>-</b>	<b>-</b>	<b>1,741</b>	<b>57,352</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	-	-	9,484	-	9,484
<b>FUND BALANCES</b>					
Restricted for:					
Special revenue funds	-	-	-	685,555	685,555
Debt service funds	-	-	128,380	-	128,380
Committed to:					
Capital projects funds	-	-	-	44,423	44,423
Assigned to:					
Special revenue funds	-	-	-	37,829	37,829
Capital projects funds	-	1,200,000	-	-	1,200,000
Debt service funds	-	-	700,000	-	700,000
Unassigned:					
General fund	5,408,593	-	-	-	5,408,593
<b>Total fund balances</b>	<b>5,408,593</b>	<b>1,200,000</b>	<b>828,380</b>	<b>767,807</b>	<b>8,204,780</b>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 5,464,204</b>	<b>1,200,000</b>	<b>837,864</b>	<b>769,548</b>	<b>8,271,616</b>

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2014**

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

<b>Total fund balance - governmental funds</b>	\$ 8,204,780
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	34,514,504
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	9,484
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.	(64,513)
Accrued compensated absences not payable from current revenues.	(12,289)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(4,030,754)</u>
<b>Net position - governmental activities</b>	<u><u>\$ 38,621,212</u></u>

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



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2014**

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 2,504,913	-	225,214	166,298	2,896,425
Licenses, permits, fees, fines	86,654	-	-	20	86,674
Non-federal sources:					
Intergovernmental	372,937	-	-	122,536	495,473
Interest and investment income	7,305	-	-	-	7,305
Other	136,031	-	-	52,267	188,298
<b>Total revenues</b>	<b>3,107,840</b>	<b>-</b>	<b>225,214</b>	<b>341,121</b>	<b>3,674,175</b>
Expenditures					
Current:					
General government	861,558	-	-	-	861,558
Public safety	504,709	-	-	101,936	606,645
Highways and streets	118,363	-	-	-	118,363
Culture and recreation	118,363	-	-	26,938	145,301
Debt service	-	-	358,869	-	358,869
Capital outlay	9,500	44,084	-	-	53,584
<b>Total expenditures</b>	<b>1,612,493</b>	<b>44,084</b>	<b>358,869</b>	<b>128,874</b>	<b>2,144,320</b>
Excess (Deficiency) of revenues over expenditures before other financing sources	1,495,347	(44,084)	(133,655)	212,247	1,529,855
Other Financing Sources (Uses)					
Transfers in: severance tax appropriation	-	44,084	-	-	44,084
Operating transfers in	-	300,000	207,026	2,500	509,526
Operating transfers out	(508,526)	-	-	(1,000)	(509,526)
<b>Total other financing sources (uses)</b>	<b>(508,526)</b>	<b>344,084</b>	<b>207,026</b>	<b>1,500</b>	<b>44,084</b>
<b>Net change in fund balances</b>	<b>986,821</b>	<b>300,000</b>	<b>73,371</b>	<b>213,747</b>	<b>1,573,939</b>
Fund balance, beginning of year	4,421,772	900,000	755,009	554,060	6,630,841
<b>Fund balance, end of year</b>	<b>\$ 5,408,593</b>	<b>1,200,000</b>	<b>828,380</b>	<b>767,807</b>	<b>8,204,780</b>

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014**

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

**Net changes in fund balances - governmental funds** \$ 1,573,939

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	(1,012,693)	
Loss on the disposal of capital assets	(528)	
Capital outlay	53,584	
Excess of capital outlay over depreciation expense		(959,637)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 9,484

Accrued interest payable is an expense under the full accrual method, and not the modified accrual method. 2,039

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. 4,375

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 147,926

**Change in net position - governmental activities** 778,126

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 2,295,950	2,438,944	2,482,918	43,974
Licenses and permits and fees	66,687	82,179	86,654	4,475
Intergovernmental	175,000	175,000	372,937	197,937
Interest and investment income	6,600	6,837	7,305	468
Other	125,076	136,889	136,031	(858)
<b>Total revenues</b>	<b>2,669,313</b>	<b>2,839,849</b>	<b>3,085,845</b>	<b>245,996</b>
Expenditures				
General government	959,158	981,062	880,106	100,956
Public safety	519,051	496,352	493,159	3,193
Highways and streets	147,464	129,031	123,628	5,403
Culture and recreation	147,464	129,031	123,628	5,403
Capital outlay	750,000	759,500	9,500	750,000
<b>Total expenditures</b>	<b>2,523,137</b>	<b>2,494,976</b>	<b>1,630,021</b>	<b>864,955</b>
Excess of revenues over expenditures	146,176	344,873	1,455,824	1,110,951
Other financing sources/(uses)				
Operating transfers out	(549,926)	(549,926)	(508,526)	41,400
Net change in fund balance	(403,750)	(205,053)	947,298	1,152,351
Prior year cash appropriated	403,750	205,053		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 947,298	
Change in:				
Accounts receivable			21,995	
Accounts payable			20,792	
Accrued compensation and benefits			(3,264)	
GAAP change in fund balance			<u>\$ 986,821</u>	

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

*Nature of Entity.* The Village of Los Ranchos de Albuquerque, New Mexico (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), 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 Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

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.

Governmental financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

The Village follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with *GASB Statement 33, Accounting and Reporting for Nonexchange Transactions*:

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

*Imposed nonexchange revenues – property taxes* are levied and collected by the Bernalillo County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10<sup>th</sup> and May 10<sup>th</sup>. 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

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

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

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

The Village reports the following major governmental funds:

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

*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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**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.

**D. Property and Equipment**

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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**D. Property and Equipment (Continued)**

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 General Fixed Asset Account Group and a yearly inventory of those assets must be taken.

**E. Intangible Assets**

Under ASC 350, *Intangibles - Goodwill and Other*, intangible assets with indefinite lives are no longer 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 financial 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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, 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, 2014**

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

**G. 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.

**H. Fund Balances**

The Village follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement defines 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.

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**H. Fund Balances (Continued)**

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 Infrastructure Fund has Assigned Funds of \$1,200,000 at June 30, 2014 for the purchase of open space.

The Debt Service Fund has Restricted Funds of \$128,380 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of \$700,000 consists of reserve funds set aside for debt service payments.

**Other Funds**

The following non-major funds have a Restricted Fund Balance designated for specific purposes:

Law Enforcement Protection Fund: law enforcement grant of \$20,600

Municipal Street Fund: capital outlay grant \$664,915

The remaining Special Revenue Funds Assigned Fund Balance of \$37,829 relates to program revenue and opening fund balances. The Committed Funds of \$44,423 relate to an Economic Development Plan.

**I. 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, 2014**

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

**J. 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. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**K. 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**L. 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.

**M. Implementation of New Accounting Standards**

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. This statement changes the requirement to capitalize bond issuance costs. As a result, the Village has recorded a prior period adjustment to remove capitalized bond issuance costs from the Statement of Net Position.

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 66, *Technical Corrections – 2012, An Amendment of GASBS Statements No. 10 and No. 62*. The statement will not have a material impact on the Village's financial statements.

**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, 2014, the Village's bank balance total of \$352,243 was exposed to credit risk in the amount of \$67,086 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 67,086</u>
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**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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 an AAA or better rating, or repurchase agreements.

***Investments***

*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.

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.

During the year ending June 30, 2009, the New Mexico State Treasurers (Treasurer) office placed \$169,531 of the Village's LGIP investment into a contingency account. The Village recovered funds from the account during the years ending June 30, 2011 and 2010, leaving a contingency account balance of \$20,734. The Treasurer's office notified the Village that \$17,261 of the contingency account was written off during the year ending June 30, 2014. The remaining contingency balance is \$3,473. The funds are not accessible by the Village. The funds may be used to cover losses from the failure of a money market in which the LGIP was invested. The Village does not know if the money will be returned.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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, 2014 was 59 days.

*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, 2014**

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	Balance	Additions	Deletions	Balance
<b>Governmental Activities</b>				
Capital assets, not depreciated				
Land	\$ 22,137,269	-	-	<b>22,137,269</b>
Buildings - construction in process	8,608	-	-	<b>8,608</b>
Infrastructure - construction in process	2,932	44,084	-	<b>47,016</b>
<b>Total, not depreciated</b>	<b>\$ 22,148,809</b>	<b>44,084</b>	<b>-</b>	<b>22,192,893</b>
Capital assets, depreciated				
Buildings	\$ 5,093,576	-	-	<b>5,093,576</b>
Improvements	989,357	-	-	<b>989,357</b>
Infrastructure	10,000,456	-	-	<b>10,000,456</b>
Furniture, fixtures and equipment	3,514,970	9,500	(17,264)	<b>3,507,206</b>
Fire protection equipment	6,399	-	-	<b>6,399</b>
Vehicles	195,140	-	-	<b>195,140</b>
<b>Total, depreciated</b>	<b>19,799,898</b>	<b>9,500</b>	<b>(17,264)</b>	<b>19,792,134</b>
Accumulated depreciation for:				
Buildings	889,179	127,340	-	<b>1,016,519</b>
Improvements	572,424	38,025	-	<b>610,449</b>
Infrastructure	2,797,755	500,023	-	<b>3,297,778</b>
Furniture, fixtures and equipment	2,045,930	329,292	(16,736)	<b>2,358,486</b>
Fire protection equipment	5,837	147	-	<b>5,984</b>
Vehicles	163,441	17,866	-	<b>181,307</b>
<b>Total accumulated depreciation</b>	<b>6,474,566</b>	<b>1,012,693</b>	<b>(16,736)</b>	<b>7,470,523</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 13,325,332</b>	<b>(1,003,193)</b>	<b>(528)</b>	<b>12,321,611</b>
<b>Total capital assets, depreciated and non-depreciated, net</b>	<b>\$ 35,474,141</b>	<b>(959,109)</b>	<b>(528)</b>	<b>34,514,504</b>

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

Governmental activities	
General government	\$ 11,668
Public safety	59,408
Highways and streets	515,206
Culture and recreation	426,411
<b>Total depreciation expense</b>	<b>\$ 1,012,693</b>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

During the year ended June 30, 2014, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,400,000	-	(100,000)	<b>3,300,000</b>	125,000
Loans	778,680	-	(47,926)	<b>730,754</b>	399,416
Compensated absences	16,664	23,110	(27,485)	<b>12,289</b>	12,289
<b>Total</b>	<u>\$ 4,195,344</u>	<u>23,110</u>	<u>(175,411)</u>	<u><b>4,043,043</b></u>	<u>536,705</u>

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

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 125,000	146,499	271,499
2016	150,000	139,968	289,968
2017	170,000	132,368	302,368
2018	190,000	123,818	313,818
2019	200,000	115,055	315,055
2020 to 2024	1,200,000	431,130	1,631,130
2025 to 2028	1,265,000	119,566	1,384,566
	<u>\$ 3,300,000</u>	<u>1,208,404</u>	<u>4,508,404</u>



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

*Loans.* The Village financed land purchases using commercial loans and mortgages. The following notes are outstanding at June 30, 2014:

Land acquisition mortgage for \$564,251, interest is adjustable at 1% over the Wall Street Journal prime rate, with a floor of 8.5%, payments of \$6,123 monthly, maturing September 6, 2016.	\$ 374,137
Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2014. Secured by a mortgage on the property.	225,380
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2014. Secured by a mortgage on the property.	<u>131,237</u>
Total loans payable	<u>\$ 730,754</u>

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 399,416	37,252	436,668
2016	45,546	26,840	72,386
2017	285,792	6,118	291,910
	<u>\$ 730,754</u>	<u>70,210</u>	<u>800,964</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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	\$ -	508,526
Infrastructure Fund	300,000	-
Debt Service Fund	207,026	-
Non-major Funds:		
Other Special Revenue Fund	2,500	1,000
<b>Total</b>	<u>\$ 509,526</u>	<u>509,526</u>

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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 liened on January 1 of the year for which the taxes are imposed.

**NOTE 7. PERA PENSION PLAN**

*Plan Description:* Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123, or by accessing the report on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 9.15% of their gross salary. The Village is required contribution of 9.15% of the gross covered salary. The contribution requirements of plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the year ending June 30, 2014, 2013, and 2012 were \$71,243, \$69,958, and \$64,661, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 8. POST-EMPLOYMENT BENEFITS – STATE RETIREE 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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.

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 General Long-Term Debt Account Group 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, 2014 is \$36,000,000. The first payment on the bonds is scheduled for September 1, 2017.

**NOTE 12. SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through August 20, 2014, the date the financial statements were available to be issued. Subsequent to June 30, 2014, the Village had no material subsequent events.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 13. RESTATEMENT**

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. This statement changes the requirement to capitalize bond issuance costs. As a result, the Village has recorded a prior period adjustment to remove capitalized bond issuance costs from the Statement of Net Position.

**NOTE 14. MATERIAL FUTURE LIABILITY FOR PENSION OBLIGATIONS**

During the year ending June 30, 2015, the Villages subsequent year-end, the Village will adopt Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Once GASB No. 68 is implemented, the Village will be required to recognize a liability for the Village's proportionate share of the unfunded net pension liability for PERA. It is expected that the liability will be material to the financial statements.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NON-MAJOR FUNDS**  
**June 30, 2014**

**SPECIAL REVENUE FUNDS**

*Corrections.* To establish an additional sources 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.

*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.

*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**  
**NONMAJOR FUNDS**  
**June 30, 2014**

	Special Revenue					Capital Projects	Total Non-major
	Corrections	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Open Spaces	
<b>ASSETS</b>							
Cash and investments	\$ 40	-	20,600	649,941	39,570	44,423	754,574
Receivables							
Gross receipts	-	-	-	10,661	-	-	10,661
Gas	-	-	-	2,373	-	-	2,373
Motor vehicle	-	-	-	1,940	-	-	1,940
<b>Total assets</b>	<b>\$ 40</b>	<b>-</b>	<b>20,600</b>	<b>664,915</b>	<b>39,570</b>	<b>44,423</b>	<b>769,548</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	-	-	-	54	-	54
Accrued compensation and benefits	-	-	-	-	1,687	-	1,687
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>
<b>FUND BALANCES</b>							
Restricted for special revenues	40	-	20,600	664,915	-	-	685,555
Committed to capital projects	-	-	-	-	-	44,423	44,423
Assigned to special revenues	-	-	-	-	37,829	-	37,829
<b>Total fund balances</b>	<b>40</b>	<b>-</b>	<b>20,600</b>	<b>664,915</b>	<b>37,829</b>	<b>44,423</b>	<b>767,807</b>
<b>Total liabilities and fund balances</b>	<b>\$ 40</b>	<b>-</b>	<b>20,600</b>	<b>664,915</b>	<b>39,570</b>	<b>44,423</b>	<b>769,548</b>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR FUNDS**  
**Year Ended June 30, 2014**

	Special Revenue					Capital Projects	Total Non-major
	Correction	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Open Spaces	
Revenues							
Taxes	\$ -	-	-	166,298	-	-	166,298
Licenses, permits, fees, fines	20	-	-	-	-	-	20
Non-federal sources							
Intergovernmental	-	101,936	20,600	-	-	-	122,536
Other	-	-	-	-	52,267	-	52,267
<b>Total revenues</b>	<b>20</b>	<b>101,936</b>	<b>20,600</b>	<b>166,298</b>	<b>52,267</b>	<b>-</b>	<b>341,121</b>
Expenditures							
Current							
Public safety	-	101,936	-	-	-	-	101,936
Culture and recreation	-	-	-	-	26,938	-	26,938
<b>Total expenditures</b>	<b>-</b>	<b>101,936</b>	<b>-</b>	<b>-</b>	<b>26,938</b>	<b>-</b>	<b>128,874</b>
Excess (deficiency) of revenues over expenditures before other financing sources	20	-	20,600	166,298	25,329	-	212,247
Other Financing Uses							
Operating transfers in	-	-	-	-	2,500	-	2,500
Operating transfers out	-	-	-	-	(1,000)	-	(1,000)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>
Net change in fund balances	20	-	20,600	166,298	26,829	-	213,747
Fund balance, beginning of year	20	-	-	498,617	11,000	44,423	554,060
<b>Fund balance, end of year</b>	<b>\$ 40</b>	<b>-</b>	<b>20,600</b>	<b>664,915</b>	<b>37,829</b>	<b>44,423</b>	<b>767,807</b>



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CORRECTIONS**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Licenses, permits, fees, fines	\$ 160	100	20	(80)
<b>Total revenues</b>	<b>160</b>	<b>100</b>	<b>20</b>	<b>(80)</b>
Expenditures				
Public safety	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	\$ 160	100	20	(80)

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**FIRE PROTECTION**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 104,602	101,936	101,936	-
<b>Total revenues</b>	<b>104,602</b>	<b>101,936</b>	<b>101,936</b>	<b>-</b>
Expenditures				
Public safety	104,602	101,936	101,936	-
<b>Total expenditures</b>	<b>104,602</b>	<b>101,936</b>	<b>101,936</b>	<b>-</b>
Net change in fund balance	\$ -	-	-	-

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**LAW ENFORCEMENT PROTECTION**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget-
				Positive
				(Negative)
Revenues				
Intergovernmental	\$ 20,600	20,600	20,600	-
<b>Total revenues</b>	<b>20,600</b>	<b>20,600</b>	<b>20,600</b>	<b>-</b>
Expenditures				
Public safety	62,000	62,000	-	62,000
<b>Total expenditures</b>	<b>62,000</b>	<b>62,000</b>	<b>-</b>	<b>62,000</b>
Excess of revenues over expenditures	(41,400)	(41,400)	20,600	62,000
Other Financing Sources				
Transfers in	41,400	41,400	-	(41,400)
<b>Total other financing sources</b>	<b>41,400</b>	<b>41,400</b>	<b>-</b>	<b>(41,400)</b>
Net change in fund balance	\$ -	-	20,600	20,600

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**MUNICIPAL STREET**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 168,402	160,699	165,341	4,642
<b>Total revenues</b>	<b>168,402</b>	<b>160,699</b>	<b>165,341</b>	<b>4,642</b>
Expenditures				
Capital outlay	300,000	300,000	-	300,000
<b>Total expenditures</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>
Net change in fund balance	(131,598)	(139,301)	165,341	304,642
Prior year cash appropriated	131,598	139,301		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 165,341	
Change in:				
Accounts receivable			<u>957</u>	
GAAP change in fund balance			<u>\$ 166,298</u>	

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**OTHER SPECIAL REVENUE**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 7,072	52,072	52,267	195
<b>Total revenues</b>	<b>7,072</b>	<b>52,072</b>	<b>52,267</b>	<b>195</b>
Expenditures				
Culture and recreation	9,384	46,723	25,975	20,748
<b>Total expenditures</b>	<b>9,384</b>	<b>46,723</b>	<b>25,975</b>	<b>20,748</b>
(Deficiency) excess of revenues over expenditures	(2,312)	5,349	26,292	20,943
Other Financing Sources (Uses)				
Transfers in	2,500	2,500	2,500	-
Transfers out	(1,000)	(1,000)	(1,000)	-
<b>Total other financing sources (uses)</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>
Net change in fund balance	(812)	6,849	27,792	20,943
Prior year cash appropriated	812			
	<u>\$ -</u>			
Non-GAAP change in fund balance			\$ 27,792	
Change in:				
Accounts payable			724	
Accrued compensation and benefits			(1,687)	
GAAP change in fund balance			<u>\$ 26,829</u>	

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**OPEN SPACES**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Net change in fund balance	\$ -	-	-	-

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**INFRASTRUCTURE**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
Capital outlay	-	681,000	44,084	636,916
<b>Total expenditures</b>	-	681,000	44,084	636,916
Deficiency of revenues over expenditures before other financing sources	-	(681,000)	(44,084)	636,916
Other Financing Sources				
Transfer in: Severance tax appropriation	-	681,000	44,084	(636,916)
Operating transfers in	300,000	300,000	300,000	-
<b>Total other financing sources</b>	300,000	981,000	344,084	(636,916)
Net change in fund balance	\$ 300,000	300,000	300,000	-

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**DEBT SERVICE**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 211,816	226,400	228,221	1,821
<b>Total revenues</b>	<b>211,816</b>	<b>226,400</b>	<b>228,221</b>	<b>1,821</b>
Expenditures				
Debt service	358,869	358,869	358,869	-
<b>Total expenditures</b>	<b>358,869</b>	<b>358,869</b>	<b>358,869</b>	<b>-</b>
Deficiency of revenues over expenditures before other financing sources	(147,053)	(132,469)	(130,648)	1,821
Other Financing Sources				
Operating transfers in	207,026	207,026	207,026	-
Net change in fund balance	\$ 59,973	74,557	76,378	1,821
Non-GAAP change in fund balance			\$ 76,378	
Change in:				
Accounts receivable			(3,007)	
GAAP change in fund balance			\$ 73,371	



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**June 30, 2014**

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Bank of America	Pooled Cash Account	Interest bearing checking	\$ 317,086	251,926
Bank of America	Certificate of Deposit	Certificate of deposit	35,157	35,157
Total cash and cash equivalents			352,243	287,083
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			352,243	287,583
	Local Government			
NM State Treasurer	Investment Pool	Investment	7,713,373	7,714,066
	Reserve Contingency -			
NM State Treasurer	Water Fund	Investment	3,473	3,473
			7,716,846	7,717,539
<b>Total deposit and investment accounts</b>			<b>\$ 8,069,089</b>	<b>8,005,122</b>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2014**

	Bank of America
Deposits at June 30, 2014	\$ 352,243
Less: FDIC coverage	285,157
Uninsured public funds	<u>67,086</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	<u>339,758</u>
Uninsured and uncollateralized	<u>\$ -</u>
50% pledged collateral requirement per statute	\$ 33,543
Total pledged collateral	339,758
Pledged collateral over the requirement	<u>\$ (306,215)</u>

Pledged collateral at June 30, 2014 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AE0758	3138LQZY3	4/2/2042	<u>\$ 339,758</u>

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 AGREEMENTS**  
**June 30, 2014**

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
Air Quality Improvement	Village of Los Ranchos City of Albuquerque	City of Albuquerque	To improve the air quality within the Regional Air Quality Control Region 152	04/04 to indefinite	None	\$ -	Not stated in the agreement	City of Albuquerque
Fire Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide fire and EMS protection to the Village	09/09/10 to Indefinite	\$440,000 per year	\$ 541,936	Not stated in the agreement	County of Bernalillo
Code Regulation Services	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To regulate residential and commercial construction located within the geographical boundaries of the Village	10/27/09 to Indefinite	\$17,500 per year	\$ 17,500	Not stated in the agreement	County of Bernalillo
Law Enforcement Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide law enforcement protection services to the Village	11/14/2013 to Indefinite	\$98,300 per year	\$ 61,654	Not stated in the agreement	County of Bernalillo
Swift Water Rescue	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide swift water rescue services to the Village	10/08/2007 to Indefinite	None	\$ -	Not stated in the agreement	County of Bernalillo
Availability of Group Benefits	Village of Los Ranchos City of Albuquerque	City of Albuquerque	The City of Albuquerque makes available to the Village access to the City's medical, dental, vision, life, short and long-term disability, and other group voluntary benefits	07/01/2013 to indefinite	\$800 per year	\$ 800	Not stated in the agreement	City of Albuquerque
Sadie's Lane Signage	Village of Los Ranchos County of Bernalillo	County of Bernalillo	The Village agrees to maintain signage on the Village's side of Sadie's Lane.	09/17/2013 to Indefinite	None	\$ -	Not stated in the agreement	County of Bernalillo

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF APPROPRIATIONS**  
**June 30, 2014**

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
13-1828 NMDOT	09/20/2013	06/30/2017	681,000	44,084	636,916	636,916
Total			681,000	44,084	636,916	636,916

# PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS  
10612 ROYAL BIRKDALE NE  
ALBUQUERQUE, NM 87111

## **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. Hector H. Balderas, State Auditor and  
Larry P. Abraham, Mayor and  
the Board of Trustees  
Village of Los Ranchos de Albuquerque, 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 of the Village of Los Ranchos de Albuquerque, New Mexico (Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated August 20, 2014.

### **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. Hector H. Balderas, State Auditor and  
Larry P. Abraham, Mayor and  
the Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-001.

### **The Village's Responses to Findings**

Responses to findings identified in our audit are described in the accompanying schedule of findings and responses. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Albuquerque, New Mexico  
August 20, 2014

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2014**

None

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2014**

**2014-001 Compliance with IRS Requirements for Form's W-9 and 1099 (Findings that Do Not Rise to the Level of a Significant Deficiency)**

*Criteria:* Internal Revenue Service (IRS) instructions for 1099-MISC requires a 1099 to be filed for each entity who received at least \$10 in royalties, \$600 in rents, services, prizes or awards, or gross proceeds of \$600 or more paid to an attorney. Certain entity types are exempt from 1099 reports. An IRS Form W-9 should be obtained from entities for which payments are made to determine if the entity is exempt or reportable.

*Condition:* The Village does not have a process in place to ensure that a W-9 is obtained from entities the Village pays. The Village does not have a process to ensure that 1099 reporting is completed.

*Cause:* The Village was not familiar with the IRS's requirements for Forms W-9 and 1099.

*Effect:* None.

*Auditor's Recommendations:* The Village should obtain training on IRS forms W-9 and 1099. The Village should develop a process to ensure they obtain W-9 from entities, and for filing 1099s as required.

*Management's Response:* The Village has contacted the Internal Revenue Service professional listed on the State Auditor 2014 Audit Rule and are taking advantage of any training offered by the Internal Revenue Service. The Village has also developed a process to ensure they obtain W-9's from entities and to meet the 1099's filing requirements.



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
EXIT CONFERENCE  
Year Ended June 30, 2014**

An exit conference was held on August 15, 2014, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Larry Abraham, Mayor  
Allen L. Lewis, Trustee  
Nancy Haines, Treasurer  
Kelly S. Ward, Administrator  
Gil Saavedra, Village Accountant

Porch & Associates LLC

Thad Porch, Partner

\* \* \* \* \*

The financial statements were prepared by Porch & Associates 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.