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, 2015

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 16

Statement of Activities 17

Fund Financial Statements

Balance Sheet – Governmental Funds 18

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position 19

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 20

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 21

Statement of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budgetary Basis):

General Fund 22

Municipal Street 23

Notes to Financial Statements 24

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Page

Supplemental Information

Nonmajor Governmental Funds

Combining Balance Sheet 47

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 48

Statements of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budgetary Basis):

Corrections 49

Fire Protection 50

Law Enforcement Protection 51

Other Special Revenue 52

Open Spaces 53

Infrastructure 54

Debt Service 55

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Page

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 56

Schedule of the Village's Contributions to the Public Employees Retirement Association (PERA) Plan's Municipal General Division – Last 10 Fiscal Years.....57

Notes to Schedules of PERA Plan Information 58

Supplementary Information – Supporting Schedules

Schedule of Deposit and Investment Accounts 59

Schedule of Pledged Collateral.....60

Schedule of Joint Powers Agreements.....61

Schedule of Appropriations 62

Supplementary Information – Other Schedules

Schedule of Vendor Information for Purchases Exceeding $60,000.....63

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 *Government Auditing Standards*.....64

Summary Schedule of Prior Audit Findings 66

Exit Conference.....67

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

List of Principal Officials

June 30, 2015

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 and major special revenue funds of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all major non-special revenue and nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

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

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

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

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

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended, 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major non-special revenue funds and nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, and the schedules related to the Villages pension plan on pages 61 through 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information
Our audit was conducted for the purpose of forming opinions the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules required by Section 2.2.2 NMAC, as listed in the Supplementary Information – Supporting Schedules section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government auditing standards*, we have also issued our report dated November 9, 2015 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 9, 2015

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* $123,362 or approximately 4.2% from the prior year. Total Village revenue *decreased* $247,448 or approximately 7.9% from the prior year.
- The Village's expenses *decreased* $38,379 or approximately 1.3% from the prior year.
- The Village increased its net position by $288,716 or a 0.7% increase for this fiscal year. This increase is net of the $512,282 prior period adjustment for the Public Employees Retirement pension.
- For addition highlights see the financial charts at the end of this Management's Discussion and Analysis.

VILLAGE HIGHLIGHTS

The Village continues to advance the Fourth Street revitalization project within the Village and create a better place to live, walk, ride, shop, and eat.

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. Potential changes include drainage improvements, sidewalks, trees, better lighting and amenities for pedestrians. Fourth Street is our most important commercial street; a variety of retail and service businesses, as well as schools and housing are located along it. Fourth Street businesses provide convenient places for residents to shop and find the services that they need, and the street is important to the Village identity. In the 2015 legislative session, the Village received a $356,000 appropriation. This is in addition to the previous year legislative appropriation of $681,000 and the $1.0 million of Village general fund committed toward the design and construction of those improvements.

This will be the main infrastructure project for the Village. Additional projects involve the resurfacing of segments of various roadways, remodel and improvements to the Agri-Nature Center, and minor improvements to certain municipal buildings.

The Village has seen a slight increase in commercial development and investment during the previous twelve months. This includes new construction as well as remodels. We do anticipate a slight increase in tax gross receipts tax revenue in the coming fiscal years. Management of municipal resources for the long-term fiscal health of the Village is the Administration's primary focus.

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

THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities* (on pages 16 and 17) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. *Fund financial statements* start on page 18. For governmental activities, these statements identify activities that were financed in the short term as well as what remains for future spending. *Fund financial statements* also report the Village's operations in more detail than the *government-wide statements* by providing information about the Village's most significant funds.

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

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

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

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

Reporting on the Village's Most Significant Funds
Fund Financial Statements

Our analysis of the Village's major funds begins on page 7. The fund financial statements begin on page 18 and provide detailed information about the most significant funds - not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustee's establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g. grants received from the State of New Mexico). Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent years. These funds are

reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities*) and governmental funds in reconciliations on pages 19 and 21.

THE VILLAGE AS A WHOLE

For the year ended June 30, 2015, net position changed as follows:

	Governmental Activities
Net position, beginning of year	$38,621,212
Restatement	(512,282)
Net position, beginning of year, as restated	$38,108,930
Change in net position	800,998
Net position, ending	$38,909,928

	2015	2014
Cash and investments	$9,335,439	$8,005,122
Taxes receivable	287,580	266,494
Capital assets, net of depreciation	33,749,166	34,514,504
Total assets	43,373,185	42,786,120
Deferred outflows of resources	87,236	
Total liabilities	4,391,126	4,164,908
Deferred inflows of resources	158,367	
Total net position	$38,909,928	$38,621,212

The increase in cash and investments is due to the excess of revenues over expenditures on a cash basis. The increase in receivables is mainly due to an increase in gross receipt taxes. The decrease in capital assets net of depreciation is due to the transference of the Challenger Center for Space Science Education to the Las Cruces School District. The change in total liabilities is because we had to recognize a $404,096 net pension liability because of the implementation of GASB No. 68; and a decrease to the principal reduction on long-term debt. 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.

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 2015 Amount	Percent of Total	Increase (Decrease) from 2014	Percent Increase (Decrease)
Assets:				
Cash and cash equivalents	$9,335,439	97.01%	$1,330,317	16.62%
Taxes receivable	287,580	2.99%	21,086	7.91%
Total assets	9,623,019	100.00%	1,351,403	16.34%
Liabilities:				
Accounts payable	17,586	30.61%	(23,570)	(57.27%)
Accrued liabilities	19,266	33.53%	3,070	18.96%
Reversion payable	20,600	35.86%	20,600	100.00%
Total liabilities	57,452	100.00%	100	0.17%
Deferred Inflows:				
Unavailable revenue, property taxes	12,077	100.00%	2,593	27.34%
Fund Balance:				
Restricted for:				
Special revenue	458,302	4.80%	(227,253)	(33.15%)
Debt service	94,016	0.98%	(34,364)	(26.77%)
Committed to:				
Capital projects	44,423	0.46%	0	0.00%
Assigned to:				
Special revenue	48,094	0.50%	10,265	27.14%
Capital projects	1,500,000	15.70%	300,000	25.00%
Debt service	800,000	8.38%	100,000	14.29%
Unassigned:				
General fund	6,608,655	69.18%	1,200,062	22.19%
Total fund balance	$9,553,490	100.00%	1,348,710	16.44%

Although this is a summary of the Village's significant funds, the major increases or decreases were explained in the previous discussion of the change in net position in the Village as a Whole section. As mentioned earlier, the increase in cash is due to the excess of revenues over expenditures on a cash basis.

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 2015 Amount	Percent of Total	Increase (Decrease) from 2014	Percent Increase (Decrease)
Taxes	$3,026,678	75.16%	130,253	4.50%
Licenses, permits, fees and fines	79,066	1.96%	(7,608)	(8.78%)
Intergovernmental	735,022	18.25%	239,549	48.35%
Interest and investment income	8,425	0.21%	1,120	15.33%
Other	177,938	4.42%	(10,360)	(5.50%)
Total revenues	$4,027,129	100.00%	352,954	9.61%

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 revenues is because of the Small Cities Distribution for 2015.

Expenditures:	FYE 2015 Amount	Percent of Total	Increase (Decrease) from 2014	Percent Increase (Decrease)
General government	$909,867	31.16%	48,309	5.61%
Public safety	605,133	20.72%	(1,512)	(0.25%)
Highways and streets	129,088	4.42%	10,725	9.06%
Culture and recreation	156,936	5.37%	11,635	8.01%
Debit service	378,525	12.96%	19,656	5.48%
Capital outlay	740,757	25.37%	687,173	1,282.42%
	$2,920,306	100.00%	775,986	36.19%

The increase in general government is due to increased payroll costs. The increase in highway and streets, and culture and recreation are also due to increased payroll costs. The increase in debt service is due to the increased principal payment for the Village's general obligation bonds. The increase in capital outlay is because of the street improvements made to Los Ranchos Road and Ranchitos road and the continuing design for the 4th Street improvement project. In addition, the tennis courts were repaired and resurfaced.

BUDGETARY HIGHLIGHTS

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

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for major special revenue fund that has a legally adopted annual budget to be presented. The budgetary comparison schedules should present both the original and final appropriated

budgets for the reporting period as well as the actual inputs, outputs and balances stated on the government's budgetary basis.

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

CAPITAL ASSETS

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

	Governmental Activities	
	2015	**2014**
Land	$22,137,269	$22,137,269
Buildings – construction in process	8,608	8,608
Infrastructure – construction in process	309,503	47,016
Buildings	4,959,680	5,093,576
Improvements	775,712	989,357
Infrastructure	10,416,636	10,000,456
Furniture, fixtures and equipment	2,681,379	3,507,206
Fire protection equipment	6,399	6,399
Vehicles	195,140	195,140
Totals	$41,490,326	$41,985,027

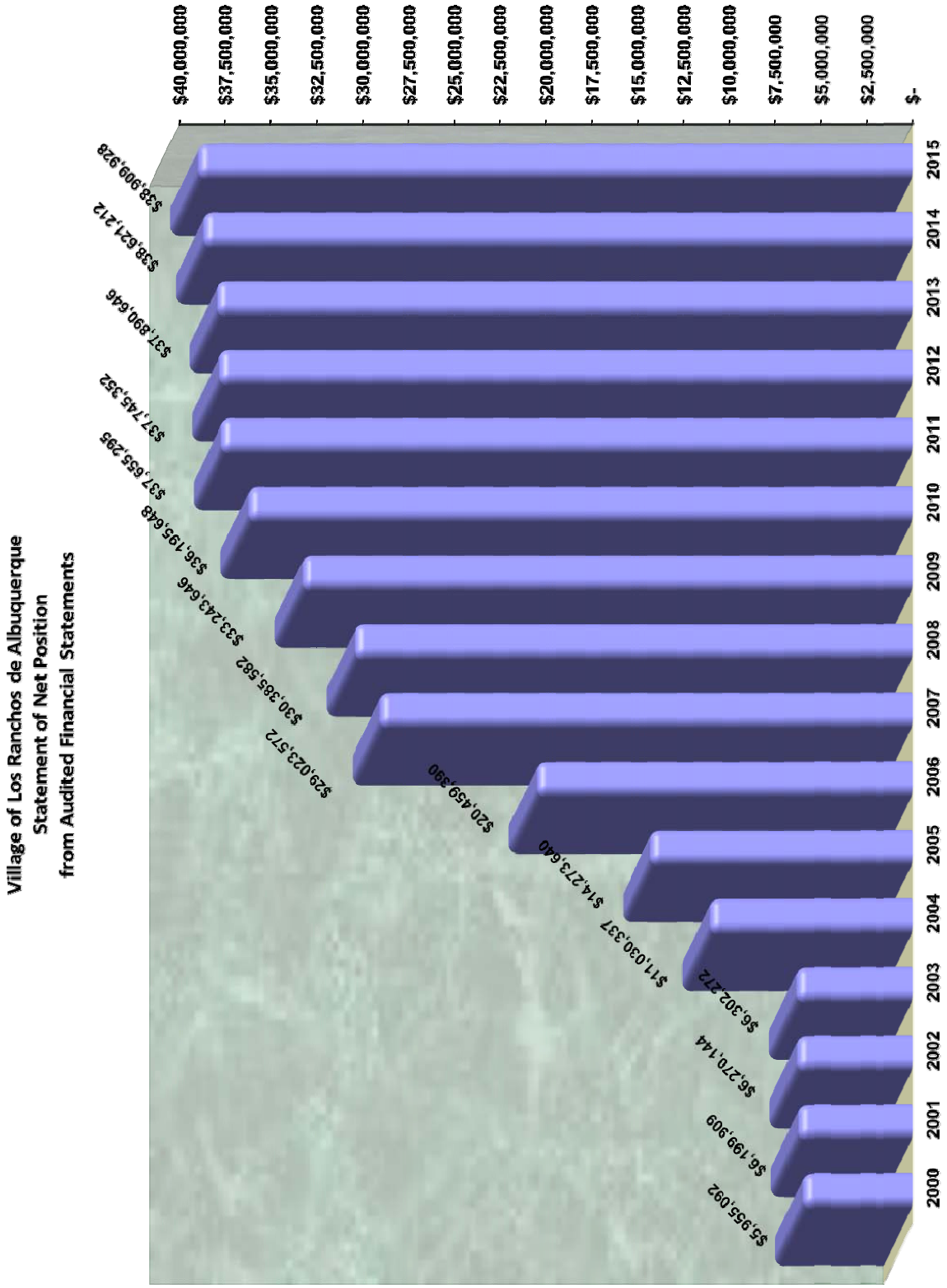
At the end of June 30, 2015, the Village had approximately $41.5 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. Infrastructure construction in process was increased by the continuing design work for the 4th Street improvement project. The increase in infrastructure is because of the road improvements made to Los Ranchos Road and Ranchitos Road. As mentioned earlier the decrease in furniture, fixtures and equipment is due to the transference of the Challenger Center for Space Science Education the Las Cruces Public School District.

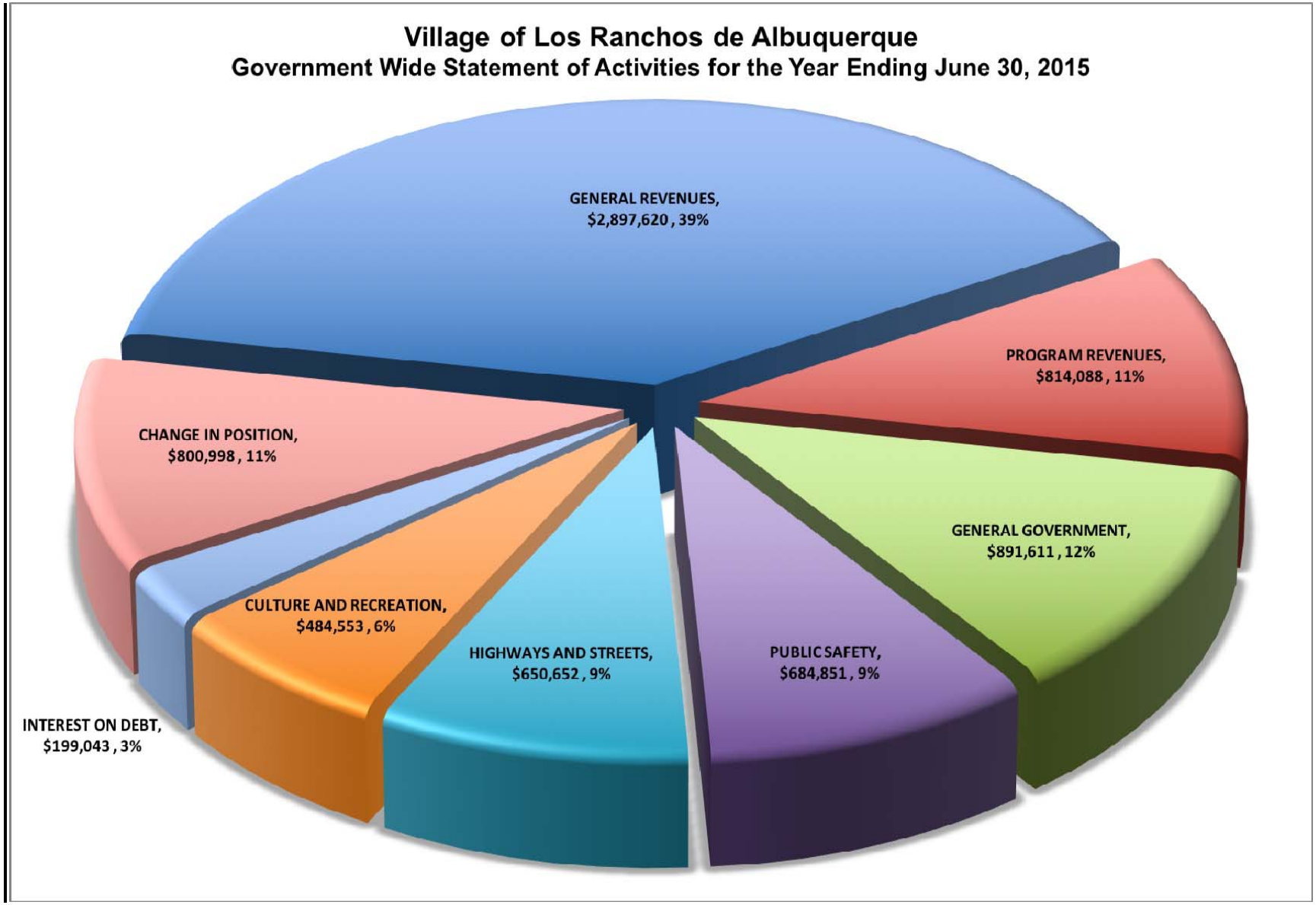
GENERAL OBLIGATION BONDS

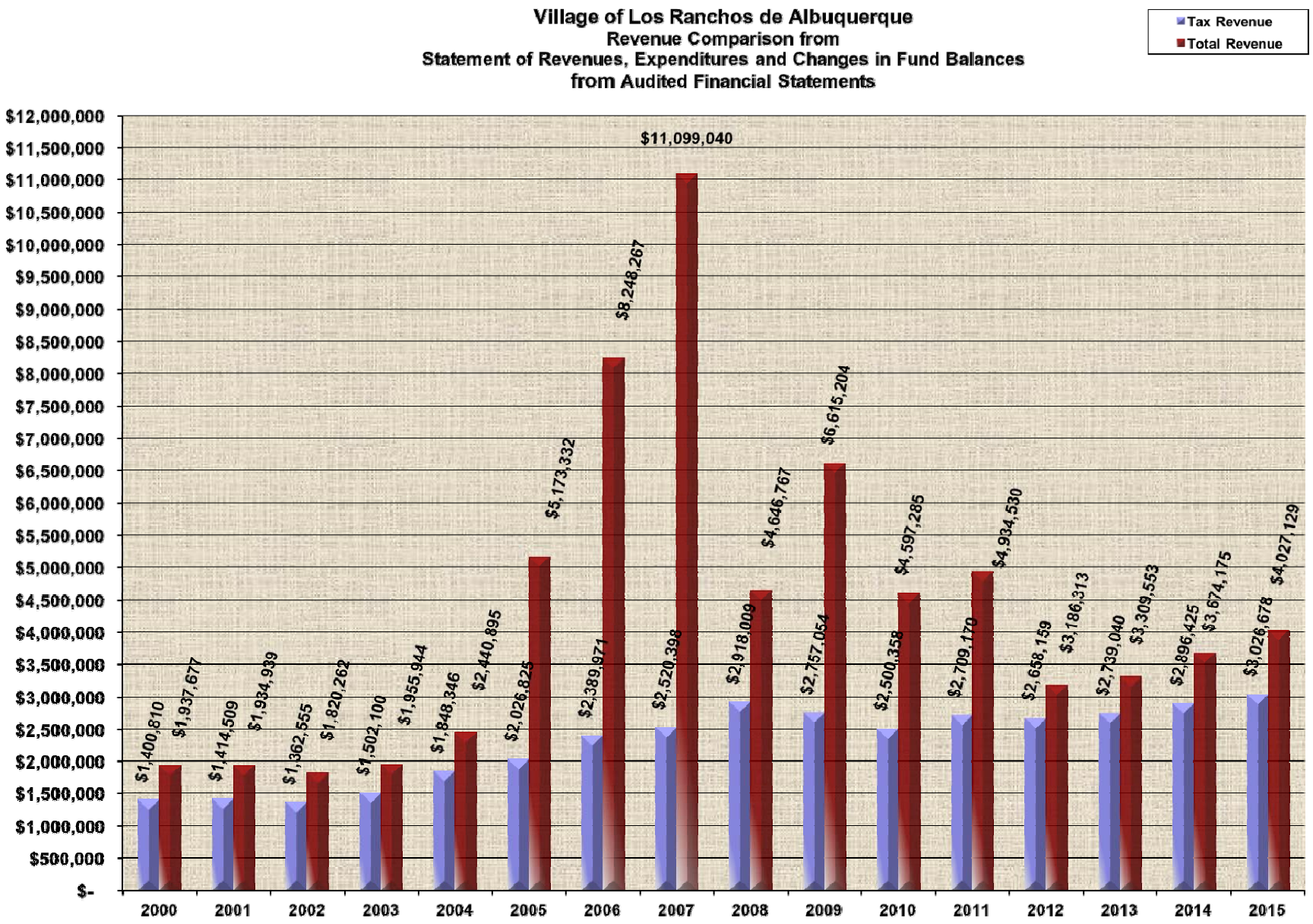
In August of 2007 the Village of Los Ranchos issued $3,600,000 in general obligation bonds. A 1 mil property tax was imposed to repay the debt. The current estimate of the funds that the Village has to transfer from the General Fund is $1,124,000, over the 20-year term to repay the debt. Already $800,000 has been accumulated and transferred to a reserve fund to repay the general obligation bond debt.

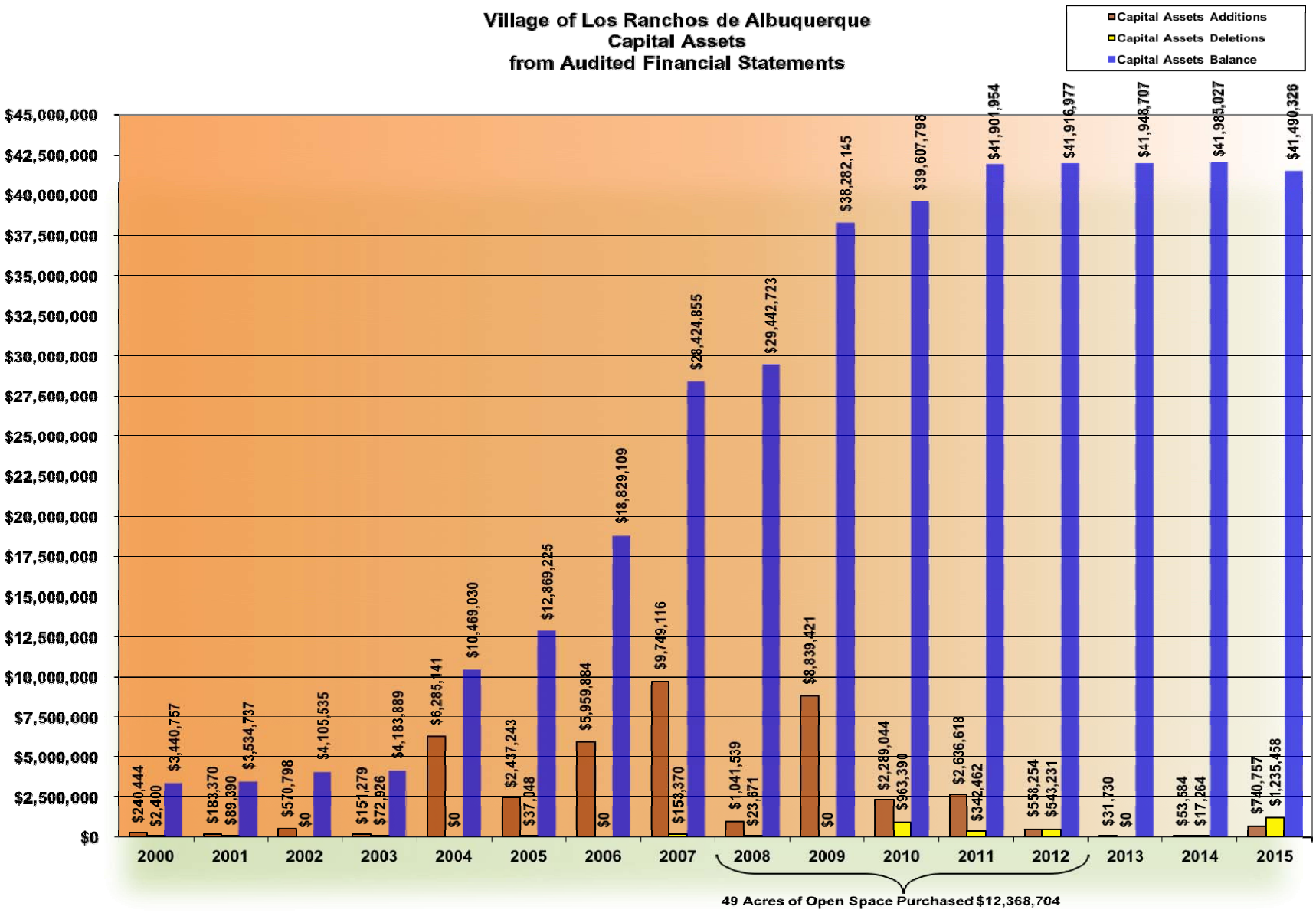
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

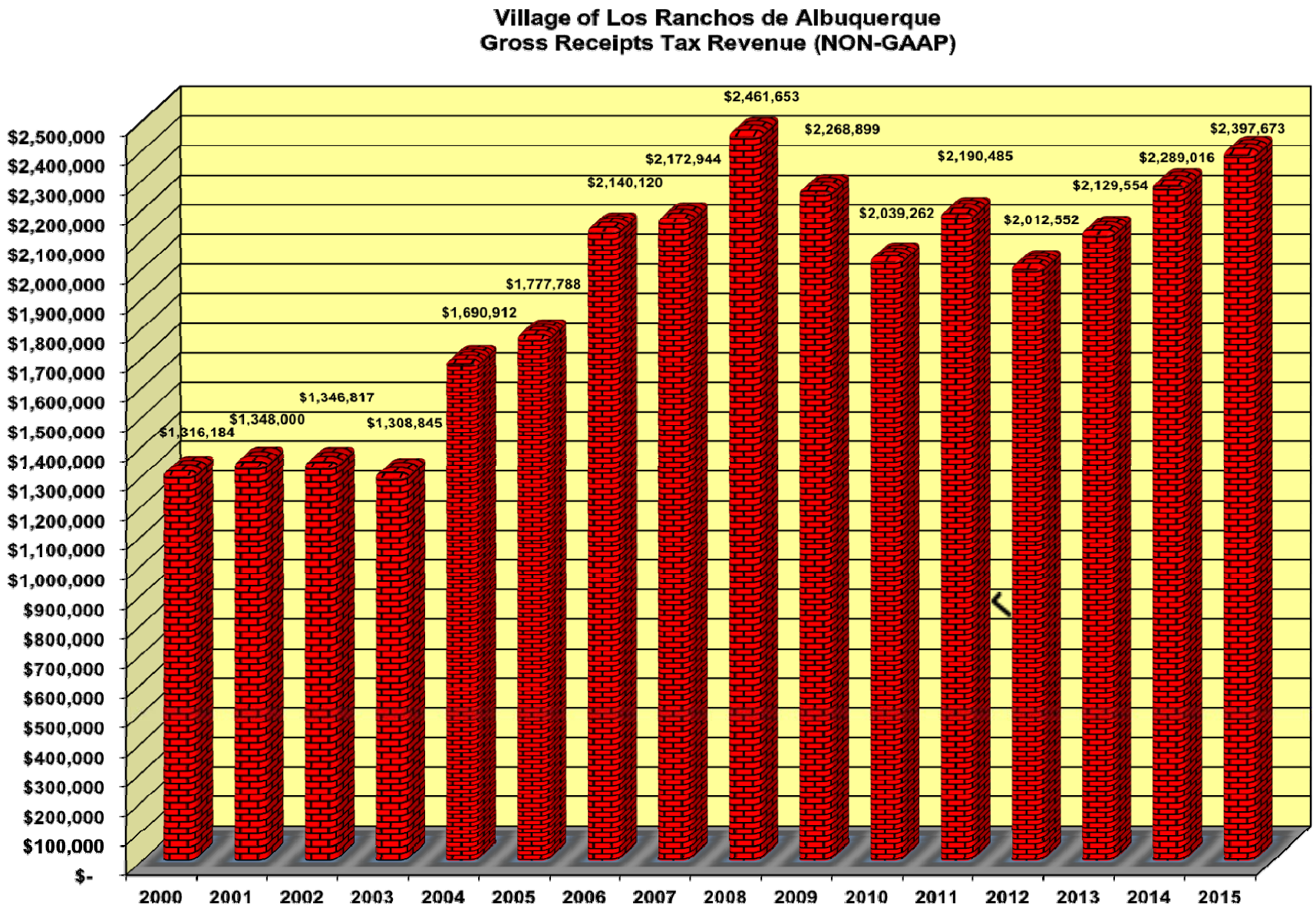
It has been several years now and the economy still remains sluggish. Because there is no real sign of recovery, we therefore only projected a modest increase in General fund revenues for the 2016 fiscal year revenues. In addition, General fund expenditures were increased over the 2015 – 2016 actual amounts for inflation.


Village of Los Ranchos de Albuquerque
Statement of Net Position
from Audited Financial Statements
$40,000,000
$37,500,000
$35,000,000
$32,500,000
$30,000,000
$27,500,000
$25,000,000
$22,500,000
$20,000,000
$17,500,000
$15,000,000
$12,500,000
$10,000,000
$7,500,000
$5,000,000
$2,500,000
$-
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
$5,955,092
$6,199,909
$6,270,144
$6,302,272
$11,030,337
$14,273,640
$20,459,590
$29,023,572
$30,385,582
$33,243,646
$36,195,648
$37,655,295
$37,745,352
$37,890,646
$38,621,212
$38,909,928


Village of Los Ranchos de Albuquerque
Government Wide Statement of Activities for the Year Ending June 30, 2015
GENERAL REVENUES, $2,897,620 , 39%
PROGRAM REVENUES, $814,088 , 11%
GENERAL GOVERNMENT, $891,611 , 12%
PUBLIC SAFETY, $684,851 , 9%
HIGHWAYS AND STREETS, $650,652 , 9%
CULTURE AND RECREATION, $484,553 , 6%
INTEREST ON DEBT, $199,043 , 3%
CHANGE IN POSITION, $800,998 , 11%


Village of Los Ranchos de Albuquerque
Revenue Comparison from
Statement of Revenues, Expenditures and Changes in Fund Balances
from Audited Financial Statements
Tax Revenue
Total Revenue
$12,000,000
$11,500,000
$11,000,000
$10,500,000
$10,000,000
$9,500,000
$9,000,000
$8,500,000
$8,000,000
$7,500,000
$7,000,000
$6,500,000
$6,000,000
$5,500,000
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
2000 $1,400,810 $1,937,677
2001 $1,414,509 $1,934,939
2002 $1,362,555 $1,820,262
2003 $1,502,100 $1,955,944
2004 $1,848,346 $2,440,895
2005 $2,026,825 $5,173,332
2006 $2,389,971 $8,248,267
2007 $2,520,398 $11,099,040
2008 $2,918,009 $4,646,767
2009 $2,757,054 $6,615,204
2010 $2,500,358 $4,597,285
2011 $2,709,170 $4,934,530
2012 $2,658,159 $3,186,313
2013 $2,739,040 $3,309,553
2014 $2,896,425 $3,674,175
2015 $3,026,678 $4,027,129


Village of Los Ranchos de Albuquerque
Capital Assets
from Audited Financial Statements
Capital Assets Additions
Capital Assets Deletions
Capital Assets Balance
$45,000,000
$42,500,000
$40,000,000
$37,500,000
$35,000,000
$32,500,000
$30,000,000
$27,500,000
$25,000,000
$22,500,000
$20,000,000
$17,500,000
$15,000,000
$12,500,000
$10,000,000
$7,500,000
$5,000,000
$2,500,000
$0
2000 $240,444 $2,400 $3,440,757
2001 $183,370 $89,390 $3,534,737
2002 $570,798 $0 $4,105,535
2003 $151,279 $72,926 $4,183,889
2004 $6,285,141 $0 $10,469,030
2005 $2,437,243 $37,048 $12,869,225
2006 $5,959,884 $0 $18,829,109
2007 $9,749,116 $153,370 $28,424,855
2008 $1,041,539 $23,671 $29,442,723
2009 $8,839,421 $0 $38,282,145
2010 $2,289,044 $963,390 $39,607,798
2011 $2,636,618 $342,462 $41,901,954
2012 $558,254 $543,231 $41,916,977
2013 $31,730 $0 $41,948,707
2014 $53,584 $17,264 $41,985,027
2015 $740,757 $1,235,458 $41,490,326
49 Acres of Open Space Purchased $12,368,704


Village of Los Ranchos de Albuquerque
Gross Receipts Tax Revenue (NON-GAAP)
$2,500,000
$2,400,000
$2,300,000
$2,200,000
$2,100,000
$2,000,000
$1,900,000
$1,800,000
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$1,600,000
$1,500,000
$1,400,000
$1,300,000
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$-
$1,316,184
$1,348,000
$1,346,817
$1,308,845
$1,690,912
$1,777,788
$2,140,120
$2,172,944
$2,461,653
$2,268,899
$2,039,262
$2,190,485
$2,012,552
$2,129,554
$2,289,016
$2,397,673
2000
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CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Administrator or Village Treasurer at 6718 Rio Grande Blvd., NW, Village of Los Ranchos de Albuquerque, New Mexico, 87107.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	$ 9,335,439
Taxes receivable:	
Taxes	
Property	17,071
Gross receipts	229,394
Gas	3,449
Motor vehicle	509
Franchise	37,157
Capital assets, not depreciated	22,455,380
Capital assets, net of accumulated depreciation	11,293,786
Total assets	43,372,185
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	87,236
LIABILITIES	
Accounts payable	17,586
Accrued compensation and benefits	19,266
Reversion payable	20,600
Accrued interest payable	61,847
Compensated absences, due in one year	13,793
Long-term liabilities, due in one year	204,354
Long-term liabilities, due in more than one year	3,649,584
Net pension liability	404,096
Total liabilities	4,391,126
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	158,367
NET POSITION	
Net investment in capital assets	29,895,228
Restricted for:	
Public safety	20,080
Highways and streets	438,222
Debt service	106,093
Unrestricted	8,450,305
Total net position	$ 38,909,928

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, 2015

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities:					
General government	$ 891,611	79,026	608,591	-	(203,994)
Public safety	684,851	40	126,431	-	(558,380)
Highways and streets	650,652	-	-	-	(650,652)
Culture and recreation	484,553	-	-	-	(484,553)
Interest on long-term debt	199,043	-	-	-	(199,043)
Total primary government	2,910,710	79,066	735,022	-	(2,096,622)
General Revenues:					
Gross receipts taxes					2,420,411
Franchise taxes					310,125
Property taxes					239,728
Motor vehicle registration					21,618
Gasoline taxes					37,389
Interest and investment income					8,425
Transfers in: Severance tax appropriation					262,487
Loss on the disposal of capital assets					(580,501)
Other					177,938
Total general revenues					2,897,620
Change in net position					800,998
Net position, beginning of year					38,621,212
Restatement					(512,282)
Net position, beginning of year, as restated					38,108,930
Net position, ending					$ 38,909,928

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, 2015

		General	Municipal Street	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS							
Cash and investments	$	6,388,137	422,433	1,500,000	889,022	135,847	9,335,439
Taxes Receivable:							
Property		-	-	-	17,071	-	17,071
Gross receipts		217,563	11,831	-	-	-	229,394
Gas		-	3,449	-	-	-	3,449
Motor vehicle		-	509	-	-	-	509
Franchise		37,157	-	-	-	-	37,157
Total assets	$	6,642,857	438,222	1,500,000	906,093	135,847	9,623,019
LIABILITIES							
Accounts payable	$	17,007	-	-	-	579	17,586
Accrued compensation and benefits		17,195	-	-	-	2,071	19,266
Reversion payable		-	-	-	-	20,600	20,600
Total liabilities		34,202	-	-	-	23,250	57,452
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes		-	-	-	12,077	-	12,077
FUND BALANCES							
Restricted for:							
Special revenue funds		-	438,222	-	-	20,080	458,302
Debt service funds		-	-	-	94,016	-	94,016
Committed to:							
Capital projects funds		-	-	-	-	44,423	44,423
Assigned to:							
Special revenue funds		-	-	-	-	48,094	48,094
Capital projects funds		-	-	1,500,000	-	-	1,500,000
Debt service funds		-	-	-	800,000	-	800,000
Unassigned:							
General fund		6,608,655	-	-	-	-	6,608,655
Total fund balances		6,608,655	438,222	1,500,000	894,016	112,597	9,553,490
Total liabilities, deferred inflow of resources, and fund balances	$	6,642,857	438,222	1,500,000	906,093	135,847	9,623,019

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, 2015

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

Total fund balances - governmental funds		$ 9,553,490
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		33,749,166
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		12,077
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.		(61,847)
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 costs of:		
Compensated absences	(13,793)	
Bonds payable	(3,853,938)	
Net pension liability	(404,096)	(4,271,827)
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.		87,236
Deferred inflows of resources related to pensions are not received in the current period and, therefore, are not reported in the governmental funds.		(158,367)
Net position - governmental activities		$ 38,909,928

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, 2015

		General	Municipal Street	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues							
Taxes	$	2,605,790	183,753	-	237,135	-	3,026,678
Licenses, permits, fees, fines		79,026	-	-	-	40	79,066
Non-federal sources:							
Intergovernmental		608,591	-	-	-	126,431	735,022
Interest and investment income		8,425	-	-	-	-	8,425
Other		141,325	-	-	-	36,613	177,938
Total revenues		3,443,157	183,753	-	237,135	163,084	4,027,129
Expenditures							
Current:							
General government		909,867	-	-	-	-	909,867
Public safety		498,702	-	-	-	106,431	605,133
Highways and streets		129,088	-	-	-	-	129,088
Culture and recreation		129,088	-	-	-	27,848	156,936
Debt service		-	-	-	378,525	-	378,525
Capital outlay		67,824	410,446	262,487	-	-	740,757
Total expenditures		1,734,569	410,446	262,487	378,525	134,279	2,920,306
Excess (Deficiency) of revenues over expenditures before other financing sources		1,708,588	(226,693)	(262,487)	(141,390)	28,805	1,106,823
Other Financing Sources (Uses)							
Transfers in: severance tax appropriation		-	-	262,487	-	-	262,487
Operating transfers in		-	-	300,000	207,026	3,000	510,026
Operating transfers out		(508,526)	-	-	-	(1,500)	(510,026)
Reversion		-	-	-	-	(20,600)	(20,600)
Total other financing sources (uses)		(508,526)	-	562,487	207,026	(19,100)	241,887
Net change in fund balances		1,200,062	(226,693)	300,000	65,636	9,705	1,348,710
Fund balance, beginning of year		5,408,593	664,915	1,200,000	828,380	102,892	8,204,780
Fund balance, end of year	$	6,608,655	438,222	1,500,000	894,016	112,597	9,553,490

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, 2015

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

Net changes in fund balances - governmental funds		$ 1,348,710
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	(925,594)	
Loss on the disposal of capital assets	(580,501)	
Capital outlay	740,757	(765,338)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,593
Accrued interest payable is an expense under the full accrual method, and not the modified accrual method.		2,666
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		(1,504)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		176,816
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 deferred outflows of resources related to pensions		87,236
Change in deferred inflows of resources related to pensions		(50,181)
Change in net position - governmental activities		$ 800,998

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, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 2,544,988	2,567,194	2,587,913	20,719
Licenses and permits and fees	85,626	73,381	79,026	5,645
Intergovernmental	200,000	200,000	608,591	408,591
Interest and investment income	6,000	8,734	8,425	(309)
Other	121,356	137,066	141,326	4,260
Total revenues	2,957,970	2,986,375	3,425,281	438,906
Expenditures				
General government	985,825	1,001,278	916,616	84,662
Public safety	569,042	563,055	510,249	52,806
Highways and streets	173,839	139,220	130,645	8,575
Culture and recreation	173,839	139,220	130,645	8,575
Capital outlay	865,000	877,824	67,824	810,000
Total expenditures	2,767,545	2,720,597	1,755,979	964,618
Excess of revenues over expenditures	190,425	265,778	1,669,302	1,403,524
Other financing sources/(uses)				
Operating transfers out	(879,567)	(549,926)	(508,526)	41,400
Net change in fund balance	(689,142)	(284,148)	1,160,776	1,444,924
Prior year cash appropriated	689,142	284,148		
	$ -	-		

Non-GAAP change in fund balance	$ 1,160,776
Change in:	
Accounts receivable	17,877
Accounts payable	24,095
Accrued compensation and benefits	(2,686)
GAAP change in fund balance	$ 1,200,062

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
MUNICIPAL STREET
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 171,280	181,720	182,939	1,219
Total revenues	171,280	181,720	182,939	1,219
Expenditures				
Capital outlay	300,000	710,446	410,446	300,000
Total expenditures	300,000	710,446	410,446	300,000
Net change in fund balance	(128,720)	(528,726)	(227,507)	301,219
Prior year cash appropriated	128,720	528,726	227,507	
	$ -	-	-	

Non-GAAP change in fund balance	$ (227,507)
Change in:	
Accounts receivable	814
GAAP change in fund balance	$ (226,693)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Capital Assets (Continued)

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized.

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

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

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

E. Intangible Assets

Under ASC 350, *Intangibles - Goodwill and Other*, intangible assets with indefinite lives are no longer amortized. Indefinite lived intangible assets, such as water rights, are tested for impairment on an annual basis. There were no intangible assets at year-end.

F. Deferred Inflows of Resources

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

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.

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 $1,500,000 at June 30, 2015 for the purchase of open space.

The Municipal Street Fund has restricted funds $20,000 at June 30, 2015 for capital outlay grant expenditures.

The Debt Service Fund has restricted funds of $94,016 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of $800,000 consists of reserve funds set aside for debt service payments.

Other Funds

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

Corrections Fund: cash restricted for corrections in the amount of $80.

Law Enforcement Protection Fund: law enforcement grant of $20,000.

The remaining Special Revenue Funds Assigned Fund Balance of $48,094 relates to program revenue and opening fund balances. The Committed Funds of $44,423 relate to an Economic Development Plan.

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.

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, 2015, the Village adopted the following Government Accounting Standards Board Statements (GASB):

GASB No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. Implementation of GASB No. 68 will have a material impact of the Villages liabilities, deferred inflows of resources, deferred outflows of resources, and net assets. Details of GASB No. 68 and its implementation may be found in Footnote 7.

GASB No. 69 – *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement will not have a material impact on the Village's financial statements.

GASB No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement will not have a material impact on the Village's financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Implementation of New Accounting Standards (Continued)

GASB No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. GASB No. 71 was implemented in simultaneously with the provisions of GASB No. 68 above.

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, 2015, the Village's bank balance total of $287,515 was exposed to credit risk in the amount of $2,358 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	$ 2,358

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.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

Investments

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

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

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

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, 2015 was 54.6 days.

Credit Quality – The LGIP is rated AAAm.

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

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2015 was as follows:

		Beginning Balance	Additions	Deletions	**Ending Balance**
Governmental Activities					
Capital assets, not depreciated					
Land	$	22,137,269	-	-	**22,137,269**
Buildings - construction in process		8,608	-	-	**8,608**
Infrastructure - construction in process		47,016	262,487	-	**309,503**
Total, not depreciated	$	22,192,893	262,487	-	**22,455,380**
Capital assets, depreciated					
Buildings	$	5,093,576	-	(133,896)	**4,959,680**
Improvements		989,357	62,090	(275,735)	**775,712**
Infrastructure		10,000,456	416,180	-	**10,416,636**
Furniture, fixtures and equipment		3,507,206	-	(825,827)	**2,681,379**
Fire protection equipment		6,399	-	-	**6,399**
Vehicles		195,140	-	-	**195,140**
Total, depreciated		19,792,134	478,270	(1,235,458)	**19,034,946**
Accumulated depreciation for:					
Buildings		1,016,519	123,992	(13,669)	**1,126,842**
Improvements		610,449	25,924	(251,161)	**385,212**
Infrastructure		3,297,778	511,115	-	**3,808,893**
Furniture, fixtures and equipment		2,358,486	252,230	(390,127)	**2,220,589**
Fire protection equipment		5,984	147	-	**6,131**
Vehicles		181,307	12,186	-	**193,493**
Total accumulated depreciation		7,470,523	925,594	(654,957)	**7,741,160**
Total capital assets, depreciated, net	$	12,321,611	(447,324)	(580,501)	**11,293,786**
Total capital assets, depreciated and non-depreciated, net	$	34,514,504	(184,837)	(580,501)	**33,749,166**

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

Governmental activities	
General government	$ 11,611
Public safety	59,118
Highways and streets	524,406
Culture and recreation	330,459
Total depreciation expense	$ 925,594

NOTE 3. CAPITAL ASSETS (CONTINUED)

The decrease in capital assets net of depreciation is due to the transference of the Challenger Center for Space Science Education to the Las Cruces School District.

NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2015, the following changes occurred:

	Beginning Balance	Additions	Payments	**Ending Balance**	Due Within One Year
General obligation bonds	$ 3,300,000	-	(125,000)	**3,175,000**	150,000
Loans	730,754	-	(51,816)	**678,938**	54,354
Net pension liability	512,282	-	(108,186)	**404,096**	
Compensated absences	12,289	24,206	(22,702)	**13,793**	13,793
Total	$ 4,555,325	24,206	(307,704)	**4,271,827**	218,147

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, commending 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
2016	$ 150,000	139,968	289,968
2017	170,000	132,368	302,368
2018	190,000	123,818	313,818
2019	200,000	115,055	315,055
2020	210,000	106,290	316,290
2021 to 2025	1,285,000	376,098	1,661,098
2026 to 2028	970,000	68,308	1,038,308
	$ 3,175,000	1,061,905	4,236,905

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, 2015:

Land acquisition mortgage for $564,251, interest is adjustable at 1% over the Wall Street Journal prime rate, with a floor of 8.5%, payments of $6,123 monthly, maturing September 6, 2016.	$ 330,832
Land acquisition mortgage for $250,000 Interest is 7% per annum, payments of $1,767 per month, maturing September 19, 2015. Secured by a mortgage on the property.	220,001
Land acquisition mortgage for $145,573, interest at 7% per annum, payments of $1,029 per month, maturing September 19, 2015. Secured by a mortgage on the property.	128,105
Total loans payable	$ 678,938

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 54,354	52,672	107,026
2017	295,346	29,862	325,208
2018	329,238	5,874	335,112
	$ 678,938	88,408	767,346

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

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

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

NOTE 5. INTERFUND OPERATING TRANSFERS

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds:		
General Fund	$ -	508,526
Infrastructure Fund	300,000	-
Debt Service Fund	207,026	-
Non-major Funds:		
Other Special Revenue Fund	3,000	1,500
Total	$ 510,026	510,026

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

NOTE 6. PROPERTY TAXES

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

NOTE 7. PERA PENSION PLAN

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

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

Benefits provided – For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014, available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf

NOTE 7. PERA PENSION PLAN (CONTINUED)

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

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.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 $87,236 for the year ended June 30, 2015.

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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement dated June 30, 2014.

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 preformed 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, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 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.

NOTE 7. PERA PENSION PLAN (CONTINUED)

PERA Municipal General Division

For the PERA Municipal General Division, at June 30, 2015, the Village reported a liability of $404,096 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0518%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Municipal General Division pension expense of $50,181. At June 30, 2015, the Village reported PERA Fund Division deferred outflows of resources and deferred inflows of resources of $87,236 and $158,367, respectively, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-
Change of assumption	-	274
Net difference between projected and actual earnings on pension plan investments	-	158,093
Village contributions subsequent to the measurement date	87,236	-
	$ 87,236	158,367

$87,236 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

2016	$ (39,591)
2017	(39,591)
2018	(39,591)
2019	(39,591)
2020	(3)
	$ (158,367)

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, 2013, 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, 2014, 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, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014, actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
– Investment rate of return	7.75% annual rate, net of investment expense
– Payroll growth	3.50% annual rate
– Projected salary increases	3.50% to 14.25% annual rate
– Included inflation at	3.00% annual rate

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

All Funds – Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	21.1 %	5.0 %
International Equity	24.8	5.2
Private Equity	7.0	8.2
Core and Global Fixed Income	26.1	1.9
Fixed Income Plus Sectors	5.0	4.8
Real Estate	5.0	5.3
Real Assets	7.0	5.7
Absolute Return	4.0	4.2
Total	100.0 %	

NOTE 7. PERA PENSION PLAN (CONTINUED)

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

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

PERA Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village's proportionate share of the net pension liability	$ 761,811	404,096	127,743

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

NOTE 8. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

NOTE 9. RISK MANAGEMENT

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

NOTE 10. CONTINGENCIES

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

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, 2015 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 9, 2015, the date the financial statements were available to be issued. Subsequent to June 30, 2015, the Village had the following material subsequent event:

- The Village purchased land in the amount of $109,425.
- The Village purchase property in the amount of $185,000.

NOTE 13. RESTATEMENT OF NET POSITION

During the year ended June 30, 2015, the Village implemented Governmental Accounting Standards Board (*GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No.71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Village has restated the beginning net position by $(512,282) as part of the implementation of this GASB Statement.

In addition, the Municipal street fund was reported as a nonmajor fund in the prior year, but has been reported as a major fund in the current year. Therefore, beginning fund balance for the nonmajor funds has been reduced by $664,915, and major funds has increased by the same amount.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NON-MAJOR FUNDS
June 30, 2015

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2015

	Special Revenue				Capital Projects	
	Corrections	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces	Total Non-major
ASSETS						
Cash and investments	$ 80	-	40,600	50,744	44,423	135,847
LIABILITIES						
Accounts payable	$ -	-	-	579	-	579
Accrued compensation and benefits	-	-	-	2,071	-	2,071
Reversion payable	-	-	20,600	-	-	20,600
Total liabilities	-	-	20,600	2,650	-	23,250
FUND BALANCES						
Restricted for special revenues	80	-	20,000	-	-	20,080
Committed to capital projects	-	-	-	-	44,423	44,423
Assigned to special revenues	-	-	-	48,094	-	48,094
Total fund balances	80	-	20,000	48,094	44,423	112,597
Total liabilities and fund balances	$ 80	-	40,600	50,744	44,423	135,847

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2015

	Special Revenue				Capital Projects	
	Correction	Fire Protection	Law Enforcement Protection	Other Special Revenue	Open Spaces	Total Non-major
Revenues						
Licenses, permits, fees, fines	$ 40	-	-	-	-	40
Non-federal sources						
Intergovernmental	-	106,431	20,000	-	-	126,431
Other	-	-	-	36,613	-	36,613
Total revenues	40	106,431	20,000	36,613	-	163,084
Expenditures						
Current						
Public safety	-	106,431	-	-	-	106,431
Culture and recreation	-	-	-	27,848	-	27,848
Total expenditures	-	106,431	-	27,848	-	134,279
Excess (deficiency) of revenues over expendituresbefore other financing sources	40	-	20,000	8,765	-	28,805
Other Financing Uses						
Operating transfers in	-	-	-	3,000	-	3,000
Operating transfers out	-	-	-	(1,500)	-	(1,500)
Reversion	-	-	(20,600)	-	-	(20,600)
Total other financing sources	-	-	(20,600)	1,500	-	(19,100)
Net change in fund balances	40	-	(600)	10,265	-	9,705
Fund balance, beginning of year	40	-	20,600	37,829	44,423	102,892
Fund balance, end of year	$ 80	-	20,000	48,094	44,423	112,597

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Licenses, permits, fees, fines	$ 80	60	40	(20)
Total revenues	80	60	40	(20)
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	$ 80	60	40	(20)

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 101,936	106,431	106,431	-
Total revenues	101,936	106,431	106,431	-
Expenditures				
Public safety	101,936	106,431	106,431	-
Total expenditures	101,936	106,431	106,431	-
Net change in fund balance	$ -	-	-	-

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 20,000	20,000	20,000	-
Total revenues	20,000	20,000	20,000	-
Expenditures				
Public safety	62,000	62,000	-	62,000
Total expenditures	62,000	62,000	-	62,000
Excess of revenues over expenditures	(42,000)	(42,000)	20,000	62,000
Other Financing Sources				
Transfers in	41,400	41,400	-	(41,400)
Reversion	-	-	-	-
Total other financing sources	41,400	41,400	-	(41,400)
Net change in fund balance	(600)	(600)	20,000	20,600
Prior year cash appropriated	600	600		
	$ -	-		

Non-GAAP change in fund balance	$ 20,000
Change in:	
Reversion Payable	(20,600)
GAAP change in fund balance	$ (600)

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
OTHER SPECIAL REVENUE
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Other	$ 36,767	36,767	36,613	(154)
Total revenues	36,767	36,767	36,613	(154)
Expenditures				
Culture and recreation	50,934	53,542	26,939	26,603
Total expenditures	50,934	53,542	26,939	26,603
(Deficiency) excess of revenues over expenditures	(14,167)	(16,775)	9,674	26,449
Other Financing Sources (Uses)				
Transfers in	2,500	3,000	3,000	-
Transfers out	(1,000)	(1,500)	(1,500)	-
Total other financing sources (uses)	1,500	1,500	1,500	-
Net change in fund balance	(12,667)	(15,275)	11,174	26,449
Prior year cash appropriated	12,667	15,275		
	$ -	-		

Non-GAAP change in fund balance	$ 11,174
Change in:	
Accounts payable	(525)
Accrued compensation and benefits	(384)
GAAP change in fund balance	$ 10,265

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
OPEN SPACES
Year Ended June 30, 2015

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
INFRASTRUCTURE
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	636,916	636,916	262,487	374,429
Total expenditures	636,916	636,916	262,487	374,429
Deficiency of revenues over expenditures before other financing sources	(636,916)	(636,916)	(262,487)	374,429
Other Financing Sources				
Transfer in: Severance tax appropriation	636,916	636,916	262,487	(374,429)
Operating transfers in	300,000	300,000	300,000	-
Total other financing sources	936,916	936,916	562,487	(374,429)
Net change in fund balance	$ 300,000	300,000	300,000	-

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 230,901	233,229	237,334	4,105
Total revenues	230,901	233,229	237,334	4,105
Expenditures				
Debt service	708,166	378,525	378,525	-
Total expenditures	708,166	378,525	378,525	-
Deficiency of revenues over expenditures before other financing sources	(477,265)	(145,296)	(141,191)	4,105
Other Financing Sources				
Operating transfers in	536,667	207,026	207,026	-
Net change in fund balance	$ 59,402	61,730	65,835	4,105
Non-GAAP change in fund balance			$ 65,835	
Change in:				
Accounts receivable			(198)	
GAAP change in fund balance			$ 65,637	

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, 2015

Municipal General Division

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

* The amounts presented were determined as of June 30, 2015. 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, 2015

Municipal General Division

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

* The amounts presented were determined as of June 30, 2015. 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.

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

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of Assumptions – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states, "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of $30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report."

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2015

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Bank of America	Pooled Cash Account	Interest bearing checking	$ 252,348	237,878
Bank of America	Certificate of Deposit	Certificate of deposit	35,167	35,168
Total cash and cash equivalents			287,515	273,046
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			287,515	273,546
NM State Treasurer	Local Government Investment Pool	Investment	9,059,946	9,060,893
Total deposit and investment accounts			$ 9,347,461	9,334,439

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2015

		Bank of America
Deposits at June 30, 2015	$	287,515
Less: FDIC coverage		285,157
Uninsured public funds		2,358
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name		631,842
Uninsured and uncollateralized	$	-
50% pledged collateral requirement per statute	$	1,179
Total pledged collateral		631,842
Pledged collateral over the requirement	$	(630,663)

Pledged collateral at June 30, 2015 consists of the following:

Security	CUSIP	Maturity		Market Value
FNCL Pool - AE0758	3138LQZY3	4/2/2042	$	631,842

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, 2015

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Air Quality Improvement	Village of Los Ranchos City of Albuquerque	City of Albuquerque	To improve the air quality within the Regional Air Quality Control Region 152	04/04 to indefinite	None	$ -	Not stated in the agreement	City of Albuquerque
Fire Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide fire and EMS protection to the Village	09/09/10 to Indefinite	$440,000 per year	$ 559,631	Not stated in the agreement	County of Bernalillo
Code Regulation Services	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To regulate residential and commercial construction located within the geographical boundaries of the Village	10/27/09 to Indefinite	$17,500 per year	$ 17,500	Not stated in the agreement	County of Bernalillo
Law Enforcement Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide law enforcement protection services to the Village	11/14/2013 to Indefinite	$98,300 per year	$ 43,739	Not stated in the agreement	County of Bernalillo
Swift Water Rescue	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide swift water rescue services to the Village	10/08/2007 to Indefinite	None	$ -	Not stated in the agreement	County of Bernalillo
Availability of Group Benefits	Village of Los Ranchos City of Albuquerque	City of Albuquerque	The City of Albuquerque makes available to the Village access to the City's medical, dental, vision, life, short and long-term disability, and other group voluntary benefits	07/01/2013 to indefinite	$800 per year	$ 800	Not stated in the agreement	City of Albuquerque
Sadie's Lane Signage	Village of Los Ranchos County of Bernalillo	County of Bernalillo	The Village agrees to maintain signage on the Village's side of Sadie's Lane.	09/17/2013 to Indefinite	None	$ -	Not stated in the agreement	County of Bernalillo

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF APPROPRIATIONS
June 30, 2015

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
13-1828 NMDOT	09/20/2013	06/30/2017	$ 681,000	306,571	374,429	374,429
Total			$ 681,000	306,571	374,429	374,429

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000
June 30, 2015

RFB#/RFP# State-Wide Price Agreement#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	$ Amount of Amended Contract	Name and Physical Address of ALL Vendor(s) that responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
VCR-FY14-012	Valencia County Price Agreement	Albuquerque Asphalt Inc.	$ 225,634	NA	Albuquerque Asphalt, Inc. 202 94th Street SW Albuquerque, NM 87121	Y	N	Road Improvement
VCR-FY14-012	Valencia County Price Agreement	Albuquerque Asphalt Inc.	$ 79,552	NA	Albuquerque Asphalt, Inc. 202 94th Street SW Albuquerque, NM 87121	Y	N	Road Improvement
VCR-FY14-012	Valencia County Price Agreement	Albuquerque Asphalt Inc.	$ 63,841	NA	Albuquerque Asphalt, Inc. 202 94th Street SW Albuquerque, NM 87121	Y	N	Road Improvement
RFP 2015-2-2	Request for Proposal for Legal Services	Chappell Law Firm, P.A.	Hourly rate expected to exceed $60,000 in a fiscal year	NA	**Navarez Law Firm** P.O. Box 25967 Albuquerque NM 87125-1344 **Chappell Law Firm, P.A.** 6001 Indian School Rd NE Suite 150 Albuquerque NM 87110 **Wiggin, Wiliams, & Wiggins** 1803 Rio Grande BLVD	Chappell-Y Wiggins, Williams, & Wiggins-Y	Navarez-Y	Provide legal services for the Village

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Village of Los Ranchos de Albuquerque, New Mexico (Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated November 9, 2015.

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.

Porch & Associates LLC

Albuquerque, New Mexico
November 9, 2015

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015

Findings from Year Ended June 30, 2014:	**Current Status:**
2014-001 Compliance with IRS Requirements for Forms W-9 and 1099	Resolved

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2015

An exit conference was held on November 19, 2015, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Larry Abraham, Mayor
Mary Homan, Trustee
Nancy Haines, Treasurer
Kelly S. Ward, Administrator
Gil Saavedra, Village Accountant

Porch & Associates LLC

Thad Porch, Partner

* * * * *

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