

# 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, 2016

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, 2016

**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. Timothy Keller, New Mexico State Auditor and  
Mr. Larry P. Abraham, Mayor and  
The Village 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 and major special revenue funds of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2016, 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 the major capital project fund, debt service fund, and all 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, 2016, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

Mr. Timothy Keller, New Mexico State Auditor and  
Mr. Larry P. Abraham, Mayor and  
The Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Los Ranchos de Albuquerque, New Mexico, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, debt service fund, and all 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, and the schedules related to the Villages pension plan on pages 61 through 63, 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.

Mr. Timothy Keller, New Mexico State Auditor and  
Mr. Larry P. Abraham, Mayor and  
The Village Board of Trustees  
Village of Los Ranchos de Albuquerque, New Mexico

*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 required by Section 2.2.2 NMAC, as listed in the Supplementary Information – Supporting Schedules section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules required by 2.2.2 NMAC 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 schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information for Purchases Exceeding \$60,000 as listed in the Supplementary Information – Other Schedules section of the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government auditing standards*, we have also issued our report dated August 25, 2016 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 25, 2016



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016**

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* \$211,566 or approximately 7% from the prior year. Total Village revenue *increased* \$635,430 or approximately 21.9% from the prior year.
- The Village's expenses *increased* \$233,614 or approximately 8% from the prior year.
- The Village increased its net position by \$767,936 or a 2% increase for this fiscal year.
- For additional highlights see the financial charts at the end of this Management's Discussion and Analysis.

**VILLAGE HIGHLIGHTS**

The Fourth Street revitalization project remains the number one infrastructure and capital project for the Village. The project is in its final design stage. It is anticipated that the project will be under construction in the first quarter of 2017 and will be completed within ten months.

The improvements envisioned for the street will be a significant contribution to the quality of the corridor, make it a highly attractive place for people and businesses, help it function better and improve its appearance. 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.

Further to this effort to improve the economic vitality of the Village, the administration is increasing its effort to cause the commercial development of approximately eight acres at the corner of Fourth Street and Osuna Road. The Village has previously deemed this area as blighted under the Municipal Redevelopment Act. As such, the Village has purchased and is in the process of purchasing significant portions of the blighted area. The intent is to consolidate the properties such that a significant commercial or mixed-use development is economically feasible. This development would serve as an anchor point for the commercial activity along the Fourth Street corridor and serve as a central gathering place for the Village. The area has been titled as the Village Center and has its own zone code that sets it apart from other commercial zoning along the corridor.

Additional projects involve the remodel to the Agri-Nature Center and minor improvements to certain municipal buildings.

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. The Village continues to set aside funds for property purchases and bond repayments along with the aforementioned improvement project on Fourth Street and in the Village Center commercial development project at Fourth Street and Osuna Road. Management of municipal resources for the long-term fiscal health of the Village is the Administration's primary focus.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016**

**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, 2016**

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 at the bottom of the fund financial statements.

**THE VILLAGE AS A WHOLE**

For the year ended June 30, 2016, net position changed as follows:

		<b>Governmental Activities</b>
Net position, beginning of year		\$38,909,928
Restatement		767,936
Net position, ending		<u>\$39,677,864</u>
	<b>2016</b>	<b>2015</b>
Cash and investments	\$9,776,297	\$9,335,439
Taxes receivable	305,955	287,580
Grants receivable	74,088	-
Capital assets, net of depreciation	<u>33,847,313</u>	<u>33,749,166</u>
Total assets	<u>44,003,653</u>	<u>43,373,185</u>
Deferred outflows of resources	<u>140,890</u>	<u>87,236</u>
Total liabilities	<u>4,450,929</u>	<u>4,391,126</u>
Deferred inflows of resources	<u>15,750</u>	<u>158,367</u>
Total net position	<u>\$39,677,864</u>	<u>\$38,909,928</u>

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 increase in grants receivable is because there were no grants receivable for the prior year. The increase in capital assets is due to mostly to the purchase of land for the Village Center Project and is net of depreciation. The net increase in total liabilities is due to an increase in accounts payable because of the 4<sup>th</sup> Street Improvement Project. The implementation of GASB No. 68 also required accounting for the outflows and inflows of resources related to pensions.

**Governmental Activities**

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016**

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.

*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 2016 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2015</b>	<b>Percent Increase (Decrease)</b>
<b>Assets:</b>				
Cash and cash equivalents	\$9,776,297	97.01%	\$1,330,317	16.62%
Taxes receivable	305,955	3.01%	18,375	6.39%
Grants receivable	74,088	0.73%	74,088	100.00%
Total assets	10,156,340	100.00%	533,321	5.54%
<b>Liabilities:</b>				
Accounts payable	78,461	73.41%	60,875	346.16%
Accrued liabilities	28,413	26.59%	9,147	47.48%
Reversion payable	-	0.00%	(20,600)	(100.00%)
Total liabilities	106,874	100.00%	49,422	86.02%
<b>Deferred Inflows:</b>				
Unavailable revenue, property taxes	13,370	100.00%	1,293	10.71%
<b>Fund Balance:</b>				
Restricted for:				
Special revenue	636,722	6.34%	178,420	38.93%
Debt service	50,915	0.51%	(43,101)	(45.84%)
Committed to:				
Capital projects	44,423	0.44%	-	0.00%
Assigned to:				
Special revenue	59,513	0.59%	11,419	23.74%
Capital projects	864,531	8.61%	(635,469)	(42.36%)
Debt service	900,000	8.97%	100,000	12.50%
Unassigned:				
General fund	7,479,992	74.54%	871,337	13.18%
Total fund balance	\$10,036,096	100.00%	482,606	5.05%

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016**

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, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

<b>Revenues:</b>	<b>FYE 2016 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2015</b>	<b>Percent Increase (Decrease)</b>
Taxes	\$3,239,544	84.78%	212,866	7.03%
Licenses, permits, fees and fines	87,657	2.29%	8,591	10.87%
Intergovernmental	291,553	7.63%	(443,469)	(60.33%)
Interest and investment income	24,532	0.64%	16,107	191.18%
Rental income	102,355	2.68%	4,507	4.61%
Other	75,548	1.98%	(4,542)	(5.67%)
Total revenues	\$3,821,189	100.00%	(205,940)	(5.11%)

The increase in taxes is due to the increase in gross receipts taxes and a slight increase in property taxes collected. The decrease in intergovernmental revenue is because the previous year’s small city assistance grant was \$608,000 as compared to this year’s small city assistance grant of \$185,000. The increase in investment income is because the investment balance was higher and the yield rate also increased over the previous year.

<b>Expenditures:</b>	<b>FYE 2016 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2015</b>	<b>Percent Increase (Decrease)</b>
General government	\$972,527	28.37%	62,660	6.89%
Public safety	674,029	19.66%	68,896	11.38%
Highways and streets	162,183	4.73%	33,095	25.64%
Culture and recreation	190,802	5.56%	33,866	21.58%
Debit service	396,994	11.58%	18,469	4.65%
Capital outlay	1,031,826	30.10%	291,069	39.29%
	\$3,428,361	100.00%	508,055	17.40%

The increase in general government is due to increased payroll costs. The increase in public safety is due to the purchase of a 2017 Ford Explorer in conjunction with our contract with the Bernalillo County Sheriff Department. The increase in highway and streets, and culture and recreation are due to increased spending for maintenance to grounds and roadways. The increase in debt service is due to the increased principal payment for the Village’s general obligation bonds. The increase in capital outlay is due to the land purchases for future use in the Village Center Project.

**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, 2016**

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for major special revenue fund that has a legally adopted annual budget to be presented. The budgetary comparison schedules should present both the original and final appropriated budgets for the reporting period as well as the actual inputs, outputs and balances stated on the government’s budgetary basis.

As required by the Office of the State Auditor under 2 NMAC 2.2, the Statements of Revenues and Expenditures – Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

**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>	
	<b>2016</b>	<b>2015</b>
Land	\$23,072,738	\$22,137,269
Buildings – construction in process	37,950	8,608
Infrastructure – construction in process	369,940	309,503
Buildings	4,959,680	4,959,680
Improvements	775,712	775,712
Infrastructure	10,423,215	10,416,636
Furniture, fixtures and equipment	2,681,379	2,681,379
Fire protection equipment	6,399	6,399
Vehicles	195,140	195,140
Totals	<u>\$43,522,153</u>	<u>\$41,490,326</u>

At the end of June 30, 2016, the Village had approximately \$43.5 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. As mention earlier the increase in land is due to the purchase of land for the Village Center Project. The increase in buildings construction in progress is due to the design work for improvements to be made to the Agri-Nature Center. Infrastructure construction in process was increased by the continuing design work for the 4<sup>th</sup> Street improvement project.

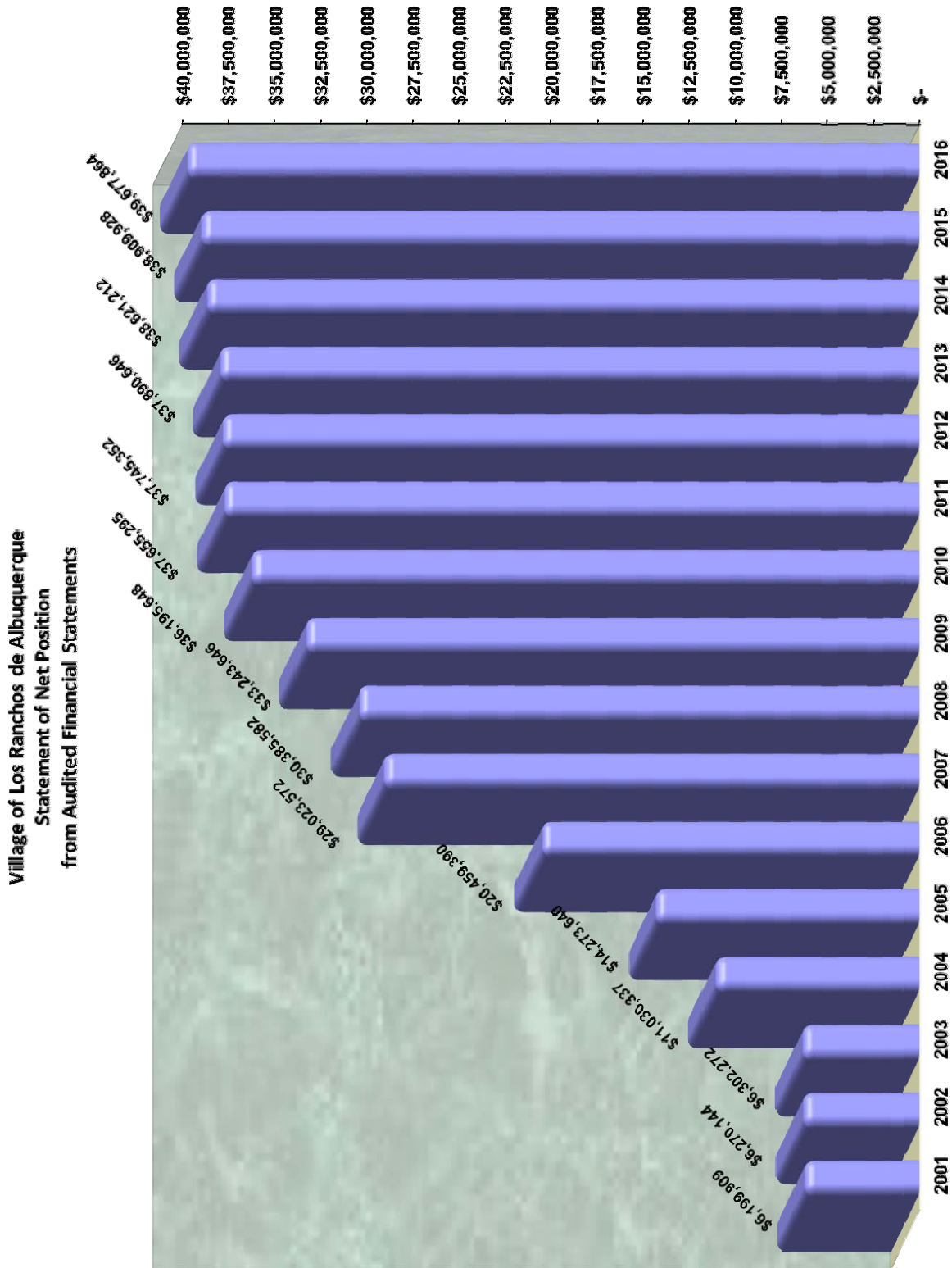
**GENERAL OBLIGATION BONDS**

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 current estimate of the funds that the Village has to transfer from the General Fund is \$1,010,000, over the 20-year term to repay the debt. Already \$900,000 has been accumulated and transferred to a reserve fund to repay the general obligation bond debt.

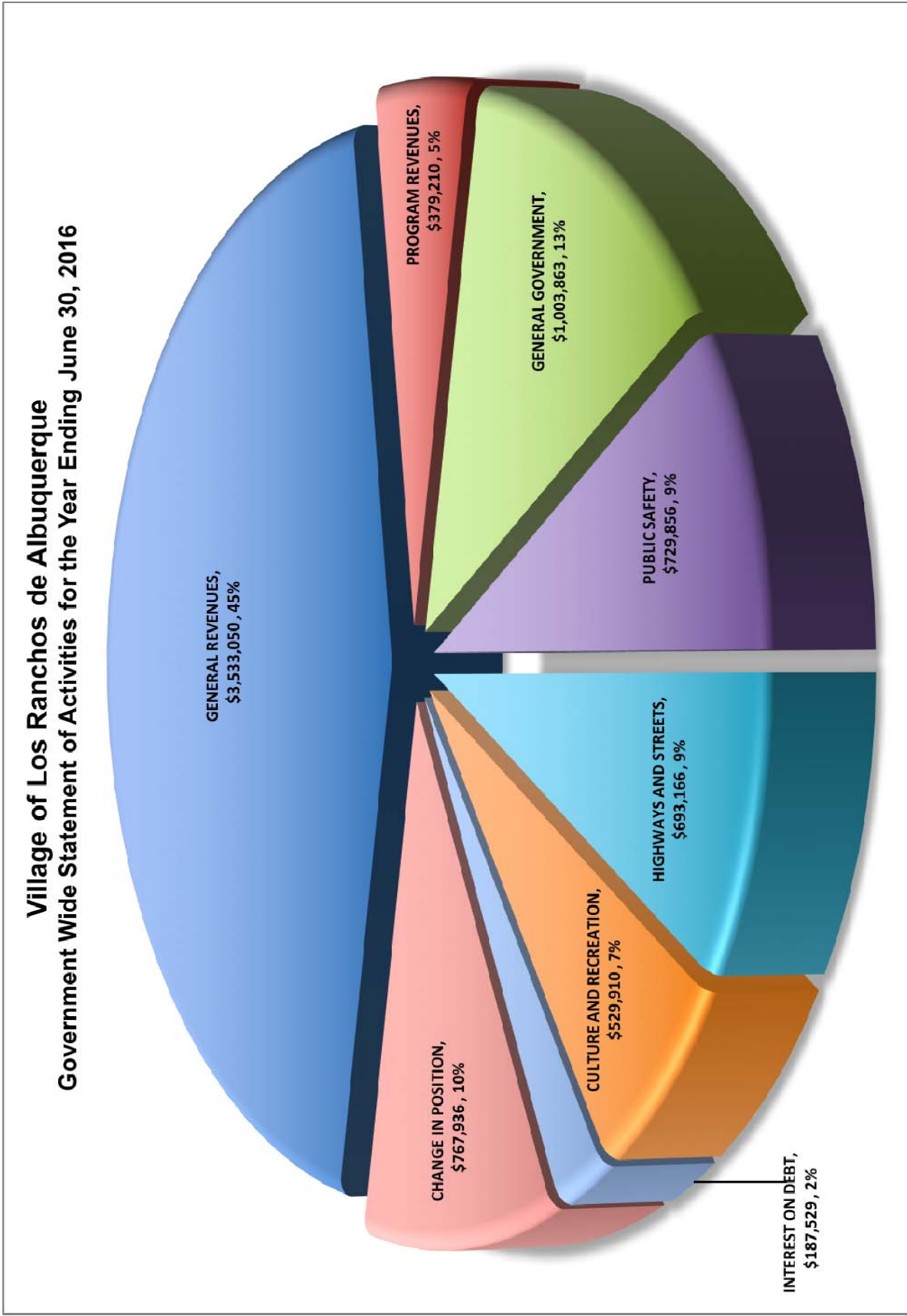
**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Village has a higher projection of revenues than usual in anticipation of the additional gross receipts revenue the will be provided from the expansion of the Los Poblanos Inn and Cultural Center expansion. In addition, General fund expenditures were increased over the 2015 – 2016 actual amounts for inflation.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 June 30, 2016

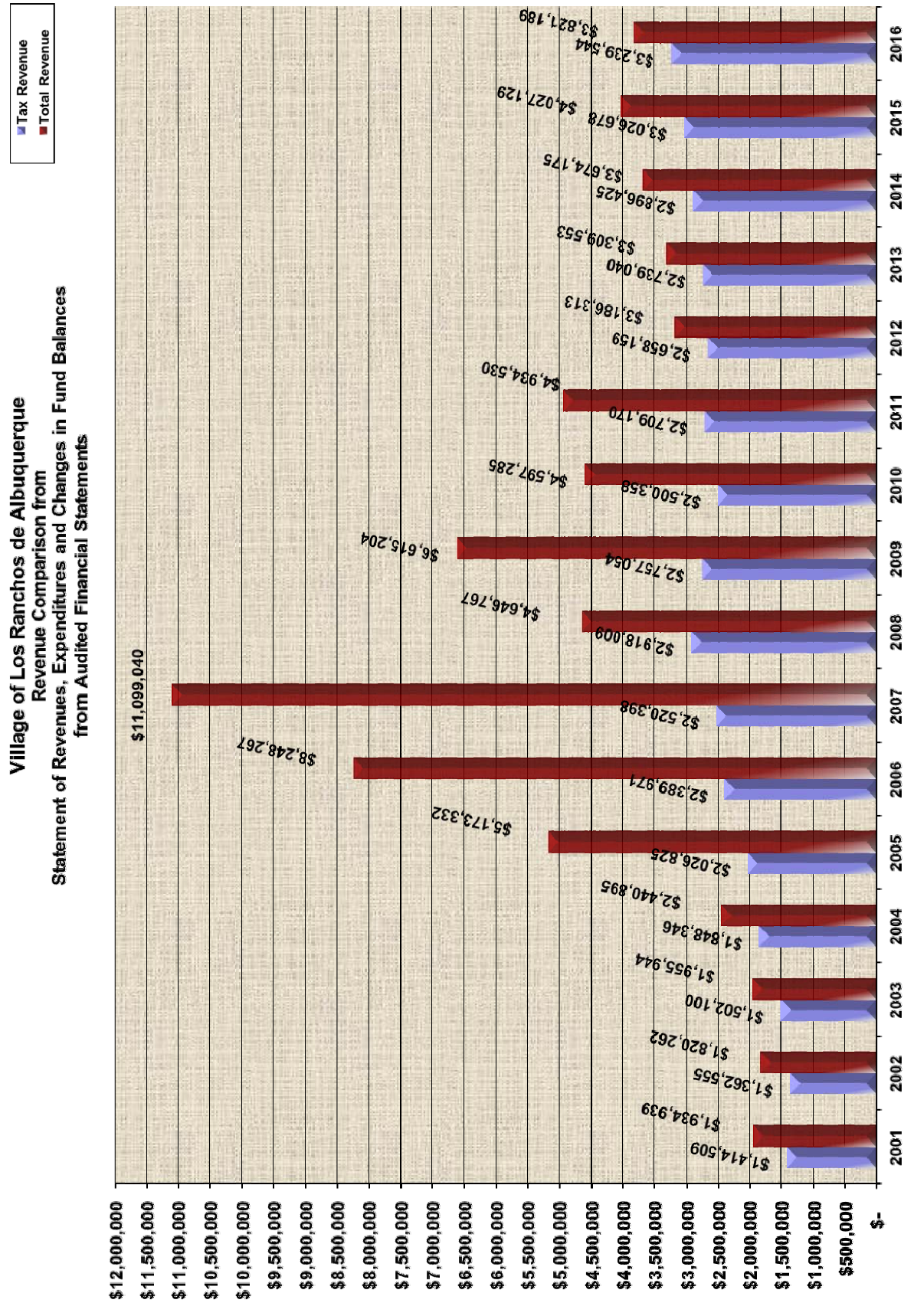


VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016

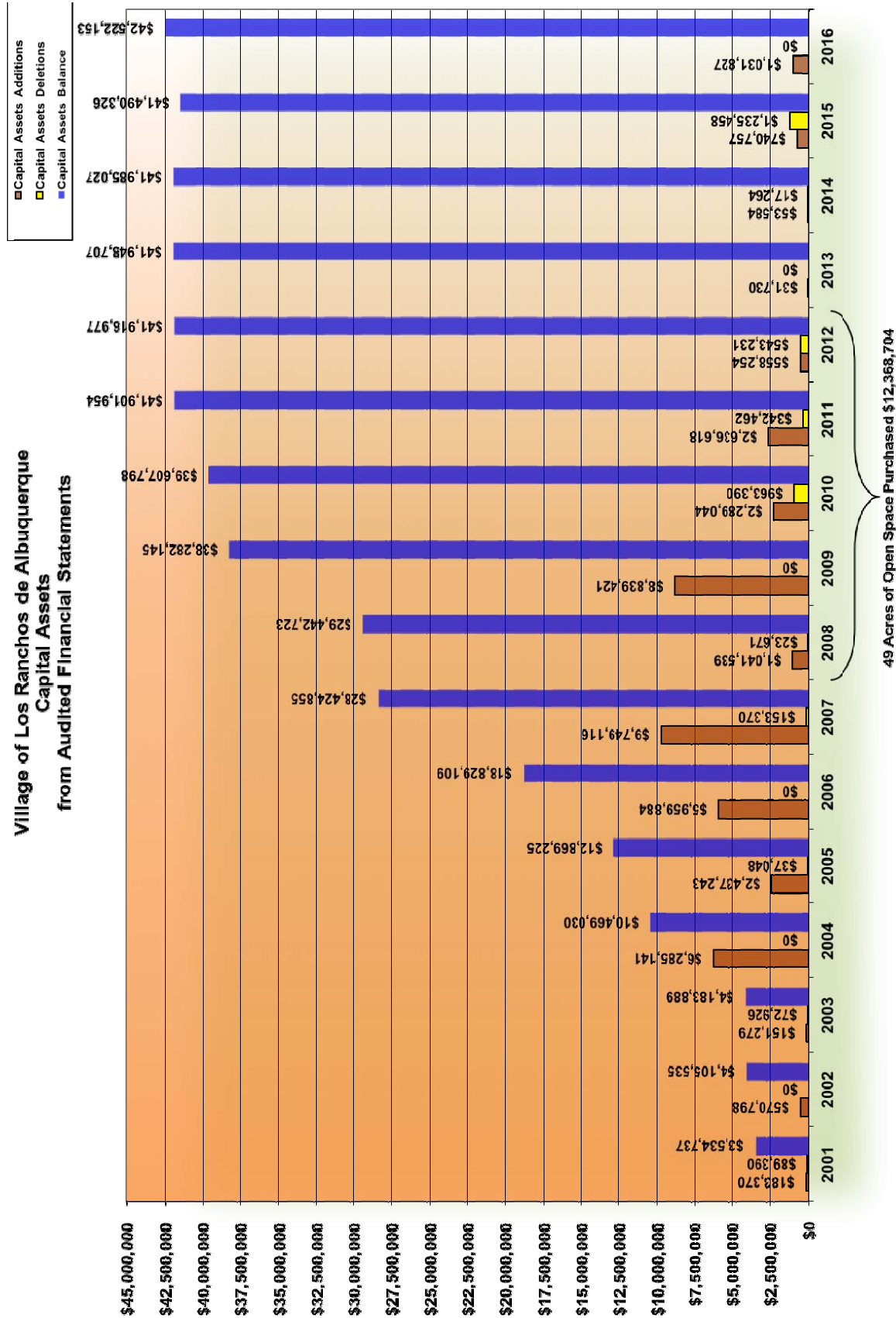




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 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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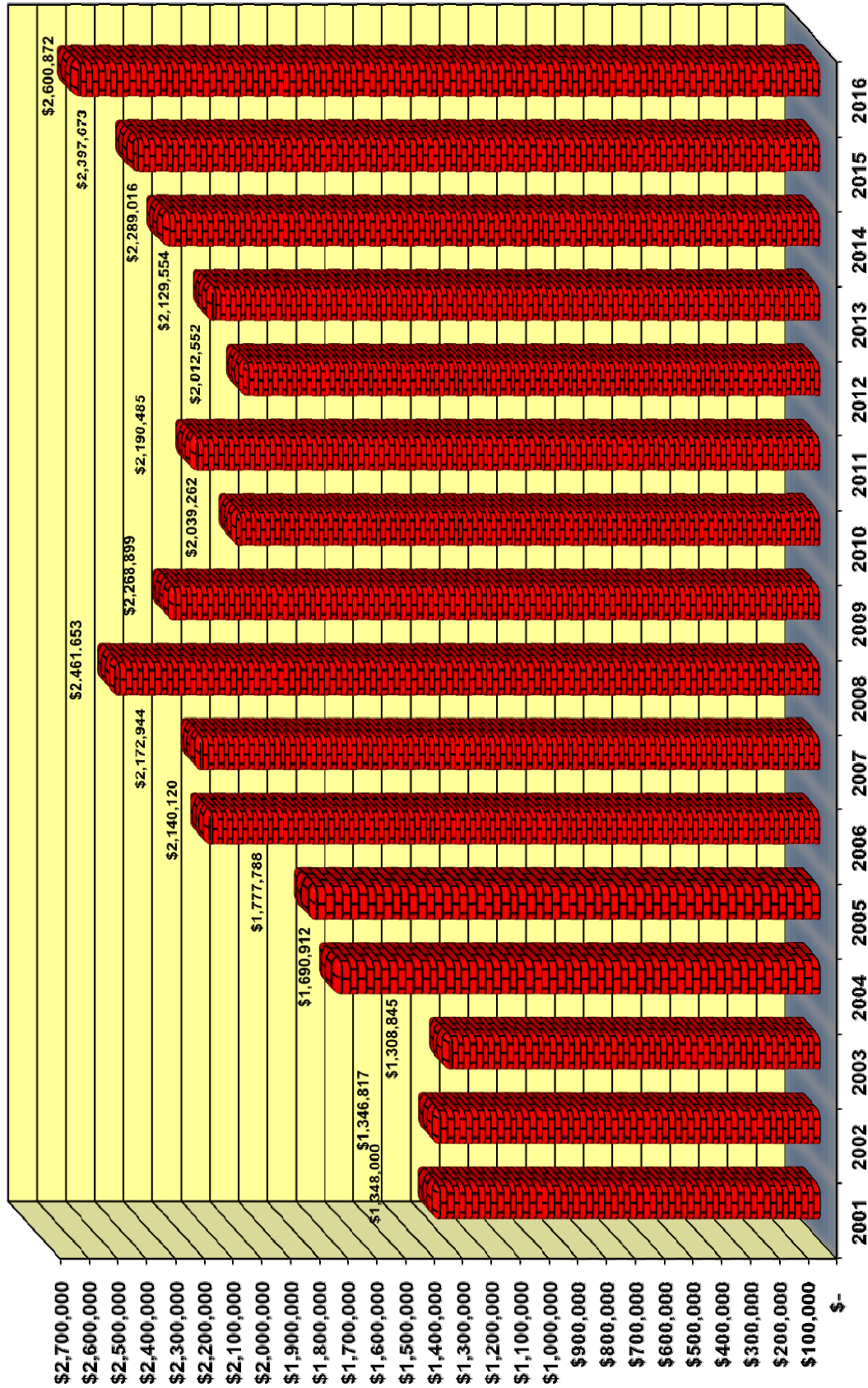


**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016**



VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 June 30, 2016

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



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2016**

**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, 2016**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 9,776,297
Taxes receivable:	
Taxes	
Property	19,565
Gross receipts	241,396
Gas	3,017
Motor vehicle	2,076
Franchise	39,901
Grants receivable	74,088
Capital assets, not depreciated	23,480,628
Capital assets, net of accumulated depreciation	10,366,685
<b>Total assets</b>	<u>44,003,653</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pension	<u>140,890</u>
<b>LIABILITIES</b>	
Accounts payable	78,461
Accrued compensation and benefits	28,413
Accrued interest payable	58,403
Compensated absences, due in one year	24,964
Long-term liabilities, due in one year	463,679
Long-term liabilities, due in more than one year	3,184,237
Net pension liability	612,772
<b>Total liabilities</b>	<u>4,450,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	<u>15,750</u>
<b>NET POSITION</b>	
Net investment in capital assets	30,199,397
Restricted for:	
Public safety	100
Highways and streets	636,622
Debt service	64,285
Unrestricted	8,777,460
<b>Total net position</b>	<u>\$ 39,677,864</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, 2016**

<b>Functions/Programs</b>	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	\$ 1,003,863	87,637	185,154	-	(731,072)
Public safety	729,856	20	106,399	-	(623,437)
Highways and streets	693,166	-	-	-	(693,166)
Culture and recreation	529,910	-	-	-	(529,910)
Interest on long-term debt	187,529	-	-	-	(187,529)
<b>Total primary government</b>	<u>3,144,324</u>	<u>87,657</u>	<u>291,553</u>	<u>-</u>	<u>(2,765,114)</u>
General Revenues:					
Gross receipts taxes					2,612,875
Franchise taxes					316,492
Property taxes					248,159
Motor vehicle registration					26,159
Gasoline taxes					37,152
Rental income					102,355
Interest and investment income					24,532
Transfers in: Severance tax appropriation					89,778
Other					75,548
<b>Total general revenues</b>					<u>3,533,050</u>
<b>Change in net position</b>					<u>767,936</u>
Net position, beginning of year					<u>38,909,928</u>
<b>Net position, ending</b>					<u>\$ 39,677,864</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, 2016**

	General	Municipal Street	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 7,269,157	619,055	835,189	944,720	108,176	9,776,297
Taxes Receivable:						
Property	-	-	-	19,565	-	19,565
Gross receipts	228,922	12,474	-	-	-	241,396
Gas	-	3,017	-	-	-	3,017
Motor vehicle	-	2,076	-	-	-	2,076
Franchise	39,901	-	-	-	-	39,901
Other	-	-	-	-	-	-
Grants	-	-	74,088	-	-	74,088
<b>Total assets</b>	<b>\$ 7,537,980</b>	<b>636,622</b>	<b>909,277</b>	<b>964,285</b>	<b>108,176</b>	<b>10,156,340</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 33,662	-	44,746	-	53	78,461
Accrued compensation and benefits	24,326	-	-	-	4,087	28,413
Reversion payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>57,988</b>	<b>-</b>	<b>44,746</b>	<b>-</b>	<b>4,140</b>	<b>106,874</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	-	-	-	13,370	-	13,370
<b>FUND BALANCES</b>						
Restricted for:						
Special revenue funds	-	636,622	-	-	100	636,722
Debt service funds	-	-	-	50,915	-	50,915
Committed to:						
Capital projects funds	-	-	-	-	44,423	44,423
Assigned to:						
Special revenue funds	-	-	-	-	59,513	59,513
Capital projects funds	-	-	864,531	-	-	864,531
Debt service funds	-	-	-	900,000	-	900,000
Unassigned:						
General fund	7,479,992	-	-	-	-	7,479,992
<b>Total fund balances</b>	<b>7,479,992</b>	<b>636,622</b>	<b>864,531</b>	<b>950,915</b>	<b>104,036</b>	<b>10,036,096</b>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 7,537,980</b>	<b>636,622</b>	<b>909,277</b>	<b>964,285</b>	<b>108,176</b>	<b>10,156,340</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, 2016**

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

<b>Total fund balances - governmental funds</b>	\$ 10,036,096
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	33,847,313
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	13,370
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.	(58,403)
Long-term liabilities, including compensated absences, bonds payable, and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities consists of:	
Compensated absences	(24,964)
Bonds payable	(3,647,916)
Net pension liability	<u>(612,772)</u>
	(4,285,652)
Deferred outflows of resources related to pension are not due and payable in the current period and, therefore, are not reported in the governmental funds.	140,890
Deferred inflows of resources related to pensions are not received in the current period and, therefore, are not reported in the governmental funds.	<u>(15,750)</u>
<b>Net position - governmental activities</b>	<b><u><u>\$ 39,677,864</u></u></b>

*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, 2016**

	General	Municipal Street	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
<b>Revenues</b>						
Taxes	\$ 2,794,277	198,400	-	246,867	-	3,239,544
Licenses, permits, fees, fines	87,637	-	-	-	20	87,657
Non-federal sources:						
Intergovernmental	185,154	-	-	-	106,399	291,553
Interest and investment income	24,532	-	-	-	-	24,532
Rental income	102,355	-	-	-	-	102,355
Other	37,010	-	-	-	38,538	75,548
<b>Total revenues</b>	<b>3,230,965</b>	<b>198,400</b>	<b>-</b>	<b>246,867</b>	<b>144,957</b>	<b>3,821,189</b>
<b>Expenditures</b>						
Current:						
General government	972,527	-	-	-	-	972,527
Public safety	518,703	-	-	-	155,326	674,029
Highways and streets	162,183	-	-	-	-	162,183
Culture and recreation	162,183	-	-	-	28,619	190,802
Debt service	-	-	-	396,994	-	396,994
Capital outlay	6,579	-	1,025,247	-	-	1,031,826
<b>Total expenditures</b>	<b>1,822,175</b>	<b>-</b>	<b>1,025,247</b>	<b>396,994</b>	<b>183,945</b>	<b>3,428,361</b>
Excess (Deficiency) of revenues over expenditures before other financing sources	1,408,790	198,400	(1,025,247)	(150,127)	(38,988)	392,828
<b>Other Financing Sources (Uses)</b>						
Transfers in: severance tax appropriation	-	-	89,778	-	-	89,778
Operating transfers in	-	-	300,000	207,026	31,927	538,953
Operating transfers out	(537,453)	-	-	-	(1,500)	(538,953)
<b>Total other financing sources (uses)</b>	<b>(537,453)</b>	<b>-</b>	<b>389,778</b>	<b>207,026</b>	<b>30,427</b>	<b>89,778</b>
<b>Net change in fund balances</b>	<b>871,337</b>	<b>198,400</b>	<b>(635,469)</b>	<b>56,899</b>	<b>(8,561)</b>	<b>482,606</b>
Fund balance, beginning of year	6,608,655	438,222	1,500,000	894,016	112,597	9,553,490
<b>Fund balance, end of year</b>	<b>\$ 7,479,992</b>	<b>636,622</b>	<b>864,531</b>	<b>950,915</b>	<b>104,036</b>	<b>10,036,096</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, 2016**

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

**Net changes in fund balances - governmental funds** \$ 482,606

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	(933,680)	
Capital outlay	<u>1,031,828</u>	98,148

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,293
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Accrued interest payable is an expense under the full accrual method, and not the modified accrual method.		3,443
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		(11,171)
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		206,022
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions		<u>(12,405)</u>
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<b>Change in net position - governmental activities</b>		<u><u>\$ 767,936</u></u>
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*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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,653,817	2,723,500	2,780,174	56,674
Licenses and permits and fees	77,486	75,465	87,637	12,172
Intergovernmental	200,000	200,000	185,154	(14,846)
Interest and investment income	7,200	13,164	24,532	11,368
Rental income	101,413	99,725	102,355	2,630
Other	31,190	35,139	37,010	1,871
<b>Total revenues</b>	<b>3,071,106</b>	<b>3,146,993</b>	<b>3,216,862</b>	<b>69,869</b>
Expenditures				
General government	989,870	1,008,385	968,403	39,982
Public safety	453,200	518,733	507,258	11,475
Highways and streets	136,973	168,890	161,364	7,526
Culture and recreation	136,973	168,890	161,364	7,526
Capital outlay	865,000	865,000	-	865,000
<b>Total expenditures</b>	<b>2,582,016</b>	<b>2,729,898</b>	<b>1,798,389</b>	<b>931,509</b>
Excess of revenues over expenditures	489,090	417,095	1,418,473	1,001,378
Other financing sources/(uses)				
Operating transfers out	(550,526)	(550,526)	(537,453)	13,073
Net change in fund balance	(61,436)	(133,431)	881,020	1,014,451
Prior year cash appropriated	61,436	133,431		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 881,020	
Change in:				
Accounts receivable			14,103	
Accounts payable			(16,655)	
Accrued compensation and benefits			(7,131)	
GAAP change in fund balance			<u>\$ 871,337</u>	

*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)**  
**MUNICIPAL STREET**  
**Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 185,774	194,415	196,622	2,207
<b>Total revenues</b>	<b>185,774</b>	<b>194,415</b>	<b>196,622</b>	<b>2,207</b>
Expenditures				
Capital outlay	375,000	375,000	-	375,000
<b>Total expenditures</b>	<b>375,000</b>	<b>375,000</b>	<b>-</b>	<b>375,000</b>
Net change in fund balance	(189,226)	(180,585)	196,622	377,207
Prior year cash appropriated	189,226	180,585		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 196,622	
Change in:				
Accounts receivable			<u>1,778</u>	
GAAP change in fund balance			<u>\$ 198,400</u>	

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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 and fire protection), streets, health and social services, culture and recreation, education, public improvements, and general administrative services.

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

**A. Financial Reporting Entity**

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all 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, 2016**

**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, 2016**

**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.

*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.

*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, 2016**

**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. Capital Assets**

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



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**D. Capital Assets (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 in the fund financial statements, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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

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

**H. Accrued Employee Benefits**

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

**I. Fund Balances**

The Village 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**J. Fund Balances (Continued)**

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

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

**Major Funds**

The Municipal Street Fund has restricted funds \$636,622 at June 30, 2016. The fund represent gas and gross receipts taxes restricted for road repairs and improvements.

The Infrastructure Fund has assigned funds of \$864,531 at June 30, 2016 for the purchase of open space.

The Debt Service Fund has restricted funds of \$50,915 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of \$900,000 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:

Corrections Fund: cash restricted for corrections in the amount of \$100.

The remaining Special Revenue Funds Assigned Fund Balance of \$59,513 relates to program revenue and opening fund balances. The Committed Funds of \$44,423 relate to an Economic Development Plan.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**K. 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.

**L. 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.

**M. 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**M. Budgetary Information (Continued)**

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.

**N. 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.

**O. Implementation of New Accounting Standards**

During the year ended June 30, 2016, the Village adopted the following Government Accounting Standards Board Statements (GASB):

*GASB No. 72 – Fair Value Measurement and Application.* The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Village's financial statements.

*GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Village's financial statements.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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, 2016, the Village's bank balance total of \$357,833 was exposed to credit risk in the amount of \$72,648 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 72,648</u>
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

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

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

*Investments*

The Village categorizes the fair value measurements of its investments based on the hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village does not have any investments that are measured using level 1, 2, or 3 inputs.

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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.

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, 2016 was 44 days for WAM(R), and 77 days for WAM(F).

*Credit Quality* – The LGIP is rated AAAM.

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ending June 30, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not depreciated				
Land	\$ 22,137,269	935,469	-	23,072,738
Buildings - construction in process	8,608	29,342	-	37,950
Infrastructure - construction in process	309,503	60,437	-	369,940
<b>Total, not depreciated</b>	<b>\$ 22,455,380</b>	<b>1,025,248</b>	<b>-</b>	<b>23,480,628</b>
Capital assets, depreciated				
Buildings	\$ 4,959,680	-	-	4,959,680
Improvements	775,712	-	-	775,712
Infrastructure	10,416,636	6,579	-	10,423,215
Furniture, fixtures and equipment	2,681,379	-	-	2,681,379
Fire protection equipment	6,399	-	-	6,399
Vehicles	195,140	-	-	195,140
<b>Total, depreciated</b>	<b>19,034,946</b>	<b>6,579</b>	<b>-</b>	<b>19,041,525</b>
Accumulated depreciation for:				
Buildings	1,126,842	123,992	-	1,250,834
Improvements	385,212	34,805	-	420,017
Infrastructure	3,808,893	520,887	-	4,329,780
Furniture, fixtures and equipment	2,220,589	252,204	-	2,472,793
Fire protection equipment	6,131	147	-	6,278
Vehicles	193,493	1,645	-	195,138
<b>Total accumulated depreciation</b>	<b>7,741,160</b>	<b>933,680</b>	<b>-</b>	<b>8,674,840</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 11,293,786</b>	<b>(927,101)</b>	<b>-</b>	<b>10,366,685</b>
<b>Total capital assets, depreciated and non-depreciated, net</b>	<b>\$ 33,749,166</b>	<b>98,147</b>	<b>-</b>	<b>33,847,313</b>

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

Governmental activities	
General government	\$ 11,612
Public safety	55,827
Highways and streets	529,058
Culture and recreation	337,183
<b>Total depreciation expense</b>	<b>\$ 933,680</b>



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

During the year ended June 30, 2016, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,175,000	-	(150,000)	<b>3,025,000</b>	170,000
Loans	678,938	-	(56,022)	<b>622,916</b>	293,679
Net pension liability	404,096	208,676	-	<b>612,772</b>	-
Compensated absences	13,793	40,456	(29,285)	<b>24,964</b>	24,964
<b>Total</b>	<b>\$ 4,271,827</b>	<b>249,132</b>	<b>(235,307)</b>	<b>4,285,652</b>	<b>488,643</b>

*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
2017	\$ 170,000	132,368	302,368
2018	190,000	123,818	313,818
2019	200,000	115,055	315,055
2020	210,000	106,290	316,290
2021	220,000	97,045	317,045
2022 to 2026	1,375,000	316,543	1,691,543
2027 to 2028	660,000	30,820	690,820
	<b>\$ 3,025,000</b>	<b>921,939</b>	<b>3,946,939</b>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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, 2016:

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.	\$ 283,878
Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2016. Secured by a mortgage on the property.	214,270
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2016. Secured by a mortgage on the property.	<u>124,768</u>
Total loans payable	<u><u>\$ 622,916</u></u>

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 293,679	29,868	323,547
2018	<u>329,237</u>	<u>5,874</u>	<u>335,111</u>
	<u><u>\$ 622,916</u></u>	<u><u>35,742</u></u>	<u><u>658,658</u></u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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	\$ -	537,453
Infrastructure Fund	300,000	-
Debt Service Fund	207,026	-
Non-major Funds:		
Other Special Revenue Fund	31,927	1,500
<b>Total</b>	<u>\$ 538,953</u>	<u>538,953</u>

The above transfers were to transfer money to the debt service fund for debt payments, to cover expenses in the law enforcement fund, 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, 2016**

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://www.saonm.org/> using the Audit Report Search function for agency 366.

*Benefits provided* – For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015, available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf)

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

*Contributions* – The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf)

The PERA coverage option that applies to Village is The Municipal General Division. Statutorily required contributions to the pension plan from the Village were \$91,448 for the year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement dated June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

PERA Municipal General Division

For the PERA Municipal General Division, at June 30, 2016, the Village reported a liability of \$612,772 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0601%, which increased from its proportion of 0.0518% measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Municipal General Division pension expense of \$12,405. At June 30, 2016, the Village reported PERA Fund Division deferred outflows of resources and deferred inflows of resources of \$140,890 and \$15,750, respectively, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	13,573
Change in proportion	49,442	-
Change of assumption	-	239
Net difference between projected and actual earnings on pension plan investments	-	1,938
Village contributions subsequent to the measurement date	91,448	-
	<u>\$ 140,890</u>	<u>15,750</u>

\$91,448 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

2017	\$ (4,542)
2018	(4,542)
2019	(4,542)
2020	44,627
2021	<u>2,691</u>
	<u>\$ 33,692</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

*Actuarial assumptions* – As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014, for each of the membership groups. Then each PERA Fund member group pension liability was rolled from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. There were not significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015, actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
– Investment rate of return	7.75% annual rate, net of investment expense
– Projected benefit payment	100 years
– Payroll growth	3.50% annual rate
– Projected salary increases	3.50% to 14.25% annual rate
– Included inflation at	3.00% annual rate
– Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projections to 2018 using Scale AA.
– Experience study dates	July 1, 2008 to June 30, 2013

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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

All Funds – Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	21.1 %	5.00 %
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Total	100.0 %	

*Discount Rate* – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On that basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate* – The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Village’s net pension liability in each PERA fund division that Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village’s proportionate share of the net pension liability	\$ 1,043,307	612,772	254,811



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

*Pension plan fiduciary net position* – Detailed information about the pension’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**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.

**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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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, 2016 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 25, 2016, the date the financial statements were available to be issued. Subsequent to June 30, 2016, the Village had no material subsequent events.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NON-MAJOR FUNDS**  
**June 30, 2016**

**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.

*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, 2016**

	Special Revenue				Capital Projects	Total Non-major
	Corrections	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces	
<b>ASSETS</b>						
Cash and investments	\$ 100	-	-	63,653	44,423	108,176
<b>LIABILITIES</b>						
Accounts payable	\$ -	-	-	53	-	53
Accrued compensation and benefits	-	-	-	4,087	-	4,087
Reversion payable	-	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	4,140	-	4,140
<b>FUND BALANCES</b>						
Restricted for special revenues	100	-	-	-	-	100
Committed to capital projects	-	-	-	-	44,423	44,423
Assigned to special revenues	-	-	-	59,513	-	59,513
<b>Total fund balances</b>	100	-	-	59,513	44,423	104,036
<b>Total liabilities and fund balances</b>	\$ 100	-	-	63,653	44,423	108,176

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR FUNDS**  
**Year Ended June 30, 2016**

	Special Revenue				Capital Projects	Total Non-major
	Correction	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces	
Revenues						
Licenses, permits, fees, fines	\$ 20	-	-	-	-	20
Non-federal sources						
Intergovernmental	-	106,399	-	-	-	106,399
Other	-	-	-	38,538	-	38,538
<b>Total revenues</b>	<b>20</b>	<b>106,399</b>	<b>-</b>	<b>38,538</b>	<b>-</b>	<b>144,957</b>
Expenditures						
Current						
Public safety	-	106,399	48,927	-	-	155,326
Culture and recreation	-	-	-	28,619	-	28,619
<b>Total expenditures</b>	<b>-</b>	<b>106,399</b>	<b>48,927</b>	<b>28,619</b>	<b>-</b>	<b>183,945</b>
Excess (deficiency) of revenues over expenditures before other financing sources	20	-	(48,927)	9,919	-	(38,988)
Other Financing Uses						
Operating transfers in	-	-	28,927	3,000	-	31,927
Operating transfers out	-	-	-	(1,500)	-	(1,500)
Reversion	-	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>28,927</b>	<b>1,500</b>	<b>-</b>	<b>30,427</b>
Net change in fund balances	20	-	(20,000)	11,419	-	(8,561)
Fund balance, beginning of year	80	-	20,000	48,094	44,423	112,597
<b>Fund balance, end of year</b>	<b>\$ 100</b>	<b>-</b>	<b>-</b>	<b>59,513</b>	<b>44,423</b>	<b>104,036</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees, fines	\$ 80	140	20	(120)
<b>Total revenues</b>	<b>80</b>	<b>140</b>	<b>20</b>	<b>(120)</b>
Expenditures				
Public safety	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	\$ 80	140	20	(120)

**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 112,834	106,399	106,399	-
<b>Total revenues</b>	<b>112,834</b>	<b>106,399</b>	<b>106,399</b>	<b>-</b>
Expenditures				
Public safety	112,834	106,399	106,399	-
<b>Total expenditures</b>	<b>112,834</b>	<b>106,399</b>	<b>106,399</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Public safety	62,000	62,000	48,927	13,073
<b>Total expenditures</b>	<b>62,000</b>	<b>62,000</b>	<b>48,927</b>	<b>13,073</b>
Excess of revenues over expenditures	(62,000)	(62,000)	(48,927)	13,073
Other Financing Sources				
Transfers in	42,000	42,000	28,927	(13,073)
Reversion	(20,600)	(20,600)	(20,600)	-
<b>Total other financing sources</b>	<b>21,400</b>	<b>21,400</b>	<b>8,327</b>	<b>(13,073)</b>
Net change in fund balance	(40,600)	(40,600)	(40,600)	-
Prior year cash appropriated	40,600	40,600	40,600	
	\$ -	-	-	
Non-GAAP change in fund balance			\$ (40,600)	
Change in:				
Reversion Payable			20,600	
GAAP change in fund balance			\$ (20,000)	



**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 35,819	35,819	38,538	2,719
<b>Total revenues</b>	<b>35,819</b>	<b>35,819</b>	<b>38,538</b>	<b>2,719</b>
Expenditures				
Culture and recreation	46,297	45,482	27,129	18,353
<b>Total expenditures</b>	<b>46,297</b>	<b>45,482</b>	<b>27,129</b>	<b>18,353</b>
(Deficiency) excess of revenues over expenditures	(10,478)	(9,663)	11,409	21,072
Other Financing Sources (Uses)				
Transfers in	3,000	3,000	3,000	-
Transfers out	(1,500)	(1,500)	(1,500)	-
<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	(8,978)	(8,163)	12,909	21,072
Prior year cash appropriated	8,978	8,163		
	\$ -	-		
Non-GAAP change in fund balance			\$ 12,909	
Change in:				
Accounts payable			526	
Accrued compensation and benefits			(2,016)	
GAAP change in fund balance			\$ 11,419	

**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, 2016**

	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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
Capital outlay	1,134,429	2,234,129	980,501	1,253,628
<b>Total expenditures</b>	1,134,429	2,234,129	980,501	1,253,628
Deficiency of revenues over expenditures before other financing sources	(1,134,429)	(2,234,129)	(980,501)	1,253,628
Other Financing Sources				
Transfer in: Severance tax appropriation	374,429	889,929	15,690	(874,239)
Operating transfers in	300,000	300,000	300,000	-
<b>Total other financing sources</b>	674,429	1,189,929	315,690	(874,239)
Net change in fund balance	(460,000)	(1,044,200)	(664,811)	(874,239)
Prior year cash appropriated	460,000	1,044,200	664,811	
	\$ -	-	-	
Non-GAAP change in fund balance			\$ (664,811)	
Change in:				
Accounts receivable			74,088	
Accounts payable			(44,746)	
GAAP change in fund balance			\$ (635,469)	

**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 237,410	235,796	245,666	9,870
<b>Total revenues</b>	<b>237,410</b>	<b>235,796</b>	<b>245,666</b>	<b>9,870</b>
Expenditures				
Debt service	396,994	396,994	396,994	-
<b>Total expenditures</b>	<b>396,994</b>	<b>396,994</b>	<b>396,994</b>	<b>-</b>
Deficiency of revenues over expenditures before other financing sources	(159,584)	(161,198)	(151,328)	9,870
Other Financing Sources				
Operating transfers in	207,026	207,026	207,026	-
Net change in fund balance	\$ 47,442	45,828	55,698	9,870
Non-GAAP change in fund balance			\$ 55,698	
Change in:				
Accounts receivable			2,494	
Unavailable revenues - property taxes			(1,293)	
GAAP change in fund balance			\$ 56,899	

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**Schedule of the Village's Proportionate Share of the Net Pension Liability**  
**of PERA's Municipal General Division Public Employees Retirement**  
**Association (PERA) Plan - Last 10 Fiscal Years\***  
**June 30, 2016**

Municipal General Division

	2016	2015
Village's proportion of the net pension liability (asset)	0.0601%	0.0518%
Village's proportionate share of the net pension liability (asset)	\$ 612,772	404,096
Village's covered-employee payroll	\$ 505,885	498,636
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	121%	81%
Plan fiduciary net position as a percentage of the total plan liability	76.99%	81.29%

\* The amounts presented were determined as of June 30, 2016. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, the Village will present information for those years for which information is available.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**Schedule of the Village's Contributions to the Public Employees Retirement Association**  
**(PERA) Plan's Municipal General Division - Last 10 Fiscal Years\***  
**June 30, 2016**

Municipal General Division

	2016	2015
Contractually required contributions	\$ 91,448	\$ 87,236
Contributions in relation to the contractually required contribution	91,448	87,236
Contribution deficiency (excess)	\$ -	\$ -
Village's covered-employee payroll	\$ 505,885	\$ 498,636
Contributions as a percentage of covered-employee payroll	18.1%	17.5%

\* The amounts presented were determined as of June 30, 2016. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, the Village will present information for those years for which information is available.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**NOTES TO SCHEDULES OF PERA PLAN INFORMATION**  
**June 30, 2016**

*Changes in Benefit Terms* – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

*Changes of Assumptions* – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

[http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf).

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**June 30, 2016**

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Bank of America	Pooled Cash Account	Interest bearing checking	\$ 322,648	235,714
Bank of America	Certificate of Deposit	Certificate of deposit	35,185	35,185
Total cash and cash equivalents			357,833	270,899
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			357,833	271,399
Local Government				
NM State Treasurer	Investment Pool	Investment	9,501,900	9,504,898
<b>Total deposit and investment accounts</b>			<b>\$ 9,859,733</b>	<b>9,776,297</b>



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2016**

	Bank of America
Deposits at June 30, 2016	\$ 357,833
Less: FDIC coverage	285,185
Uninsured public funds	<u>72,648</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	460,052
Uninsured and uncollateralized	<u>\$ -</u>
50% pledged collateral requirement per statute	\$ 36,324
Total pledged collateral	460,052
Pledged collateral over the requirement	<u>\$ (423,728)</u>

Pledged collateral at June 30, 2016 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AE0758	3138LQZY3	4/2/2042	<u>\$ 460,052</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, 2016**

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	\$ 453,200	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	\$ 65,399	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, 2016**

<u>Appropriation</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>	<u>Funds Encumbered</u>
13-1828 NMDOT	09/20/2013	06/30/2017	\$ 681,000	267,007	413,993	413,993
15-0734 NMDFA	11/23/2015	06/30/2019	165,000	29,342	135,658	135,658
15-0909 NMDOT	11/16/2015	06/30/2019	350,000	-	350,000	350,000
Total			<u>\$ 1,196,000</u>	<u>296,349</u>	<u>899,651</u>	<u>899,651</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO**  
**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000**  
**June 30, 2016**

RFB#/RFP# State- Wide Price Agreement#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of <u>ALL</u> Vendor(s) that responded	In- State/Out- of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in- state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
RFP 2015-003	Fourth street final design and construction	Sites Southwest	\$470,600	NA	<b>WH Pacific</b> 210 La Veta NE, Albuquerque, NM 87108 <b>NRWM</b> 6501 Americas Pkwy NE, Suite 400, Albuquerque, NM 87110 <b>Sites Southwest</b> 121 Tijeras NE, Suite 300, Albuquerque, NM 87102	WH Pacific-Y NRWM-Y Sites SW- Y	N	Contractor will provide design and planning of public roadways, public spaces, and commercial corridors, and commercial site developments using 30% designs from RFP 2013-03, complete designs, development construction drawings, create an estimate for construction costs, and assist the Village in solicitation for construction, construction management, and post construction closeout.

# 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. Timothy Keller, New Mexico State Auditor and  
Mr. 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 comparisons of the general fund and major special revenue fund, of the Village of Los Ranchos de Albuquerque, New Mexico (Village) as of and for the year ended June 30, 2016, 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 25, 2016.

### **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. Timothy Keller, New Mexico State Auditor and  
Mr. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Albuquerque, New Mexico  
August 25, 2016

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2016**

**Findings from Year Ended June 30, 2015:**  
None

**Current Status:**

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2016**

None



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO  
EXIT CONFERENCE  
Year Ended June 30, 2016**

An exit conference was held on September 14, 2016, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Larry Abraham, Mayor  
Allen 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.