

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE,
NEW MEXICO

Financial Statements, Supplementary Information
and
Independent Auditor's Report

June 30, 2017

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS

	Page
List of Principal Officials	i
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited).....	4
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budgetary Basis): General Fund.....	23
Notes to Financial Statements.....	24

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

	Page
Supplemental Information	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet.....	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	48
Required Supplementary Information	
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	49
Schedule of the Village’s Contributions to the Public Employees Retirement Association (PERA) Plan’s Municipal General Division – Last 10 Fiscal Years.....	50
Notes to Schedules of PERA Plan Information	51
Supplementary Information – Supporting Schedules	
Schedule of Deposit and Investment Accounts	52
Schedule of Pledged Collateral.....	53
Schedule of Joint Powers Agreements.....	54
Schedule of Appropriations	55

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Page

Other Reports

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 <i>Government Auditing Standards</i>	56
Summary Schedule of Prior Audit Findings	58
Schedule of Findings and Responses	59
Exit Conference.....	60

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

List of Principal Officials

June 30, 2017

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 of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2017, 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 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, 2017, 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, 2017, and the respective changes in financial position and budgetary comparison for the general 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, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, and the schedules related to the Villages pension plan on pages 49 through 51, 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 on the Village's financial statements and combining and individual fund financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government auditing standards*, we have also issued our report dated November 7, 2017 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.

Porch & Associates LLC

Albuquerque, New Mexico
November 7, 2017

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

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* \$307,462 or approximately 9.5% from the prior year. Total Village revenue *increased* \$529,790 or approximately 15% from the prior year.
- The Village's expenses *increased* \$35,175 or approximately 1.1% from the prior year.
- The Village increased its net position by \$1,369,695 or a 3.5% 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. Final design of the project has been completed and the Village is in the process of concluding the solicitation process for the hiring of a construction company. The utility companies have been working to upgrade and relocate their facilities within the right-of-way to accommodate the improvements to be installed by the Village. The project is in its final design stage. It is anticipated that the project will be under construction in the fourth quarter of 2017 and will be completed within twelve months.

The improvements envisioned for the street will be a significant contribution 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.

The Village continues to build upon its efforts to create an economic catalyst at the corner of Fourth and Osuna. To that end, the Village has purchased additional properties in the blighted area under the auspice of the Metropolitan Redevelopment Act. The Village will adopt a redevelopment plan and issue a request for proposal for a development partner late in the fourth quarter of 2017. 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. Initial designs of the remodel have been completed and preliminary cost estimates indicate that the complete project is out of reach for the Village at this time. The administration is working on a phased plan along with a reduction in the scope.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

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 which promise to fuel economic growth and lead to an increase in tax revenue. The Village continues to set aside funds for property purchases. Management of municipal resources for the long-term fiscal health of the Village is the Administration's primary focus.

THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities* (on pages 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

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 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, 2017, net position changed as follows:

		Governmental Activities
Net position, beginning of year		\$39,677,864
Restatement		1,369,695
Net position, ending		<u>\$41,047,559</u>
	2017	2016
Cash and investments	\$8,193,202	\$9,776,297
Taxes receivable	320,423	305,955
Grants receivable	14,092	74,088
Capital assets, net of depreciation	36,385,746	33,847,313
Total assets	<u>44,913,463</u>	<u>44,003,653</u>
Deferred outflows of resources	<u>436,373</u>	<u>140,890</u>
Total liabilities	<u>4,292,604</u>	<u>4,450,929</u>
Deferred inflows of resources	<u>9,673</u>	<u>15,750</u>
Total net position	<u>\$41,047,559</u>	<u>\$39,677,864</u>

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

The decrease in cash and investments is due to the \$2.9 million in purchases of real property. The increase in receivables is mainly due to an increase in gross receipt taxes. The decrease in grants receivable is because the expenditures were less this year. The increase in capital assets is due mostly to the purchase of real property for the Village Center Project and is net of depreciation. The net decrease in total liabilities is due to the First American Bank loan being paid. The implementation of GASB No. 68 also required accounting for the outflows and inflows of resources related to pensions.

Governmental Activities

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

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.

Balance Sheet	FYE 2017 Amount	Percent of Total	Increase (Decrease) from 2016	Percent Increase (Decrease)
Assets:				
Cash and cash equivalents	\$8,193,202	96.08%	\$(1,583,095)	(16.19)%
Taxes receivable	320,423	3.76%	14,468	4.73%
Grants receivable	14,092	0.16%	(59,996)	(80.04)%
Total assets	<u>8,527,717</u>	<u>100.00%</u>	<u>(1,628,623)</u>	<u>(16.04)%</u>
Liabilities:				
Accounts payable	21,007	39.38%	(57,454)	(73.23)%
Accrued liabilities	32,344	60.62%	3,931	13.84%
Total liabilities	<u>53,351</u>	<u>100.00%</u>	<u>(53,523)</u>	<u>(50.08)%</u>
Deferred Inflows:				
Unavailable revenue, property taxes	16,151	100.00%	2,781	20.80%
Fund Balance:				
Restricted for:				
Special revenue	872,570	10.32%	235,848	37.04%
Debt service	5,915	0.07%	(44,000)	(88.38)%
Committed to:				
Capital projects	44,423	0.52%	-	0.00%
Assigned to:				
Special revenue	70,493	0.83%	10,980	18.45%
Capital projects	300,000	3.55%	(564,531)	(65.30)%
Debt service	994,860	11.76%	94,860	10.54%
Unassigned:				
General fund	6,169,954	72.95%	(1,310,038)	(17.51)%
Total fund balance	<u>\$8,458,215</u>	<u>100.00%</u>	<u>(1,577,881)</u>	<u>(15.72)%</u>

Although this is a summary of the Village's significant funds, the major increases or decreases were explained in the previous discussion of the change in net position in the Village as a Whole section. As mentioned earlier, the decrease in cash is due to the \$2.9 million in purchases of real property for the Village Center Project.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 2017 Amount	Percent of Total	Increase (Decrease) from 2016	Percent Increase (Decrease)
Taxes	\$3,545,516	81.37%	305,972	9.44%
Licenses, permits, fees and fines	80,049	1.84%	(7,608)	(8.68)%
Intergovernmental	406,305	9.32%	114,752	39.36%
Interest and investment income	47,071	1.08%	22,539	91.88%
Rental income	209,389	4.80%	107,034	104.57%
Other	69,133	1.59%	(6,415)	(8.50)%
Total revenues	\$4,357,463	100.00%	536,274	14.03%

The increase in taxes is due to the increase in gross receipts taxes and a slight increase in property taxes collected. The increase in intergovernmental revenue is because of the \$100,000 New Mexico Fire Protection apparatus grant. The increase in investment income is because the yield rate increased over the previous year. The increase in rental income is from the additional rent from the real property purchased.

Expenditures:	FYE 2017 Amount	Percent of Total	Increase (Decrease) from 2016	Percent Increase (Decrease)
General government	\$1,112,433	18.16%	139,906	14.39%
Public safety	650,773	10.63%	(23,256)	(3.45)%
Highways and streets	168,133	2.75%	5,950	3.67%
Culture and recreation	201,516	3.29%	10,714	5.62%
Debit service	625,770	10.22%	228,776	57.63%
Capital outlay	6,124,294	54.95%	2,333,843	226.18%
	\$6,124,294	100.00%	2,695,933	78.64%

The increase in general government is due to an increase in several expenses: building maintenance, legal fees, appraisal fees, contract labor, computer devices, and the utilities on the purchased properties. The increase in debt service is due to the First American Bank loan being paid. The increase in capital outlay is due to the real property being purchased 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.

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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017**

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.

	Governmental Activities	
	2017	2016
Land	\$26,021,392	\$23,072,738
Buildings – construction in process	128,310	37,950
Infrastructure – construction in process	685,469	369,940
Buildings	4,959,680	4,959,680
Improvements	775,712	775,712
Infrastructure	10,423,215	10,423,215
Furniture, fixtures and equipment	2,692,506	2,681,379
Fire protection equipment	6,399	6,399
Vehicles	195,140	195,140
Totals	<u>\$45,887,823</u>	<u>\$43,522,153</u>

At the end of June 30, 2017, the Village had approximately \$45.9 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. As mentioned earlier the increase in land is due to the purchase of real property for the Village Center Project. The increase in buildings construction in progress is due to the design work for improvements to be made to the Agri-Nature Center. Infrastructure construction in process was increased by the continuing design work for the 4th Street improvement project.

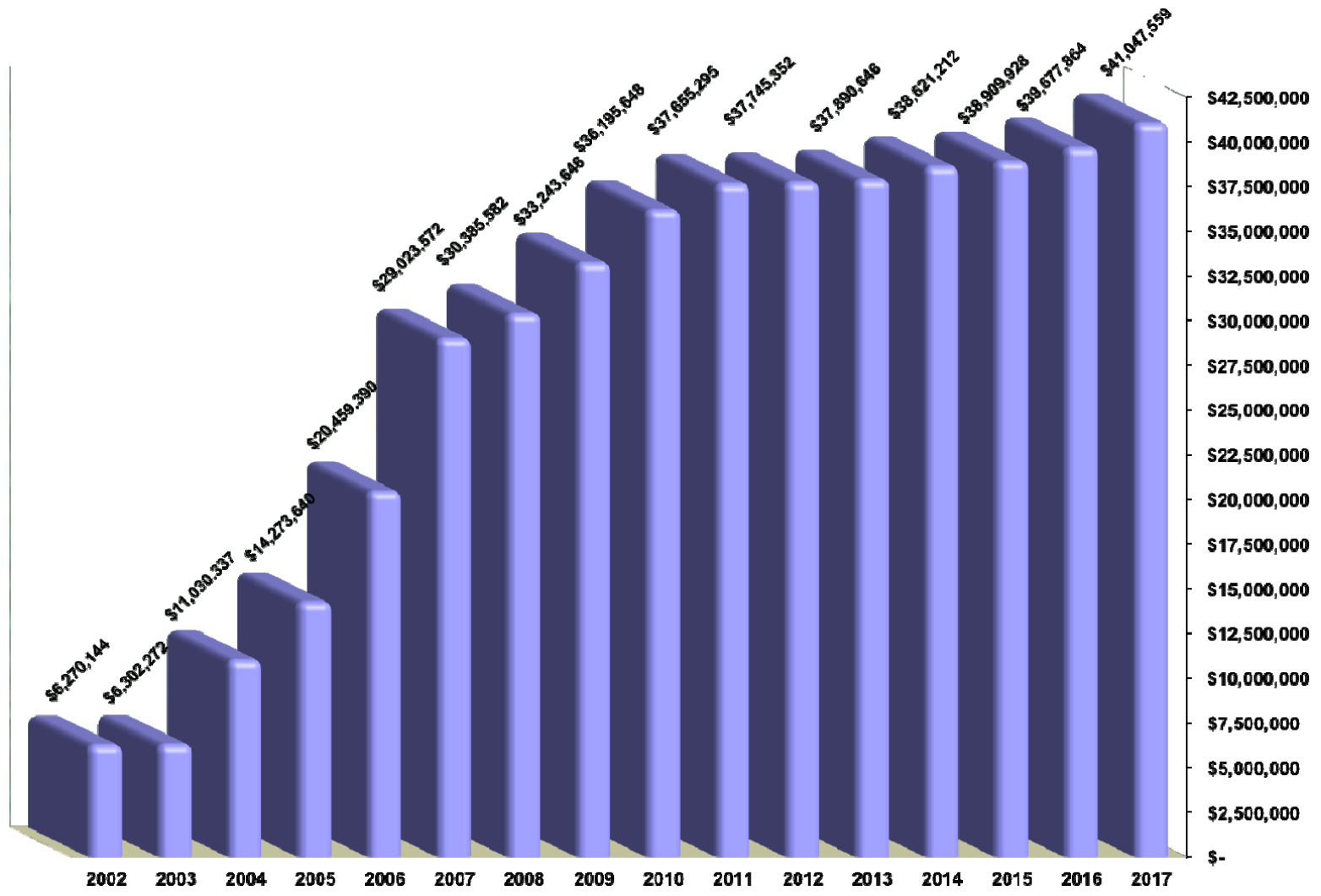
GENERAL OBLIGATION BONDS

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 \$1,029,000, over the 20-year term to repay the debt. As of this report 1,000,000 has been accumulated and transferred to a reserve fund to repay the general obligation bond debt.

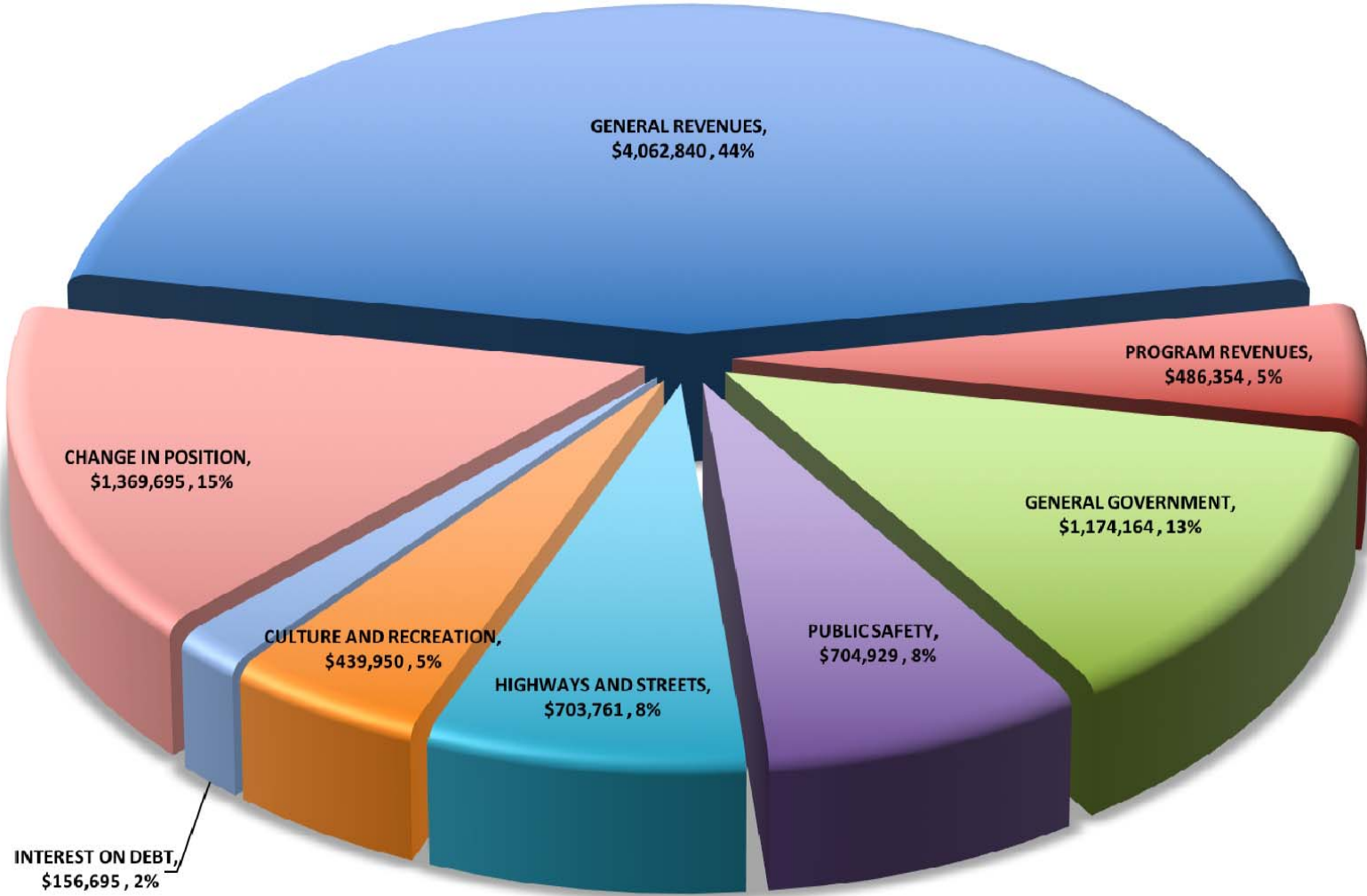
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village has a higher projection of revenues than usual in anticipation of the additional gross receipts revenue the will be provided from the construction of the 4th Street improvement project. In addition, General fund expenditures were increased over the 2016 – 2017 actual amounts for inflation and anticipated additional expense associated with the real property purchased.

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

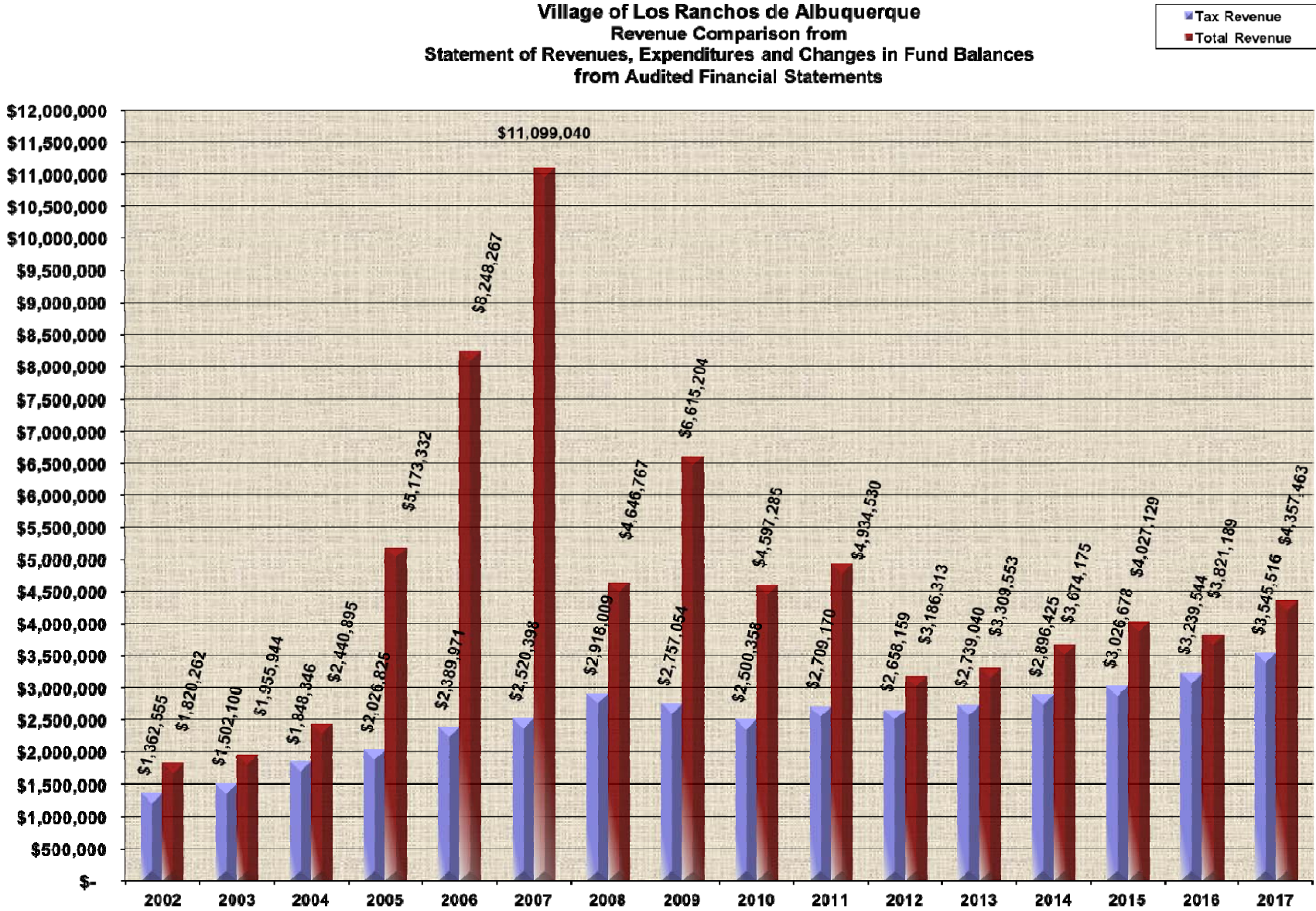


**Village of Los Ranchos de Albuquerque
Government Wide Statement of Activities for the Year Ending June 30, 2017**

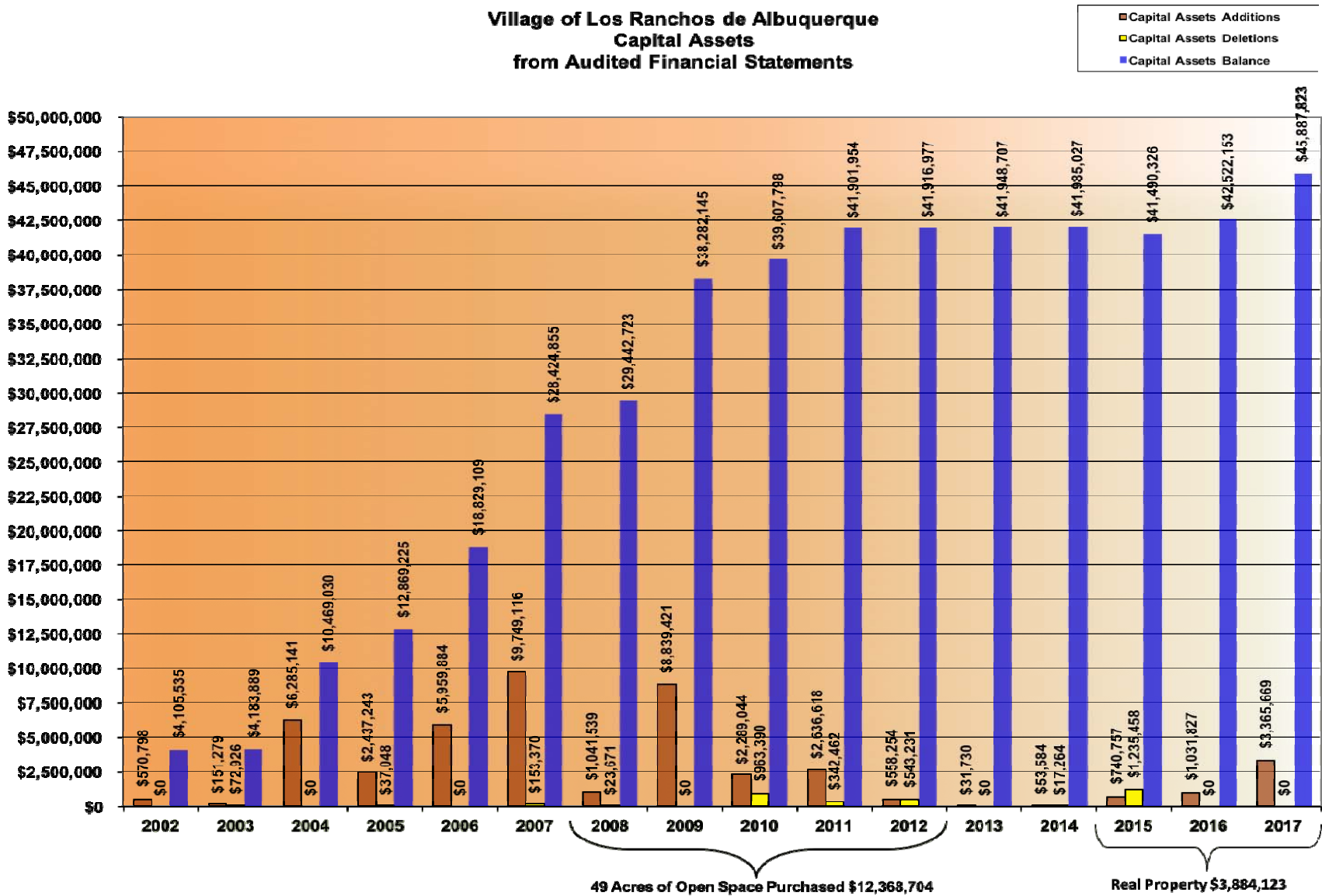


VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2017

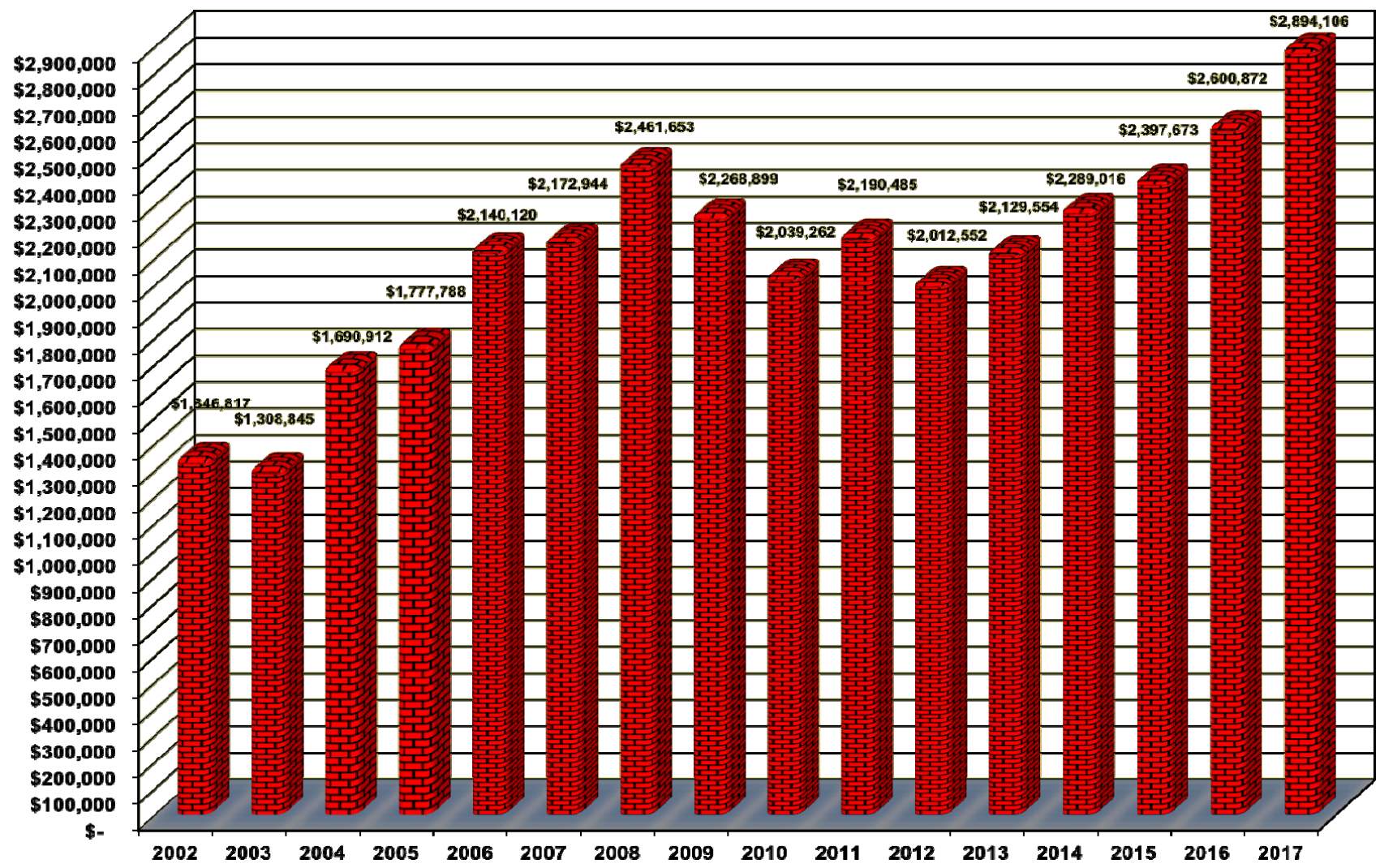
Village of Los Ranchos de Albuquerque
 Revenue Comparison from
 Statement of Revenues, Expenditures and Changes in Fund Balances
 from Audited Financial Statements



Village of Los Ranchos de Albuquerque
 Capital Assets
 from Audited Financial Statements



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, 2017**

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
6/30/2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 8,193,202
Taxes receivable:	
Taxes	
Property	22,066
Gross receipts	248,990
Gas	3,094
Motor vehicle	4,371
Franchise	41,902
Grants receivable	14,092
Capital assets, not depreciated	26,835,170
Capital assets, net of accumulated depreciation	9,550,576
Total assets	<u>44,913,463</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	<u>436,373</u>
LIABILITIES	
Accounts payable	21,007
Accrued compensation and benefits	32,344
Accrued interest payable	53,007
Compensated absences, due in one year	27,434
Long-term liabilities, due in one year	519,237
Long-term liabilities, due in more than one year	2,665,000
Net pension liability	974,575
Total liabilities	<u>4,292,604</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>9,673</u>
NET POSITION	
Net investment in capital assets	33,201,509
Restricted for:	
Public safety	20,440
Highways and streets	852,130
Debt service	22,066
Unrestricted	6,951,414
Total net position	<u>\$ 41,047,559</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, 2017

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities:					
General government	\$ 1,174,164	79,709	177,449	-	(917,006)
Public safety	704,929	340	228,856	-	(475,733)
Highways and streets	703,761	-	-	-	(703,761)
Culture and recreation	439,950	-	-	-	(439,950)
Interest on long-term debt	156,695	-	-	-	(156,695)
Total primary government	<u>3,179,499</u>	<u>80,049</u>	<u>406,305</u>	<u>-</u>	<u>(2,693,145)</u>
General Revenues:					
Gross receipts taxes					2,901,700
Franchise taxes					326,148
Property taxes					255,009
Motor vehicle registration					25,096
Gasoline taxes					40,346
Rental income					209,389
Interest and investment income					47,071
Transfers in: Severance tax appropriation					188,950
Other					69,131
Total general revenues					<u>4,062,840</u>
Change in net position					<u>1,369,695</u>
Net position, beginning of year					<u>39,677,864</u>
Net position, ending					<u>\$ 41,047,559</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, 2017

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 5,940,848	285,908	994,860	971,586	8,193,202
Taxes Receivable:					
Property	-	-	22,066	-	22,066
Gross receipts	236,114	-	-	12,876	248,990
Gas	-	-	-	3,094	3,094
Motor vehicle	-	-	-	4,371	4,371
Franchise	41,902	-	-	-	41,902
Other					
Grants	-	14,092	-	-	14,092
Total assets	\$ 6,218,864	300,000	1,016,926	991,927	8,527,717
LIABILITIES					
Accounts payable	\$ 21,007	-	-	-	21,007
Accrued compensation and benefits	27,903	-	-	4,441	32,344
Total liabilities	48,910	-	-	4,441	53,351
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	16,151	-	16,151
FUND BALANCES					
Restricted for:					
Special revenue funds	-	-	-	872,570	872,570
Debt service funds	-	-	5,915	-	5,915
Committed to:					
Capital projects funds	-	-	-	44,423	44,423
Assigned to:					
Special revenue funds	-	-	-	70,493	70,493
Capital projects funds	-	300,000	-	-	300,000
Debt service funds	-	-	994,860	-	994,860
Unassigned:					
General fund	6,169,954	-	-	-	6,169,954
Total fund balances	6,169,954	300,000	1,000,775	987,486	8,458,215
Total liabilities, deferred inflow of resources, and fund balances	\$ 6,218,864	300,000	1,016,926	991,927	8,527,717

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, 2017

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

Total fund balances - governmental funds	\$	8,458,215
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		36,385,746
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		16,151
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.		(53,007)
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	(27,434)	
Bonds payable	(3,184,237)	
Net pension liability	<u>(974,575)</u>	(4,186,246)
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.		436,373
Deferred inflows of resources related to pensions are not received in the current period and, therefore, are not reported in the governmental funds.		<u>(9,673)</u>
Net position - governmental activities	\$	<u><u>41,047,559</u></u>

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 3,077,781	-	252,227	215,508	3,545,516
Licenses, permits, fees, fines	79,709	-	-	340	80,049
Non-federal sources:					
Intergovernmental	177,449	-	-	228,856	406,305
Interest and investment income	47,071	-	-	-	47,071
Rental income	209,389	-	-	-	209,389
Other	31,270	-	-	37,863	69,133
Total revenues	3,622,669	-	252,227	482,567	4,357,463
Expenditures					
Current:					
General government	1,112,433	-	-	-	1,112,433
Public safety	441,917	-	-	208,856	650,773
Highways and streets	168,133	-	-	-	168,133
Culture and recreation	168,133	-	-	33,383	201,516
Debt service	-	-	625,770	-	625,770
Capital outlay	228,065	3,137,604	-	-	3,365,669
Total expenditures	2,118,681	3,137,604	625,770	242,239	6,124,294
Excess (Deficiency) of revenues over expenditures before other financing sources	1,503,988	(3,137,604)	(373,543)	240,328	(1,766,831)
Other Financing Sources (Uses)					
Transfers in: severance tax appropriation	-	188,950	-	-	188,950
Operating transfers in	-	2,384,123	428,543	8,000	2,820,666
Operating transfers out	(2,814,026)	-	(5,140)	(1,500)	(2,820,666)
Total other financing sources (uses)	(2,814,026)	2,573,073	423,403	6,500	188,950
Net change in fund balances	(1,310,038)	(564,531)	49,860	246,828	(1,577,881)
Fund balance, beginning of year	7,479,992	864,531	950,915	740,658	10,036,096
Fund balance, end of year	\$ 6,169,954	300,000	1,000,775	987,486	8,458,215

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, 2017**

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

Net changes in fund balances - governmental funds **\$ (1,577,881)**

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	(827,237)	
Capital outlay	<u>3,365,670</u>	2,538,433

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,781
--	--	-------

Accrued interest payable is an expense under the full accrual method, and not the modified accrual method.		5,396
--	--	-------

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		(2,470)
--	--	---------

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		463,679
--	--	---------

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>(60,243)</u>
--	--	-----------------

Change in net position - governmental activities **\$ 1,369,695**

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 2,954,301	3,048,057	3,068,589	20,532
Licenses and permits and fees	79,814	80,298	79,709	(589)
Intergovernmental	200,000	200,000	177,449	(22,551)
Interest and investment income	16,500	28,420	47,071	18,651
Rental income	100,380	182,944	212,489	29,545
Other	22,000	24,105	31,269	7,164
Total revenues	3,372,995	3,563,824	3,616,576	52,752
Expenditures				
General government	1,064,190	1,136,433	1,116,475	19,958
Public safety	540,723	653,200	453,360	199,840
Highways and streets	169,961	179,943	168,522	11,421
Culture and recreation	169,961	179,943	168,522	11,421
Capital outlay	1,425,000	1,479,842	223,979	1,255,863
Total expenditures	3,369,835	3,629,361	2,130,858	1,498,503
Excess of revenues over expenditures	3,160	(65,537)	1,485,718	1,551,255
Other financing sources/(uses)				
Operating transfers out	(1,102,440)	(3,134,595)	(2,814,026)	320,569
Net change in fund balance	(1,099,280)	(3,200,132)	(1,328,308)	<u>1,871,824</u>
Prior year cash appropriated	1,099,280	3,200,132	1,328,308	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Reconciliation of the Non-GAAP change in fund balance to the GAAP change in fund balance:				
Non-GAAP change in fund balance			\$ (1,328,308)	
Change in:				
Accounts receivable			9,192	
Accounts payable			12,655	
Accrued compensation and benefits			(3,577)	
GAAP change in fund balance			<u>\$ (1,310,038)</u>	

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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 10th and May 10th. 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, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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 period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item in the fund financial statements, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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 Infrastructure Fund has assigned funds of \$300,000 at June 30, 2017 for the purchase of open space.

The Debt Service Fund has restricted funds of \$5,915 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of \$994,860 consists of reserve funds set aside for debt service payments.

Other Funds

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

Corrections Fund: cash restricted for corrections in the amount of \$400.

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

Municipal Street: cash and receivables restricted for road work in the Village.

The remaining Special Revenue Funds Assigned Fund Balance of \$70,493 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, 2017

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, 2017

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, 2017, the Village adopted the following Government Accounting Standards Board Statements (GASB):

GASB No. 77 – Tax Abatement Disclosures. The objective of this Statement is to assist the users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services, (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. 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, 2017

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, 2017, the Village's bank balance total of \$421,163 was exposed to credit risk in the amount of \$171,163 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 171,163</u>
---	-------------------

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, 2017

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, 2017 was 58 days for WAM(R), and 106 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, 2017

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 23,072,738	2,948,654	-	26,021,392
Buildings - construction in process	37,950	90,360	-	128,310
Infrastructure - construction in process	369,940	315,529	-	685,469
Total, not depreciated	\$ 23,480,628	3,354,543	-	26,835,171
Capital assets, depreciated				
Buildings	\$ 4,959,680	-	-	4,959,680
Improvements	775,712	-	-	775,712
Infrastructure	10,423,215	-	-	10,423,215
Furniture, fixtures and equipment	2,681,379	11,127	-	2,692,506
Fire protection equipment	6,399	-	-	6,399
Vehicles	195,140	-	-	195,140
Total, depreciated	19,041,525	11,127	-	19,052,652
Accumulated depreciation for:				
Buildings	1,250,834	123,992	-	1,374,826
Improvements	420,017	34,369	-	454,386
Infrastructure	4,329,780	521,160	-	4,850,940
Furniture, fixtures and equipment	2,472,793	147,593	-	2,620,386
Fire protection equipment	6,278	121	-	6,399
Vehicles	195,138	2	-	195,140
Total accumulated depreciation	8,674,840	827,237	-	9,502,077
Total capital assets, depreciated, net	\$ 10,366,685	(816,110)	-	9,550,575
Total capital assets, depreciated and non-depreciated, net	\$ 33,847,313	2,538,433	-	36,385,746

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

Governmental activities	
General government	\$ 11,611
Public safety	54,156
Highways and streets	529,332
Culture and recreation	232,138
Total depreciation expense	\$ 827,237

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2017, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,025,000	-	(170,000)	2,855,000	190,000
Loans	622,916	-	(293,679)	329,237	329,237
Net pension liability	612,772	361,803	-	974,575	-
Compensated absences	24,964	41,962	(39,492)	27,434	27,434
Total	\$ 4,285,652	403,765	(503,171)	4,186,246	546,671

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
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	230,000	87,255	317,255
2023 to 2027	1,465,000	252,287	1,717,287
2028	340,000	7,820	347,820
	\$ 2,855,000	789,570	3,644,570

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017:

Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2017. Secured by a mortgage on the property.	208,076
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2017. Secured by a mortgage on the property.	<u>121,161</u>
Total loans payable	<u>\$ 329,237</u>

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2018	<u>\$ 329,237</u>	<u>5,874</u>	<u>335,111</u>

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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5. INTERFUND OPERATING TRANSFERS

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds:		
General Fund	\$ -	2,814,026
Infrastructure Fund	2,384,123	-
Debt Service Fund	428,543	5,140
Non-major Funds:		
Other Special Revenue Fund	8,000	1,500
Total	<u>\$ 2,820,666</u>	<u>2,820,666</u>

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

NOTE 6. PROPERTY TAXES

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2016, available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf

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 FY16 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 FY16 annual audit report at:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2016.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 \$96,589 for the year ended June 30, 2017.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7. PERA PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement dated June 30, 2016.

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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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.

PERA Municipal General Division

For the PERA Municipal General Division, at June 30, 2017, the Village reported a liability of \$974,575 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.0610%, which increased from its proportion of 0.0009% measured as of June 30, 2015.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7. PERA PENSION PLAN (CONTINUED)

For the year ended June 30, 2017, the Village recognized PERA Municipal General Division pension expense of \$60,243. At June 30, 2017, the Village reported PERA Fund Division deferred outflows of resources and deferred inflows of resources of \$436,373 and \$9,673, respectively, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,694	9,511
Change in proportion	54,623	-
Change of assumption	57,147	162
Net difference between projected and actual earnings on pension plan investments	179,320	-
Village contributions subsequent to the measurement date	96,589	-
	<u>\$ 436,373</u>	<u>9,673</u>

\$96,589 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

2017	\$ 83,677
2018	83,677
2019	117,176
2020	45,581
2021	-
	<u>\$ 330,111</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2015, 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, 2016, 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, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016, actuarial valuation.

Actuarial valuation date	June 30, 2015
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	7.48% annual rate, net of investment expense
– Projected benefit payment	100 years
– Payroll growth	2.75% for first 10 years, then 3.25% annual rate
– Projected salary increases	3.00% to 14.00% annual rate
– Included inflation at	2.25% annual rate first 10 years, 2.75% all other years
– 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 (demographic) and July 1, 2010 through June 20, 2015 (economic)

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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
Global Equity	43.5 %	7.39 %
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Absolute Return	20.0	7.35
Total	100.0 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.48 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 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.

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

The discount rate used to measure the total pension liability in the prior year was 7.75 percent.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7. PERA PENSION PLAN (CONTINUED)

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate – The following table presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.48%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48%) or 1-percentage-point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
<u>PERA Municipal General Division</u>			
Village's proportionate share of the net pension liability	\$ 1,453,005	974,575	577,742

Pension plan fiduciary net position – Detailed information about the pension's fiduciary net position is available in the separately issued FY16 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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10. CONTINGENCIES

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

NOTE 11. CONDUIT DEBT

During the year ending June 30, 2011, the Village issued \$36,000,000 in Educational Facilities Refunding and Improvement Revenue Bonds (Albuquerque Academy Project), Series 2010. The bonds are special limited obligations of the Village. The bond ordinance adopted by the Village in connection with the issuance of the bonds provide that the bonds shall never constitute the debt or indebtedness of the Village and shall not constitute or give rise to a pecuniary liability of the Village or a charge against its general credit or taxing powers. The Albuquerque Academy has guaranteed the payment of principal and interest on the bonds. Final maturity of the bonds is September 21, 2040. The aggregate amount outstanding at June 30, 2017 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 November 7, 2017, the date the financial statements were available to be issued. Subsequent to June 30, 2017, the Village purchased land in the amount of \$710,000.

NOTE 13 RESTATEMENT OF NET POSITION

The Municipal Street fund was reported a major fund in the prior year, but has been reported as a nonmajor fund in the current year. Therefore, beginning fund balance for the nonmajor funds has been increased by \$636,622, and major funds have increased by the same amount.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NON-MAJOR FUNDS
June 30, 2017

SPECIAL REVENUE FUNDS

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

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

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

Municipal Street Fund. To account for funds used to maintain roads for which the Village has responsibility. Financing sources include gasoline and gross receipts taxes. Expenditures are restricted for the construction and maintenance of Village roads. Authority is NMSA 7-1-6.27.

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

CAPITAL PROJECTS FUNDS

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2017

	Special Revenue					Capital Projects	Total Non-major
	Corrections	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Open Spaces	
ASSETS							
Cash and investments	\$ 440	-	20,000	831,789	74,934	44,423	971,586
Receivables							
Gross receipts	-	-	-	12,876	-	-	12,876
Gas	-	-	-	3,094	-	-	3,094
Motor vehicle	-	-	-	4,371	-	-	4,371
Total assets	\$ 440	-	20,000	852,130	74,934	44,423	991,927
LIABILITIES							
Accrued compensation and benefits	\$ -	-	-	-	4,441	-	4,441
FUND BALANCES							
Restricted for special revenues	440	-	20,000	852,130	-	-	872,570
Committed to capital projects	-	-	-	-	-	44,423	44,423
Assigned to special revenues	-	-	-	-	70,493	-	70,493
Total fund balances	440	-	20,000	852,130	70,493	44,423	987,486
Total liabilities and fund balances	\$ 440	-	20,000	852,130	74,934	44,423	991,927

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2017

	Special Revenue					Capital Projects	Total Non-major
	Correction	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Open Spaces	
Revenues							
Taxes	\$ -	-	-	215,508	-	-	215,508
Licenses, permits, fees, fines	340	-	-	-	-	-	340
Non-federal sources							
Intergovernmental	-	208,856	20,000	-	-	-	228,856
Other	-	-	-	-	37,863	-	37,863
Total revenues	340	208,856	20,000	215,508	37,863	-	482,567
Expenditures							
Current							
Public safety	-	208,856	-	-	-	-	208,856
Culture and recreation	-	-	-	-	33,383	-	33,383
Total expenditures	-	208,856	-	-	33,383	-	242,239
Excess (deficiency) of revenues over expenditures before other financing sources	340	-	20,000	215,508	4,480	-	240,328
Other Financing Uses							
Operating transfers in	-	-	-	-	8,000	-	8,000
Operating transfers out	-	-	-	-	(1,500)	-	(1,500)
Total other financing sources	-	-	-	-	6,500	-	6,500
Net change in fund balances	340	-	20,000	215,508	10,980	-	246,828
Fund balance, beginning of year	100	-	-	636,622	59,513	44,423	740,658
Fund balance, end of year	\$ 440	-	20,000	852,130	70,493	44,423	987,486

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, 2017

Municipal General Division

	2017	2016	2015
Village's proportion of the net pension liability (asset)	0.0610%	0.0601%	0.0518%
Village's proportionate share of the net pension liability (asset)	\$ 974,575	612,772	404,096
Village's covered-employee payroll	\$ 665,472	505,885	498,636
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	146%	121%	81%
Plan fiduciary net position as a percentage of the total plan liability	69.18%	76.99%	81.29%

* The amounts presented were determined as of June 30, 2017. 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, 2017

Municipal General Division

	2017	2016	2015
Contractually required contributions	\$ 96,589	91,448	87,236
Contributions in relation to the contractually required contribution	96,589	91,448	87,236
Contribution deficiency (excess)	\$ -	-	-
Village's covered-employee payroll	\$ 665,472	505,885	498,636
Contributions as a percentage of covered-employee payroll	14.5%	18.1%	17.5%

* The amounts presented were determined as of June 30, 2017. 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, 2017

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

<https://www.saonm.org>.

Changes of Assumptions – The Public Employees Retirement Association of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at:

<http://www.nmpera.org>.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2017

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Bank of America	Pooled Cash Account	Interest bearing checking	\$ 385,960	337,029
Bank of America	Certificate of Deposit	Certificate of deposit	35,203	35,203
Total cash and cash equivalents			421,163	372,232
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			421,163	372,732
Local Government				
NM State Treasurer	Investment Pool	Investment	7,814,892	7,820,172
Total deposit and investment accounts			\$ 8,236,055	8,192,904

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

	Bank of America
Deposits at June 30, 2017	\$ 421,163
Less: FDIC coverage	250,000
Uninsured public funds	<u>171,163</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	444,808
Uninsured and uncollateralized	<u>\$ -</u>
50% pledged collateral requirement per statute	\$ 36,324
Total pledged collateral	444,808
Pledged collateral over the requirement	<u>\$ (408,484)</u>

Pledged collateral at June 30, 2017 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AE0758 3.5000	3138LQZY3	4/2/2042	<u>\$ 444,808</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, 2017

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF APPROPRIATIONS
June 30, 2017

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
D14233	09/20/2013	06/30/2017	\$ 681,000	513,860	167,140	167,140
D15089	11/16/2015	06/30/2019	350,500	-	350,500	350,500
A2548	11/03/2016	06/30/2020	250,000	-	250,000	250,000
15-0734	11/23/2015	06/30/2019	165,000	71,439	93,561	93,561
16-A2397	09/19/2016	06/30/2020	140,000	-	140,000	140,000
Total			<u>\$ 1,586,500</u>	<u>585,299</u>	<u>1,001,201</u>	<u>1,001,201</u>

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 comparison of the general fund of the Village of Los Ranchos de Albuquerque, New Mexico (Village) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds of the Village, presented as supplemental information, and have issued our report thereon dated November 7, 2017.

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
November 7, 2017

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017**

Findings from Year Ended June 30, 2016:
None

Current Status:

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2017

None

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2017

An exit conference was held on December 5, 2017, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Larry Abraham, Mayor
Donald T. Lopez, Mayor Pro Tem
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.