



VILLAGE OF LOS RANCHOS DE ALBUQUERQUE

Financial Statements and
Supplementary Information

JUNE 30, 2023



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**LIST OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2023**

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

Village Trustees

Donald T. Lopez	Mayor
Sandra Pacheco	Trustee
Allen L. Lewis	Trustee
George Radnovich	Trustee
Gilbert Benavides	Trustee

Administrative Officials

Will Fisher	Village Treasurer
Danielle Sedillo-Molina	Village Clerk, CPO
Tammy Silva	Village CFO
Ann Simon	Village Administrator





FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT





Jaramillo Accounting Group LLC

Certified Public Accountants

Audit, Fraud, Consulting

www.JAG.CPA

INDEPENDENT AUDITOR'S REPORT

**Mr. Donald T. Lopez, Mayor and
the Village Board of Trustees
Village of Los Ranchos de Albuquerque, New Mexico**
Los Ranchos de Albuquerque, New Mexico and

**Mr. Joseph M. Maestas, P.E.
New Mexico State Auditor**
Santa Fe, New Mexico

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Los Ranchos de Albuquerque, New Mexico (the Village), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying 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 as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 10 and the Schedule of the Village's Proportionate Share of the Net Pension Liability, Schedule of the Village's Contributions, and the Notes to Required Supplementary Information on pages 38 - 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual non-major fund financial statements and the Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreement, and Schedule of Capital Appropriations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the Schedule of Deposit and Investment Accounts, Schedule of Pledged Collateral, Schedule of Joint Powers Agreement, and Schedule of Capital Appropriations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 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.

A handwritten signature in black ink, appearing to read "JAG LLC", is positioned above the printed name of the firm.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
December 13, 2023

Management's Discussion & Analysis (Unaudited)

JUNE 30, 2023

This Management's Discussion & Analysis (MD&A) is provided pursuant to the requirement of Statement 34 of the Government Accounting Standards Board (GASB-34). The MD&A introduces the basic financial statements and provides an analytical overview of the organization's financial activities.

FINANCIAL HIGHLIGHTS

- The Village's revenues increased \$1,853,362, or approximately 31% from the prior year.
- The Village's expenses increased \$2,722,328, or approximately 69% from the prior year.
- The Village increased its net position over the prior year by \$1,242,975, a 3% increase.

The Village increased its net position by \$1,242,975, a 3% increase for this fiscal year.

VILLAGE HIGHLIGHTS

The Village Center Project broke ground on November 2, 2022 as an economic catalyst on property acquired as part of the Village Metropolitan Redevelopment Area Plan. The approximately thirteen-acre site is anchored in the Fourth Street and Osuna Road corridor and is expected to draw gross receipts tax from the greater metropolitan area. This development will have a significant economic impact on the County and the Village through retail locations, apartments, and a hotel. The GRT from this project will provide an economic stimulus for the area for many years. Parcels 1-3 have been transferred to the developer in accordance with the Development agreement and the Village has executed the Subdivision Improvements Agreement and received the required bond in the amount of \$1,954,629. Construction is well under way on these parcels and the construction GRT has provided extra income to the Village this year.

The 4th Street Revitalization Project Phase 1 is complete, and funding has been secured through 100% design and right-of-way acquisition for Phase 2. The project is 90% design complete and the Village continues to be successful in applications for the \$27,000,000 needed in construction funding. We are careful to ensure that we can meet all match funding requirements at point of application and for the fiscal year in which they might be funded.

Other capital improvements the Village has developed through our ICIP and Roadway CIP include the Chavez Road Multi-use Trail and significant crack seal and pavement preservation projects funded through New Mexico Department of Transportation project funds and Village matching funds.

The Village has secured funding through a quality of life grant from the State to revitalize Old Village Hall and turn it into a meeting and event space. Additionally, the Village installed a basketball court and two pickle ball courts at Old Village Hall for the community to use. This has brought more people into the Village to use the space.

The Village continues to add programs and improvements to the Larry P. Abraham Agri-Nature Center creating a destination hub for onsite community connection and agricultural education. Ongoing infrastructure projects such as a trail to provide connectivity with City of Albuquerque Open Space with funding secured through the Outdoor Rec Division, and an outdoor kitchen classroom have provided greater opportunities for programming and agritourism.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

1	Government-Wide Financial Statements	Governmental Fund Financial Statements	Notes to Financial Statements	Required Supplementary Information and Other Supplementary Information
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THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities* (on pages 11 and 12) provide information about the activities of the Village as a whole and present a longer-term view of the Village’s finances. *Fund financial statements* start on page 13. For governmental activities, these statements identify activities that were financed in the short-term as well as what remains for future spending. *Fund financial statements* also report the Village’s operations in more detail than the *governmental-wide statements* by providing information about the Village’s most significant funds.

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

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

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

In the *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities*, we only have governmental activities where the Village’s basic services such as General Government, Public Safety, Highways and Streets, 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 8. The fund financial statements begin on page 13 and provide detailed information about the most significant fund-not the Village as a whole. Most funds are required

to be established by State law. However, the Village Trustees establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g., grants received from the State of New Mexico). Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent year(s). These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities*) and governmental funds in reconciliation at the bottom of the fund financial statements.

THE VILLAGE AS A WHOLE

As of June 30, 2023 and 2022, the **Statements of Net Position** of the Village were as follows:

	2023	2022	\$ Change	% Change
Assets				
Cash and investments	\$ 12,221,059	\$ 9,814,164	\$ 2,406,895	25%
Taxes receivable	824,556	668,308	156,248	23%
Other receivables	422,783	-	422,783	N/A
Lease receivables	255,609	315,943	(60,334)	-19%
Capital assets, net of depreciation	40,639,167	42,260,575	(1,621,408)	-4%
Total assets	54,363,174	53,058,990	1,304,184	2%
Deferred outflows of resources	402,340	322,163	80,177	25%
Total liabilities	4,132,790	3,629,024	503,766	14%
Deferred inflows of resources	296,153	658,533	(362,380)	-55%
Total net position	\$ 50,336,571	\$ 49,093,596	\$ 1,242,975	3%

The increase in cash and investments is due to continued efforts to operate on a smaller budget, as well as an increase in state sourced infrastructure funding. The increase in receivables is mainly due to a slight increase in gross receipt taxes. The change in capital assets is due to infrastructure-related additions in the fiscal year and the general depreciation of assets. The implementation of GASB No. 68 and GASB No. 87 required accounting for the outflows and inflows of resources related to pensions and leases.

Governmental Activities

For the years ended June 30, 2023 and 2022, the **Statements of Activities** of the Village were as follows:

	2023	2022	\$ Change	% Change
Program revenues				
Charges for services	\$ 196,944	\$ 115,860	\$ 81,084	70%
Operating grants and contributions	2,172,152	705,028	1,467,124	208%
Capital grants and contributions	278,267	309,268	(31,001)	-10%
General revenues				
Gross receipts tax	4,097,362	3,983,161	114,201	3%
Franchise taxes	388,473	377,164	11,309	3%
Property taxes	329,355	301,711	27,644	9%
Other taxes	38,669	31,183	7,486	24%
Rental income	90,708	163,820	(73,112)	-45%
Interest and investment income	190,554	18,755	171,799	916%
Reversion	237	(237)	-	N/A
Other	133,342	56,988	76,354	134%
Total revenues	7,916,063	6,062,701	1,853,362	31%
Expenses				
General government	3,946,148	1,713,660	2,232,488	130%
Public safety	777,397	805,418	(28,021)	-3%
Highways and streets	921,793	879,009	42,784	5%
Culture and recreation	168,168	457,856	(289,688)	-63%
Health and welfare	872,686	-	872,686	N/A
Interest on long-term debt	(13,104)	94,817	(107,921)	-114%
Total expenses	6,673,088	3,950,760	2,722,328	69%
Change in net position	1,242,975	2,111,941	(868,966)	-41%
Net position beginning balance	49,093,596	46,981,655	2,111,941	4%
Net position ending balance	\$ 50,336,571	\$ 49,093,596	\$ 1,242,975	3%

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

General government – Building permits, excavation/barricade permits, business registrations fee, home occupation fees, parcel permit fees, liquor license fees, Village Vision advertising fees, motor vehicle fees, and State of New Mexico grants.

Public safety – State of New Mexico grants are categorized as operation grants.

Highway and streets – State of New Mexico grants.

Culture and recreation – State of New Mexico grants.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE VILLAGE FUNDS

As of June 30, 2023 and 2022, the **Balance Sheets** of the Village were as follows:

	2023	2022	\$ Change	% Change
Assets				
Cash and cash equivalents	\$ 12,221,059	\$ 9,814,164	\$ 2,406,895	25%
Taxes receivable	824,556	668,308	156,248	23%
Other receivable	422,783	-	422,783	N/A
Lease receivables	255,609	315,943	(60,334)	-19%
Total assets	\$ 13,724,007	\$ 10,798,415	\$ 2,925,592	27%
Liabilities				
Accounts payable	\$ 139,779	\$ 323,417	\$ (183,638)	-57%
Accrued liabilities	34,853	62,051	(27,198)	-44%
Unearned revenue	925,535	447,267	478,268	N/A
Reversion payable	-	237	-	N/A
Total liabilities	1,100,167	832,972	(210,836)	-25%
Deferred inflows from leases	255,609	315,943	-	N/A
Fund Balances				
Restricted	989,102	787,280	201,822	26%
Committed	31,111	31,111	-	N/A
Assigned	2,811,729	1,549,847	1,261,882	81%
Unassigned	8,536,289	7,281,262	1,255,027	17%
Total fund balances	12,368,231	9,649,500	2,718,731	28%
Total liabilities, deferred inflows of resources and fund balances	\$ 13,724,007	\$ 10,798,415	\$ 2,507,895	23%

Although this is a summary of the Village's significant funds, the major increases or decreases were explained in the previous discussion of the change in net position in the "Village as a Whole" section.

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal years ended June 30, 2023 and 2022, and the amount and percentage of increases and decreases in relation to the prior year.

For the years ended June 30, 2023 and 2022, the **Revenues** of the Village were as follows:

	2023	2022	\$ Change	% Change
Taxes	\$ 4,853,859	\$ 4,693,219	\$ 160,640	3%
Licenses, permits, fees and fines	196,944	115,860	81,084	70%
Intergovernmental	2,172,152	705,028	1,467,124	208%
Federal grants	278,267	309,268	(31,001)	-10%
Interest and investment income	190,554	18,755	171,799	916%
Rental income	90,708	163,820	(73,112)	-45%
Other	133,342	56,988	76,354	134%
Total revenues	\$ 7,915,826	\$ 6,062,938	\$ 1,852,888	31%

The 45% decrease in rental income of \$73,112 between fiscal year 2022 to fiscal year 2023 is attributable to the closure and demolishment of rental units in 2022, the results of which are fully realized in 2023, and the expiration of a property lease.

For the years ended June 30, 2023 and 2022, the **Expenditures** of the Village were as follows:

	2023	2022	\$ Change	% Change
General government	\$ 1,345,836	\$ 1,548,448	\$ (202,612)	-13%
Public safety	701,624	749,784	(48,160)	-6%
Highways and streets	176,821	332,037	(155,216)	-47%
Culture and recreation	12,263	343,388	(331,125)	-96%
Health and welfare	872,686	-	872,686	N/A
Debt service	339,396	329,877	9,519	3%
Capital outlay	1,748,706	908,164	840,542	93%
Total expenditures	\$ 5,197,332	\$ 4,211,698	\$ 985,634	23%

The increase in expenditures is due to additional health and welfare activities, as well as increased infrastructure spending. In prior year, the Village made a conscious effort to identify certain projects that could be moved into future fiscal year(s) to offset any lingering effects of the pandemic. Renewed confidence in the economy in the current fiscal year enabled the Village to begin those previously delayed projects.

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 funds that has a legally adopted annual budget to be presented. The budgetary comparison schedules 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.

	2023	2022	\$ Change	% Change
Land	\$ 24,857,999	\$ 26,909,963	\$ (2,051,964)	-8%
Buildings – construction in process	10,248	10,248	-	N/A
Infrastructure – construction in process	1,382,479	9,483,813	(8,101,334)	-85%
Buildings	3,330,808	3,330,808	-	0%
Improvements	800,085	800,085	-	0%
Infrastructure	20,447,667	10,966,274	9,481,393	86%
Furniture, fixtures, and eqpt	407,256	375,339	31,917	9%
Vehicles	237,946	227,058	10,888	5%
Totals	\$ 51,474,488	\$ 52,103,588	\$ (629,100)	-1%

At the end of June 30, 2023, the Village had approximately \$51.5 million invested in capital assets including equipment, buildings, park facilities, and infrastructure assets. The decrease in buildings, infrastructure, and furniture, fixtures, and equipment is due to the removal of land value and the net impact of the transfer of infrastructure construction in process projects (4th Street and agri-nature) to depreciable assets, partially offset by capital asset additions during FY23.

GENERAL OBLIGATION BONDS

On November 19, 2021, the Village issued Series 2021, \$1,900,000 general obligation bonds (Bond Referendum debt). Principal payments are payable annually beginning August 1, 2022 through August 1, 2027, ranging from \$315,000 to \$320,000. The bonds have variable interest rates which range from 0.160% to 0.770%. Interest payments are payable semi-annually on February 1 and August 1 beginning February 1, 2022 through August 1, 2027.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to a decline in rental income revenue, the Village of Los Ranchos will develop the 2024 budget based on adjusted expected receipts. The Village will assess the revenues monthly and do a mid-year adjustment if necessary.

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 Chief Financial Officer at:

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

Basic Financial Statements

STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 12,221,059
Taxes receivable	
Gross receipts	824,556
Property	-
Other receivables	422,783
Lease receivables	255,609
Capital assets, not depreciated	26,250,726
Capital assets, net of accumulated depreciation	<u>14,388,441</u>
Total assets	<u>54,363,174</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	<u>402,340</u>
LIABILITIES	
Accounts payable	139,779
Accrued compensation and benefits	34,853
Unearned revenue	925,535
Accrued interest payable	3,587
Compensated absences, due in one year	67,638
Bonds payable, due in one year	315,000
Bonds payable, due in more than one year	1,270,000
Net pension liability	<u>1,376,398</u>
Total liabilities	<u>4,132,790</u>
DEFERRED INFLOWS OF RESOURCES	
Related to leases	255,609
Related to pensions	<u>40,544</u>
Total deferred inflows of resources	<u>296,153</u>
NET POSITION	
Net investment in capital assets	39,054,167
Restricted for	
Public safety	171,190
Highways and streets	817,912
Debt service	872,984
Unrestricted	<u>9,420,318</u>
Total net position	<u>\$ 50,336,571</u>

See Accompanying Notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

					Net Revenue (Expense) and Changes in Net Position
Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities					
General government	\$ 3,946,148	\$ 196,944	\$ 365,074	\$ -	\$ (3,384,130)
Public safety	777,397	-	1,807,078	-	1,029,681
Highways and streets	921,793	-	-	-	(921,793)
Culture and recreation	168,168	-	-	278,267	110,099
Health and welfare	872,686	-	-	-	(872,686)
Interest on long-term debt	(13,104)	-	-	-	13,104
Total primary government	\$ 6,673,088	\$ 196,944	\$ 2,172,152	\$ 278,267	(4,025,725)
General Revenues					
					4,097,362
					388,473
					329,355
					26,981
					6,684
					5,004
					90,708
					190,554
					237
					133,342
					5,268,700
Change in net position					
					1,242,975
					49,093,596
Net position, ending of year					
					\$ 50,336,571

See Accompanying Notes.

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Municipal Street	American Rescue Plan Act	Infrastructure
ASSETS				
Cash and investments	\$ 7,941,330	\$ 735,716	\$ 931,348	\$ 1,567,224
Taxes receivable				-
Gross receipts	686,435	116,457	-	-
Property	-	-	-	-
Other receivables	-	-	-	414,603
Lease receivable	255,609	-	-	-
Total assets	\$ 8,883,374	\$ 852,173	\$ 931,348	\$ 1,981,827
LIABILITIES				
Accounts payable	\$ 56,623	\$ 34,261	\$ 5,813	\$ 43,082
Accrued compensation and benefits	34,853	-	-	-
Unearned revenue	-	-	925,535	-
Reversion payable	-	-	-	-
Total liabilities	91,476	34,261	931,348	43,082
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Leases	255,609	-	-	-
Total deferred inflows of resources	255,609	-	-	-
FUND BALANCES				
Restricted for				
Special revenue funds	-	817,912	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Committed to				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned to				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	1,938,745
Debt service funds	-	-	-	-
Unassigned				
General fund	8,536,289	-	-	-
Total fund balances	8,536,289	817,912	-	1,938,745
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,883,374	\$ 852,173	\$ 931,348	\$ 1,981,827

See Accompanying Notes.

BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

	Debt Service	Nonmajor Governmental Funds	Total
ASSETS			
Cash and investments	\$ 851,320	\$ 194,121	\$ 12,221,059
Taxes receivable			
Gross receipts	21,664	-	824,556
Property	-	-	-
Other receivables	-	8,180	422,783
Lease receivables	-	-	255,609
Total assets	\$ 872,984	\$ 202,301	\$ 13,724,007
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 139,779
Accrued compensation and benefits	-	-	34,853
Unearned revenue	-	-	925,535
Reversion payable	-	-	-
Total liabilities	-	-	1,100,167
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Leases	-	-	255,609
	-	-	255,609
FUND BALANCES			
Restricted for			
Special revenue funds	-	171,190	989,102
Capital projects funds		-	-
Debt service funds		-	-
Committed to			
Special revenue funds		-	-
Capital projects funds	-	31,111	31,111
Assigned to			
Special revenue funds	-	-	-
Capital projects funds	-	-	1,938,745
Debt service funds	872,984	-	872,984
Unassigned			
General fund	-	-	8,536,289
Total fund balances	872,984	202,301	12,368,231
Total liabilities, deferred inflows of resources, and fund balances	\$ 872,984	\$ 202,301	\$ 13,724,007

See Accompanying Notes.

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

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

Total fund balance - governmental funds		\$ 12,368,231
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		40,639,167
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method.		(3,587)
Long-term liabilities, including compensated absences, bonds payable, and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities consist of:		
Compensated absences	\$ (67,638)	
Bonds payable	(1,585,000)	
Net pension liability	<u>(1,376,398)</u>	(3,029,036)
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.		402,340
Deferred inflows of resources related to pensions are not received in the current period and, therefore, are not reported in the governmental funds.		<u>(40,544)</u>
Net position - governmental activities		<u>\$ 50,336,571</u>

See Accompanying Notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Municipal Street	American Rescue Plan Act	Infrastructure
REVENUES				
Taxes	\$ 4,205,307	\$ 312,513	\$ -	\$ -
Licenses, permits, fees, fines	196,944	-	-	-
Non-federal sources				
Intergovernmental	336,399	-	-	1,602,452
Federal grants	-	-	278,267	-
Interest and investment income	190,554	-	-	-
Rental income	90,708	-	-	-
Other	42,895	-	-	-
Total revenues	5,062,807	312,513	278,267	1,602,452
EXPENDITURES				
Current				
General government	1,317,161	-	-	-
Public safety	496,943	-	10,377	-
Highways and streets	-	13,076	-	163,745
Culture and recreation	12,263	-	-	-
Health and welfare	872,686	-	-	-
Capital outlay	378,727	185,068	267,890	917,021
Debt service				
Cost of issuance	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,077,780	198,144	278,267	1,080,766
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,985,027	114,369	-	521,686
Other Financing Sources (Uses)				
Proceeds on refunded debt	-	-	-	-
Payment refunded bond escrow agent	-	-	-	-
Reversion	-	-	-	237
Operating transfers in	20,000	-	-	750,000
Operating transfers out	(750,000)	-	-	-
Total other financing sources (uses)	(730,000)	-	-	750,237
Net change in fund balance	1,255,027	114,369	-	1,271,923
Fund balance, beginning of year	7,281,262	703,543	-	666,822
Fund balance, end of year	\$ 8,536,289	\$ 817,912	\$ -	\$ 1,938,745

See Accompanying Notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

	Debt Service	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ 329,355	\$ 6,684	\$ 4,853,859
Licenses, permits, fees, fines	-	-	196,944
Non-federal sources			
Intergovernmental	-	233,301	2,172,152
Federal grants	-	-	278,267
Interest and investment income	-	-	190,554
Rental income	-	-	90,708
Other	-	90,447	133,342
Total revenues	329,355	330,432	7,915,826
EXPENDITURES			
Current			
General government	-	28,675	1,345,836
Public safety	-	194,304	701,624
Highways and streets	-	-	176,821
Culture and recreation	-	-	12,263
Health and welfare	-	-	872,686
Capital outlay	-	-	1,748,706
Debt service			
Cost of issuance	17,481	-	17,481
Principal	315,000	-	315,000
Interest	6,915	-	6,915
Total expenditures	339,396	222,979	5,197,332
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(10,041)	107,453	2,718,494
Other Financing Sources (Uses)			
Proceeds from bond issuance	-	-	-
Payment refunded bond escrow agent	-	-	-
Reversion	-	-	237
Operating transfers in	-	-	770,000
Operating transfers out	-	(20,000)	(770,000)
Total other financing sources (uses)	-	(20,000)	237
Net change in fund balance	(10,041)	87,453	2,718,731
Fund balance, beginning of year	883,025	114,848	9,649,500
Fund balance, end of year	\$ 872,984	\$ 202,301	\$ 12,368,231

See Accompanying Notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net change in fund balance - governmental funds **\$ 2,718,731**

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlay exceeded depreciation in the current period.

Depreciation expense	(1,057,535)	
Accumulated depreciation adjustment	65,227	
Exchange of land for economic development	(2,289,200)	
Expenditures for capital assets	<u>1,790,698</u>	(1,490,810)

Accrued interest payable is an expense under the full accrual method and not the modified accrual method.	37,500
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Accrued compensated absences are expensed under the accrual method and not expensed under the modified accrual method.	(9,542)
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	315,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in net pension liability, deferred outflows and deferred inflows of resources.	<u>(327,904)</u>
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Change in net position - governmental activities	<u>\$ 1,242,975</u>
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See Accompanying Notes.

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,255,670	\$ 4,255,670	\$ 4,205,307	\$ (50,363)
Licenses and permits and fees	71,926	71,926	196,944	125,018
Intergovernmental	230,000	230,000	336,399	106,399
Interest and investment income	1,560	1,560	190,554	188,994
Rental income	112,410	112,410	90,708	(21,702)
Other	33,000	33,100	42,895	9,795
Total revenues	4,704,566	4,704,666	5,062,807	358,141
EXPENDITURES				
General government	1,762,580	1,787,090	1,317,161	469,929
Public safety	496,596	496,615	496,943	(328)
Highways and streets	-	-	-	-
Culture and recreation	43,000	43,000	12,263	30,737
Health and welfare	720,328	761,124	872,686	(111,562)
Capital outlay	712,738	862,738	378,727	484,011
Total expenditures	3,735,242	3,950,567	3,077,780	872,787
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)				
	969,324	754,099	1,985,027	1,230,928
Other Financing Sources (Uses)				
Operating transfers in	-	-	20,000	20,000
Operating transfers out	-	-	(750,000)	(750,000)
Net change in fund balance	969,324	754,099	1,255,027	\$ 500,928
Prior year cash appropriated	-	-	-	
	\$ 969,324	\$ 754,099	\$ 1,255,027	
Reconciliation of the Non-GAAP change in fund balance to the GAAP change in fund balance				
Non-GAAP change in fund balance			\$ 1,255,027	
Unbudgeted revenue accruals			-	
Unbudgeted expenditure accruals			-	
GAAP change in fund balance			\$ 1,255,027	

See Accompanying Notes.

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
MUNICIPAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 238,350	\$ 238,350	\$ 312,513	\$ 74,163
Total revenues	238,350	238,350	312,513	74,163
EXPENDITURES				
Highways and streets	253,690	253,690	13,076	240,614
Capital outlay	386,583	386,583	185,068	201,515
Total expenditures	640,273	640,273	198,144	442,129
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)				
	(401,923)	(401,923)	114,369	516,292
Net change in fund balance	(401,923)	(401,923)	114,369	\$ 516,292
Prior year cash appropriated	-	-	-	
	\$ (401,923)	\$ (401,923)	\$ 114,369	
Reconciliation of the Non-GAAP change in fund balance to the GAAP change in fund balance				
Non-GAAP change in fund balance			\$ 114,369	
Unbudgeted revenue accruals			-	
Unbudgeted expenditure accruals			-	
GAAP change in fund balance			\$ 114,369	

See Accompanying Notes.

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
AMERICAN RESCUE PLAN ACT FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Federal Sources	\$ 756,535	\$ 756,535	\$ 278,267	\$ (478,268)
Total revenues	756,535	756,535	278,267	(478,268)
EXPENDITURES				
Public Safety	829,424	825,394	278,267	547,127
Total expenditures	829,424	825,394	278,267	547,127
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)				
	(72,889)	(68,859)	-	68,859
Net change in fund balance	(72,889)	(68,859)	-	\$ 68,859
Prior year cash appropriated	-	-	-	
	\$ (72,889)	\$ (68,859)	\$ -	
Reconciliation of the Non-GAAP change in fund balance to the GAAP change in fund balance				
Non-GAAP change in fund balance			\$ -	
Unbudgeted revenue accruals			-	
Unbudgeted expenditure accruals			-	
GAAP change in fund balance			\$ -	

See Accompanying Notes.

Notes to Financial Statements

JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity. The Village of Los Ranchos de Albuquerque, New Mexico (the Village) was incorporated in 1958 under the laws of the State of New Mexico. The Village operates under a Mayor-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), streets, health and social services, culture and recreation, education, public improvements, and general administrative services.

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

A. Financial Reporting Entity

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are recorded.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

The Village applies the following revenue recognition principles applied to non-exchange transactions:

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

Imposed non-exchange revenues – property taxes are levied and collected by the Bernalillo County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10 and May 10. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

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

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

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

The Village reports the following major governmental funds:

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

Municipal Street Fund. To account for funds used to maintain roads for which the Village has responsibility. Financing sources include gasoline and gross receipts taxes. Expenditures are restricted for the construction and maintenance of Village roads. Authority is NMSA 7-1-6-27.

American Rescue Plan Act (ARPA) Fund. To account for Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funds received under the American Rescue Plan Act of 2021 (ARPA) established by US Congress, 31 CFR Part 35. Funds are designated to provide State, local, and Tribal Governments with financial resources needed to address the public health and economic impacts of the pandemic and maintain vital public services.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

B. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value that is determined by using selected bases. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

The Village does not have an investment policy. Village funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government Investment Pool).

C. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

D. Capital Assets

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

E. Intangible Assets

Intangible assets with indefinite lives are not amortized. Indefinite lived intangible assets, such as water rights, are tested for impairment on an annual basis. There were no intangible assets at year end.

F. Deferred Inflows of Resources

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

G. Pensions – Deferred Inflows and Deferred Outflows or Resources

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

H. Accrued Employee Benefits

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Balances

The Village utilizes fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest-level action to remove or change the constraint.
- Assigned fund balance—amounts the Village intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

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

Major Funds. The Municipal Street Fund has restricted funds of \$817,912 at June 30, 2023. The fund represents gas and gross receipts taxes restricted for road repairs and improvements.

The Infrastructure Fund has assigned funds of \$1,938,745 at June 30, 2023 for the purchase of open space.

The American Rescue Plan Act has a zero fund balance.

The Debt Service Fund has restricted funds of \$872,984 consisting of property tax revenues restricted for debt service payments.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The remaining Special Revenue Funds Restricted balance is \$170,290. The Committed Funds of \$31,111 relate to an Economic Development Plan.

J. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, capital projects, and debt service funds. The Village follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk submits to the Village Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on the 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 Administrator/CFO is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Board of Trustees and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital project funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, 2023, the Village's bank balance total of \$6,515,896, none of which was exposed to credit risk.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution. The detail of the Village's deposit and investment accounts, FDIC insurance, and pledged collateral can be found on Pages 44 and 45.

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

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

Investments. The Village categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village does not have any investments that are measured using level 1, 2, or 3 inputs.

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

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

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 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.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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, 2023 was 22 days for WAM(R), and 86 days for WAM(F).

Credit Quality. The LGIP is rated AAAm.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments & Transfers	Ending Balance
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 26,909,963	\$ 237,237	\$ (2,289,201)	\$ -	\$ 24,857,999
Buildings - construction in process	10,248	-	-	-	10,248
Infrastructure - construction in process	9,483,813	890,934	-	(8,992,268)	1,382,479
Total, not depreciated	36,404,024	1,128,171	(2,289,201)	(8,992,268)	26,250,726
Capital assets, depreciated					
Buildings	3,330,808	-	-	-	3,330,808
Improvements	800,085	-	-	-	800,085
Infrastructure	10,961,274	536,057	-	8,950,336	20,447,667
Furniture, fixtures, and equipment	380,339	83,663	-	(56,746)	407,256
Fire protection equipment	-	-	-	-	-
Vehicles	227,058	42,807	-	(31,919)	237,946
Total, depreciated	15,699,564	662,527	-	8,861,671	25,223,762
Accumulated depreciation for					
Buildings	1,329,321	89,413	-	-	1,418,734
Improvements	530,534	35,173	-	-	565,707
Infrastructure	7,548,475	894,785	-	(61,694)	8,381,566
Furniture, fixtures, and equipment	237,263	30,316	-	(1,252)	266,327
Fire protection equipment	-	-	-	-	-
Vehicles	197,420	7,848	-	(2,281)	202,987
Total, accumulated depreciated, net	9,843,013	1,057,535	-	(65,227)	10,835,321
Total capital assets, depreciated, net	5,856,551	(395,008)	-	8,926,898	14,388,441
Total capital assets, depreciated and non-depreciated, net	\$ 42,260,575	\$ 733,163	\$ (2,289,201)	\$ (65,370)	\$ 40,639,167

NOTE 3. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 15,657
Public safety	75,773
Highways and streets	810,200
Culture and recreation	155,905
Total depreciation expense	\$ 1,057,535

NOTE 4. LONG-TERM OBLIGATIONS

During the year ended June 30, 2023, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation refunding bond - 2021	\$ 1,900,000	\$ -	\$ (315,000)	\$ 1,585,000	\$ 315,000
Net pension liability	796,869	579,529		1,376,398	-
Compensated absences	58,096	85,549	(76,007)	67,638	67,638
Total	\$ 2,754,965	\$ 665,078	\$ (391,007)	\$ 3,029,036	\$ 382,638

General Obligation Bonds. On November 19, 2021, the Village issued Series 2021, \$1,900,000 General Obligation Bonds (Bond Referendum debt) with an interest rate of .5%. The proceeds were used to refund the outstanding balance of \$2,106,205 of the Series 2007 General Obligation Bonds which had interest rates ranging from 4-5%.

The Bonds are due in annual installments beginning August 1, 2022 through August 1, 2027, ranging from \$315,000 to \$320,000. Interest payments are payable semi-annually on February 1 and August 1 beginning February 1, 2022 through August 2027.

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 315,000	\$ 6,896	\$ 321,896
2025	315,000	6,124	321,124
2026	320,000	4,979	324,979
2027	315,000	3,378	318,378
2028	320,000	1,232	321,232
Total	\$ 1,585,000	\$ 22,608	\$ 1,607,608

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

NOTE 4. LONG-TERM OBLIGATIONS (CONTINUED)

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	\$ 20,000	\$ 750,000
Infrastructure Fund	750,000	-
Nonmajor Funds		
Other Special Revenue Fund	-	20,000
Total	\$ 770,000	\$ 770,000

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

NOTE 6. PROPERTY TAXES

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

NOTE 7. PERA PENSION PLAN

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

NOTE 7. PERA PENSION PLAN (CONTINUED)

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least five years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with five or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5% and effective July 1, 2014 employer contributions were raised .05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. The contribution requirements of PERA Fund members are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. The combined employee and employer contribution rates (listed in the table below) are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. The Village's contributions to the Municipal General pension plan for the year ended June 30, 2023 was \$175,575.

See PERA's Annual Comprehensive Financial Report for contribution provided description below.

NOTE 7. PERA PENSION PLAN (CONTINUED)

PERA Contribution Rates and Pension Factors in effect during FY22						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	9.92%	18.24%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.00%	8.50%	7.65%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.80%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	8.50%	10.65%	2.0%	2.0%	90%
Municipal Police Plan 2	7.00%	8.50%	15.65%	2.5%	2.0%	90%
Municipal Police Plan 3	7.00%	8.50%	19.15%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.15%	3.0%	2.5%	90%
Municipal Police Plan 5	16.30%	17.80%	19.15%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	11.00%	11.65%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.00%	11.00%	18.15%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.00%	11.00%	21.90%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.80%	15.80%	21.90%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.20%	19.20%	21.90%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.30%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	9.92%	18.24%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	7.28%	27.37%	3.0%	3.0%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the Village reported a liability of \$1,376,398 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

NOTE 7. PERA PENSION PLAN (CONTINUED)

The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2022. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. The Village's proportion of the net pension liability was based on a projection of the Village long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the Village proportion was 0.0776% which was an increase of 0.0069% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized pension expense of \$372,881. At June 30, 2023, Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,518	\$ 33,473
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	136,216	-
Changes in proportion and differences between contributions and proportionate share of contributions	85,031	7,071
Village contributions subsequent to the measurement date	175,575	-
Total	\$ 402,340	\$ 40,544

\$175,575 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ 63,950
2025	44,577
2026	(29,858)
2027	107,552
2028	-
Total	\$ 186,221

NOTE 7. PERA PENSION PLAN (CONTINUED)

Actuarial Assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND	
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75 % all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic).

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2021 actuarial valuation.

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

All Funds - Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	35.50%	6.35%
Risk reduction and mitigation	19.50%	1.90%
Credit oriented fixed income	15.00%	4.45%
Real assets to include real estate equity	20.00%	5.10%
Multi-risk allocation	10.00%	6.65%
Total	100.00%	

NOTE 7. PERA PENSION PLAN (CONTINUED)

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2023. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Village’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1- percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<u>PERA Municipal General Division</u>			
Village's proportionate share of the net pension liability	\$ 2,082,785	\$ 1,376,398	\$ 789,577

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

NOTE 8. POST-EMPLOYMENT HEALTH CARE PLAN

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

NOTE 9. LEASES

On July 1, 2021, the Village adopted GASB 87, *Leases*. As a result of the implementation of GASB 87, the Village determined that certain leases, as more fully described below, are to be accounted for in these financial statements.

Lessor Leases. The Village has entered into three long-term agreements to lease certain assets to third parties (primarily ground leases with 5-year terms), which have a total initial basis of \$368,044. Under these leases, the vendors paid the Village on a monthly basis, totalling \$60,621 during fiscal year 2023. There are no variable payment components for these leases. The lease receivable is measured as of the date of its inception or, for leases existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate equal to the incremental borrowing rate at the commencement of each lease. In fiscal year 2023, the Village recognized \$60,344 of lease revenue and \$11,540 of interest revenue under the lease. Deferred inflows at June 30, 2023 were \$255,609.

NOTE 10. 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 Statement of Net Position because it is not expected to be liquidated with expendable available financial resources.

NOTE 11. 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 12. CONDUIT DEBT

During the year ending June 30, 2021, the Village issued \$34,915,000 in Educational Facilities Refunding Revenue Bonds (Albuquerque Academy Project), Series 2020. 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 1, 2040. The aggregate amount outstanding at June 30, 2023 is \$34,915,000. A payment of \$635,000 was made on September 1, 2023 and the next payment of \$775,000 is due September 1, 2024.

NOTE 13. TAX ABATEMENTS

The Village has evaluated GASB 77 with regard to tax abatements and has determined that it is not a party to any agreements that abate taxes.

NOTE 14. FIRE PROTECTION AND EMS SERVICES AGREEMENT

The Village is party to an intergovernmental agreement with the County of Bernalillo wherein the County and the Village have mutually agreed that the County will provide Fire and EMS coverage and services, to include fire cause and origin investigations, for the Village. Pursuant to this agreement, the Village is responsible for the maintenance of fire facilities and maintenance and repairs or replacement of buildings systems and structure; specific equipment was transferred to the County upon adoption of the intergovernmental agreement. As compensation for the Fire and EMS services, the Village pays an annual fee of \$453,200.

NOTE 15. NEW ACCOUNTING PRONOUNCEMENT

On July 1, 2022, the Village adopted GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The adoption of this new standard had no effect on these financial statements.



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)

Municipal General Division:

	Fiscal Year Measurement Date	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Village's proportion of the net pension liability		0.0776%	0.0707%	0.0717%	0.0694%	0.0210%	0.0628%	0.0610%	0.0601%	0.0518%
Village's proportionate share of the net pension liability (asset)		\$1,376,398	\$ 796,869	\$ 1,449,937	\$ 1,201,383	\$ 334,818	\$ 862,925	\$ 974,575	\$ 612,772	\$ 404,096
Village's covered payroll		\$ 799,035	\$ 775,202	\$ 709,336	\$ 649,340	\$ 671,491	\$ 617,547	\$ 551,528	\$ 505,885	\$ 498,636
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		172%	103%	204%	185%	50%	140%	177%	121%	81%
Plan fiduciary net position as a percentage of the total plan liability		69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See Notes to Required Supplementary Information.

**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)**

Municipal General Division:

	June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 175,575	\$ 133,962	\$ 124,301	\$ 121,478	\$ 111,694	\$ 108,183	\$ 96,589	\$ 91,448	\$ 87,236
Contributions in relation to the contractually required contribution	175,575	133,962	124,301	121,478	111,694	108,183	96,589	91,448	87,236
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 799,035	\$ 775,202	\$ 709,336	\$ 649,340	\$ 671,491	\$ 617,547	\$ 551,528	\$ 505,885	\$ 498,636
Contributions as a percentage of covered- employee payroll	22.0%	17.3%	17.5%	18.7%	16.6%	17.5%	17.5%	18.1%	17.5%

* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2023

PERA PLAN

Changes in Benefit Terms – The PERA and COLA retirement eligibility benefits changes in recent years are described in Note 1 of PERA’s ACFR. <https://www.saonm.org>

Changes of Benefit Assumptions – The Public Employment Retirement Association of New Mexico Annual Actuarial Valuations as of June 30, 2022 report is available at: <http://www.nmpera.org>



SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
JUNE 30, 2023

SPECIAL REVENUE FUNDS

Corrections. To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a fee which must be paid by all persons violating laws relating to 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 Village's Lavender in the Valley and Growers Market activities, as well as other small grants that the Village does not receive on a regular basis.

Cannabis Regulation Fund. To account for an excise tax imposed on a cannabis retailer that sells cannabis products in this state. The excise tax does not apply to retail sales of medical cannabis products sold to a qualified patient or a primary caregiver who presents a registry identification card issued pursuant to the Lynn and Erin Compassionate Use Act. Authority is Section 7-42-3, NMSA 1978.

CAPITAL PROJECTS FUNDS

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

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue					Capital Projects	Total
	Corrections	Fire Protection	Law Enforcement Protection	Cannabis Regulation	Other Special Revenue	Open Spaces	Nonmajor Governmental Funds
ASSETS							
Cash and investments	\$ 900	\$ -	\$ 9,050	\$ 6,162	\$ 146,898	\$ 31,111	\$ 194,121
Other receivable	-	-	1,272	522	6,386	-	8,180
Total assets	\$ 900	\$ -	\$ 10,322	\$ 6,684	\$ 153,284	\$ 31,111	\$ 202,301
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued compensation and benefits	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Reversion payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
FUND BALANCES							
Restricted for special revenues	900	-	10,322	6,684	153,284	-	171,190
Committed to capital projects	-	-	-	-	-	31,111	31,111
Unassigned	-	-	-	-	-	-	-
Total fund balances	900	-	10,322	6,684	153,284	31,111	202,301
Total liabilities and fund balances	\$ 900	\$ -	\$ 10,322	\$ 6,684	\$ 153,284	\$ 31,111	\$ 202,301

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Corrections	Fire Protection	Law Enforcement Protection	Cannabis Regulation	Other Special Revenue	Open Spaces	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 6,684	\$ -	\$ -	\$ 6,684
Non-federal sources					-		
Intergovernmental	-	159,626	45,000	-	28,675	-	233,301
Other	-	-	-	-	90,447	-	90,447
Total revenues	-	159,626	45,000	6,684	119,122	-	330,432
EXPENDITURES							
Current							
General Government	-	-	-	-	28,675	-	28,675
Public safety	-	159,626	34,678	-	-	-	194,304
Total expenditures	-	159,626	34,678	-	28,675	-	222,979
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	10,322	6,684	90,447	-	107,453
Other Financing Resources (Uses)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(20,000)	-	(20,000)
Total other financing sources (uses)	-	-	-	-	(20,000)	-	(20,000)
Net change in fund balance	-	-	10,322	6,684	70,447	-	87,453
Fund balance, beginning of year	900	-	-	-	82,837	31,111	114,848
Fund balance, end of year	\$ 900	\$ -	\$ 10,322	\$ 6,684	\$ 153,284	\$ 31,111	\$ 202,301



OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2023

Institution	Account Name	Type	Depository Balance	Reconciled Balance
Bank of Albuquerque	Pooled Cash Account	Interest bearing checking	\$ 6,515,896	\$ 6,305,633
N/A	Petty cash	Petty cash	-	600
Total cash and cash equivalents			6,515,896	6,306,233
NM State Treasurer	Local Government Investment Pool	Investment	<u>5,890,174</u>	<u>5,914,826</u>
Total deposit and investment accounts			<u>\$ 12,406,070</u>	<u>\$ 12,221,059</u>

SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2023

	Bank of Albuquerque
Deposits at June 30, 2023	\$ 6,515,896
FDIC coverage	(250,000)
Uninsured public funds	6,265,896
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	7,608,313
Uninsured and uncollateralized	\$ -
50% pledged collateral requirement per state statute	\$ 3,132,948
Total pledged collateral	7,608,313
Pledged collateral (over) the requirement	\$ (4,475,365)

Pledged collateral at June 30, 2023 consists of the following:

Security	CUSIP	Maturity	Market Value
FG G16265 15 YR MBS 3.00	3128MFFE3	7/1/2032	\$ 337,846
FN BF0308 30 YR MBS U3 3.00	3140FXKW1	1/1/2043	847,193
FN BF0308 30 YR MBS U3 3.00	3140FXKW1	1/1/2043	1,906,184
FN BF0308 30 YR MBS U3 3.00	3140FXKW1	1/1/2043	338,877
FR SB8100 15 YR MBS 1.00	3132D57M8	3/1/2036	642,515
FN FM8605 15 YR MBS 1.00	3140XCR34	8/1/2036	1,388,549
FHMS KL06 AFL Floater 1.17329	3137FB4D2	12/25/2029	296,774
FHMS K116 A1 SEQ 0.73	3137FWHS2	3/25/2030	831,466
FHMS K116 A1 SEQ 0.73	3137FWHS2	3/25/2030	415,733
FN BS2031 DUS 1.46	3140LCHH7	5/1/2028	603,176
Total pledged collateral			\$ 7,608,313

The custodian of the pledged securities is Bank of Oklahoma in Oklahoma City, OK.

SCHEDULE OF JOINT POWERS AGREEMENT
JUNE 30, 2023

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
Village of Los Ranchos and County of Bernalillo	County of Bernalillo	To regulate residential and commercial construction located within the geographical boundaries of the Village	10/27/09 to indefinite	\$17,500 per year	\$ -	Not stated in the agreement	County of Bernalillo

SCHEDULE OF CAPITAL APPROPRIATIONS
JUNE 30, 2023

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
CN3193310 (D3310)	8/21/2019	6/30/2023	\$ 900,000	\$ 900,000	\$ -	\$ -
19-D2933	9/9/2019	6/30/2023	250,000	250,000	-	-
20-E2486	2/17/2020	6/30/2024	212,000	212,000	-	-
NMDOT HW2M700024 (D18477)	2/15/2021	2/28/2022	482,687	482,687	-	-
C3212988 (D19128)	10/20/2021	6/30/2025	250,000	-	250,000	-
22-ZG9043 Junior Bill	6/7/2022	6/30/2023	100,000	100,000	-	-
NMDOT HW2LP30030 (D19168)	10/28/2021	6/30/2025	712,500	-	712,500	712,500
NMDOT HW2L300316	5/23/2022	12/31/2023	221,654	221,654	-	-
C3232126	2/7/2023	6/30/2026	400,000	-	400,000	400,000
22-G2762	2/21/2023	6/30/2026	75,000	-	75,000	75,000
Total			<u>\$ 3,603,841</u>	<u>\$ 2,166,341</u>	<u>\$ 1,437,500</u>	<u>\$ 1,187,500</u>



COMPLIANCE SECTION



Jaramillo Accounting Group LLC

Certified Public Accountants

Audit, Fraud, Consulting

www.JAG.CPA

**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***

INDEPENDENT AUDITOR'S REPORT

**Mr. Donald T. Lopez, Mayor and
the Village Board of Trustees
Village of Los Ranchos de Albuquerque, New Mexico**
Los Ranchos de Albuquerque, New Mexico and

**Mr. Joseph M. Maestas, P.E.
New Mexico State Auditor**
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds of the Village of Los Ranchos de Albuquerque, New Mexico (the Village) as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 13, 2023.

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.

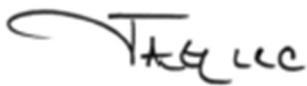
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

A handwritten signature in black ink, appearing to read "JAG LLC", with a stylized flourish above the letters.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
December 13, 2023

Summary Schedule of Prior Audit Findings

JUNE 30, 2023

Financial Statement Findings

None



Schedule of Findings and Responses

JUNE 30, 2023

SECTION I: SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS:

1	Type of auditor's report issued:	Unmodified
2	Internal Control over Financial Reporting	
	· Material Weakness Identified?	No
	· Significant Deficiencies not considered to be material weakness?	No
	· Non-compliance Material to the financial statements noted?	No

SECTION II: FINANCIAL STATEMENT FINDINGS

None

Exit Conference

JUNE 30, 2023

An exit conference was held on December 13, 2023 and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

Donald T. Lopez, Mayor
Sandra Pacheco, Trustee and Mayor Pro Tem
Danielle Sedillo-Molina, Clerk
Joshua O'Halloran, Ag Manager and Acting Administrator
Tammy Silva, Chief Financial Officer

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE, J.M., Managing Partner
Kimberly Mitchell, CPA, Audit Manager

The financial statements were prepared by Jaramillo Accounting Group LLC (JAG) 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.

JARAMILLO ACCOUNTING GROUP LLC (JAG)

CERTIFIED PUBLIC ACCOUNTANTS

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