

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE,
NEW MEXICO**

**Financial Statements, Supplementary Information
and
Independent Auditors' Report**

June 30, 2010

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

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VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

List of Principal Officials June 30, 2010

Village Trustees

Larry Abraham	Mayor
Donald T. Lopez	Mayor Pro-Tem
Mary Homan	Trustee
Tim McDonough	Trustee
Pablo R. Rael	Trustee

Administrative Officials

Kelly S. Ward	Administrator
Nancy Haines	Treasurer
Annabelle Silvas	Village Clerk
Gil Saavedra	Village Accountant

Independent Auditors' Report

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund, of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparison statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2010 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 *Governmental Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of the Village. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Porch & Associates LLC

Albuquerque, New Mexico
October 21, 2010

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2010**

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

FINANCIAL HIGHLIGHTS

- The Village's tax revenues *decreased* \$254,219 or approximately 9% from the prior year. Total Village revenue *decreased* \$494,468 approximately 16% from the prior year.
- The Village's expenses *decreased* \$934,639 or approximately 25% from the prior year.
- The Village increased its net assets by \$2,952,000, an 8.9% increase for this fiscal year.

VILLAGE HIGHLIGHTS

The Board of Trustees, the Mayor and the administration of the Village continue to affirm the intent of the Village founders to maintain the rural character and lifestyle of Los Ranchos. The Village remains committed to providing services and opportunities to residents for a better quality of life. To this end, the following highlights are offered as a summary of the important developments and areas of focus for the Village government.

The protracted nature of the national and state economic recession has placed increased emphasis on managing municipal resources to achieve fiscal sustainability. To that end, the Board of Trustees, the Mayor and the administration have adopted budgets and revenue projections for the past three budget cycles that reflect an acceptance of the economic realities facing the Village of Los Ranchos.

The merge between the Village of Los Ranchos Fire Department and Bernalillo County Fire and Rescue that occurred in 2009 has been completed. The merger has proven beneficial for the community and for the Village's financial health.

The new fire station construction has been delayed because of the discovery soil contamination on the site. The site has undergone remediation and the construction of the station is set to begin on November 1, 2010. Construction time will be 200 days. Total cost of the project is \$1.25 million.

The extension of the Rio Grande bike lanes from Chavez Road to Montano Road was completed in August 2010. Additional improvements included the repaving of Ranchitos and Green Valley Roads.

THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Statement of Net Assets* and the *Government-Wide Statement of Activities* (on pages 10 and 11) 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 12. 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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2010**

than the *government-wide statements* by providing information about the Village's most significant funds.

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

Our analysis of the Village as a whole begins on page 10. 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 Assets* 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.

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

In the *Government-Wide Statement of Net Assets* 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 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds-not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustee's establish 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 Assets* and the *Government-Wide Statement of Activities*) and governmental funds in reconciliation at the bottom of the fund financial statements.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2010**

THE VILLAGE AS A WHOLE

For the year ended June 30, 2010, net assets changed as follows:

	Governmental Activities
Beginning net assets	\$ 33,243,646
Increase (decrease) in net assets	2,952,002
Ending net assets	\$ 36,195,648

	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 3,763,779	2,989,206
Receivables	1,800,023	424,021
Capital assets, net of depreciation	35,357,903	34,564,297
Bond issuance costs, net	57,691	61,068
Total assets	<u>40,979,396</u>	<u>38,038,592</u>
Total liabilities	<u>4,783,748</u>	<u>4,794,945</u>
Total net assets	<u>\$ 36,195,648</u>	<u>33,243,647</u>

The Village spent \$1,086,346 in improvements to the Unser Racing Museum in line with the Challenger Center for Space Science Education. The Village also spent \$618,180 in improvements to several streets in the Village. In addition, \$310,754 was spent on the new fire station. The Village entered into to Intergovernmental Agreement with Bernalillo County Fire Department and ownership of fire protection equipment was transferred over to them in the amount of \$394,647 net of depreciation. This less depreciation expense explains the increase in Capital Assets. The increase in cash and investments is due to the excess of revenues over expenditures. The major increase in receivables is due to an agreement with Bernalillo County to contribute \$1,240,000 to purchase open space land in the Village.

Governmental Activities

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

General government	Building permits, excavation/barricade permits, business registrations fees, home occupation fees, parcel permit fees, liquor license fees, Village Vision advertising fees, motor vehicle fees, and State of New Mexico grants.
Public safety	State of New Mexico grants are categorized as operating grants.
Highway and streets	State of New Mexico grants.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2010**

Culture and recreation State of New Mexico grants.
All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE VILLAGE'S FUNDS

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

Balance Sheet	FYE 2010 Amount	Percent of Total	Increase (Decrease) from 2009	Percent Increase (Decrease)
Assets:				
<i>Cash and cash equivalents</i>	\$ 3,763,779	65.91%	\$ 774,572	25.91%
<i>Receivables</i>	1,800,023	31.52%	1,376,002	324.51%
<i>Due from other funds</i>	146,438	2.57%	129,673	773.47%
<i>Total assets</i>	5,710,240	100.00%	2,280,247	66.48%
Liabilities:				
<i>Accounts payable</i>	232,321	14.10%	141,053	154.55%
<i>Accrued liabilities</i>	29,670	1.80%	(27,735)	(48.31%)
<i>Deferred revenues</i>	1,240,000	75.22%	1,240,000	100.00%
<i>Due to other funds</i>	146,438	8.88%	129,673	773.47%
<i>Total liabilities</i>	1,648,429	100.00%	1,482,991	896.40%
Fund balance:				
<i>General fund</i>	3,405,506	83.84%	694,426	25.61%
<i>Special revenue funds</i>	190,435	4.69%	73,068	62.26%
<i>Capital projects funds</i>	45,062	1.11%	(66,412)	(59.58%)
<i>Debt service funds</i>	420,808	10.36%	96,174	29.63%
<i>Total fund balance</i>	\$ 4,061,811	100.00%	\$ 797,256	24.42%

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 assets in the Village as a Whole section. As mentioned earlier, the increase in cash is due to the excess of revenues over expenditures.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2010**

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 2010 Amount	Percent of Total	Increase (Decrease) from 2009	Percent Increase (Decrease)
<i>Taxes</i>	\$ 2,500,358	54.39%	\$ (256,696)	(9.31%)
<i>Licenses and permits</i>	88,895	1.93%	(40,621)	(31.36%)
<i>Intergovernmental</i>	1,868,849	40.65%	(1,545,612)	(45.27%)
<i>Interest income</i>	5,480	0.12%	(77,214)	(93.37%)
<i>Other income</i>	133,703	2.91%	(97,776)	(42.24%)
<i>Total Revenues</i>	\$ 4,597,285	100.00%	\$ (2,017,919)	(30.50%)

The downturn in the economy is the primary reason for the decrease in tax revenues and licenses and permits revenues. The return on investments has also suffered due to economical conditions. The decrease in intergovernmental and other income is mainly due to non-reoccurring revenues available in 2009 that were not available in 2010.

Expenditures:	FYE 2010 Amount	Percent of Total	Increase (Decrease) from FYE 2009	Percent Increase (Decrease)
<i>General government</i>	\$ 802,686	19.45%	\$ (249,599)	(23.72%)
<i>Public safety</i>	712,637	17.27%	(605,885)	(45.95%)
<i>Highway and streets</i>	105,275	2.55%	26,336	33.36%
<i>Culture and recreation</i>	81,093	1.97%	(9,709)	(10.69%)
<i>Debt service</i>	303,487	7.35%	30,970	11.36%
<i>Capital outlay</i>	2,121,539	51.41%	(6,717,883)	(76.00%)
<i>Total Expenditures</i>	\$ 4,126,717	100.00%	\$ (7,525,770)	(64.58%)

The most significant decrease in expenditures was in capital outlays. This is because in 2009 the Village spent 7.7 million dollars on the acquisition of land for open space and for the Village Center Development Project. The other significant decrease in expenditures was in public safety. This is due to the Village entering into an Intergovernmental Agreement with Bernalillo County Fire Department to provide the Village with fire protection and emergency medical services. General government expenditures decreased due mainly to a reduction in professional services in 2010 along with a reduction in payroll costs.

BUDGETARY HIGHLIGHTS

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

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

June 30, 2010

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

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

CAPITAL ASSETS

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

	Governmental Activities	
	2010	2009
Land	\$ 20,885,227	\$ 20,885,227
Buildings – construction in process	488,880	253,335
Infrastructure – construction in process	58,862	109,436
Buildings	3,374,541	3,103,359
Improvements	1,187,750	1,082,094
Infrastructure	9,293,772	8,625,017
Furniture, fixtures and equipment	3,593,642	2,899,072
Fire protection equipment	348,861	981,586
Vehicles	376,264	343,019
TOTALS	\$ 39,607,799	\$ 38,282,145

At the end of June 30, 2010, the Village had approximately \$39.6 million invested in capital assets including police and fire equipment, buildings, park facilities, and infrastructure assets. The major increases in net assets are in furniture, fixtures, and equipment, and infrastructure. The increase in equipment is due to the purchase of a Challenger Center Simulator and related hardware along with other improvements for the Unser Racing Museum. The increase in infrastructure is due to the improvements made to several Village streets.

GENERAL OBLIGATION BONDS

In August of 2007 the Village of Los Ranchos issued \$3,600,000 in general obligation bonds. A 1 mil property tax was imposed to repay the debt. Collection on property taxes has gone well thus far and the Village now estimates having to transfer approximately \$1,200,000 from the General Fund, over the 20 year term, to repay the debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2010 - 2011 general fund budget revenues were basically left the same as 2010 actual amounts except for non-reoccurring revenues. General fund expenditures were increased over the 2009 - 2010 actual amounts for inflation. Although we have increased expenditures for 2011, we will see a small overall decrease in total expenditures because of the reduction in fire protection costs due to the Intergovernmental Agreement with Bernalillo County Fire Department. We have increased the amount of capital outlay project expenditures from 2010

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2010**

expenditures. We are also increasing the amount of transfers out from the general fund. The increase is due to capital infrastructure projects and setting funds aside for open space.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities
ASSETS	
Cash and investments	\$ 3,763,779
Receivables	
Taxes	
Property	4,452
Gross receipts	150,024
Gas	2,077
Franchise	35,264
Grants	1,608,206
Capital assets, not depreciated	21,432,969
Capital assets, net of accumulated depreciation	13,924,934
Bond issuance costs, net of amortization	57,691
	<hr/>
Total assets	40,979,396
	<hr/>
LIABILITIES	
Accounts payable	232,321
Accrued compensation and benefits	29,670
Accrued interest payable	69,527
Compensated absences, due in one year	15,540
Long-term liabilities, due in one year	77,279
Long-term liabilities, due in more than one year	4,359,411
	<hr/>
Total liabilities	4,783,748
	<hr/>
NET ASSETS	
Invested in capital assets, net of related debt	30,921,213
Restricted for culture and recreation	1,240,000
Unrestricted	4,034,435
	<hr/>
Total net assets	\$ 36,195,648
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Functions/Programs</u>	Expenses	Program Revenues			Net Revenue (Expense and Changes in Net Assets)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities					
General government	\$ 835,869	88,895	147,906	1,581,061	981,993
Public safety	720,628	-	132,926	-	(587,702)
Highways and streets	563,750	-	-	-	(563,750)
Culture and recreation	464,743	-	1,475	1,245,481	782,213
Interest on long-term debt	232,334	-	-	-	(232,334)
Total primary government	<u>2,817,324</u>	<u>88,895</u>	<u>282,307</u>	<u>2,826,542</u>	<u>380,420</u>
General Revenues					
Gross receipts taxes					2,016,273
Franchise taxes					264,788
Property taxes					192,635
Motor vehicle registration					21,488
Gasoline taxes					5,004
Cigarette taxes					170
Interest and investment income					5,480
Transfers in: Severance tax appropriation					326,688
Loss on the disposal of capital assets					(394,647)
Other					133,703
Total general revenues					<u>2,571,582</u>
Change in net assets					<u>2,952,002</u>
Net assets, beginning					33,243,646
Net assets, ending					<u>\$ 36,195,648</u>

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 3,119,492	-	416,356	227,931	3,763,779
Receivables					
Taxes					
Property	-	-	4,452	-	4,452
Gross receipts	142,272	-	-	7,752	150,024
Gas	-	-	-	2,077	2,077
Franchise	35,264	-	-	-	35,264
Grants	-	1,608,206	-	-	1,608,206
Due from other funds	146,438	-	-	-	146,438
Total assets	\$ 3,443,466	1,608,206	420,808	237,760	5,710,240
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 8,290	221,329	-	2,702	232,321
Accrued compensation and benefits	29,670	-	-	-	29,670
Deferred revenue	-	1,240,000	-	-	1,240,000
Due to other funds	-	146,438	-	-	146,438
Total liabilities	37,960	1,607,767	-	2,702	1,648,429
FUND BALANCES					
Unreserved, undesignated reported in:					
General fund	3,405,506	-	-	-	3,405,506
Special revenue funds	-	-	-	190,435	190,435
Capital projects funds	-	439	-	44,623	45,062
Debt service funds	-	-	420,808	-	420,808
Total fund balances	3,405,506	439	420,808	235,058	4,061,811
Total liabilities and fund balances	\$ 3,443,466	1,608,206	420,808	237,760	5,710,240

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010

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

Total fund balance - governmental funds	\$ 4,061,811
Debt issuance costs are capitalized and amortized under the full accrual method, but not the modified accrual method	57,691
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method	(69,527)
Accrued compensated absences not payable from current revenues	(15,540)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds	1,240,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	35,357,903
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(4,436,690)</u>
Net assets - governmental activities	<u><u>\$ 36,195,648</u></u>

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 2,177,053	-	192,635	130,670	2,500,358
Licenses, permits, fees, fines	88,895	-	-	-	88,895
Non-federal sources					
Intergovernmental	147,906	1,586,542	-	134,401	1,868,849
Interest and investment income	5,480	-	-	-	5,480
Other	128,014	-	-	5,689	133,703
Total revenues	2,547,348	1,586,542	192,635	270,760	4,597,285
Expenditures					
Current					
General government	802,686	-	-	-	802,686
Public safety	628,140	-	-	84,497	712,637
Highways and streets	67,917	37,358	-	-	105,275
Culture and recreation	67,917	5,482	-	7,694	81,093
Debt service	-	-	303,487	-	303,487
Capital outlay	75,004	2,046,535	-	-	2,121,539
Total expenditures	1,641,664	2,089,375	303,487	92,191	4,126,717
(Deficiency) excess of revenues over expenditures before other financings sources	905,684	(502,833)	(110,852)	178,569	470,568
Other Financing Sources (Uses)					
Transfers in: severance tax appropriation	-	326,688	-	-	326,688
Operating transfers in	-	109,733	407,026	-	516,759
Operating transfers out	(211,258)	-	(200,000)	(105,501)	(516,759)
Total other financing sources	(211,258)	436,421	207,026	(105,501)	326,688
Net change in fund balances	694,426	(66,412)	96,174	73,068	797,256
Fund balance, beginning of year	2,711,080	66,851	324,634	161,990	3,264,555
Fund balance, end of year	\$ 3,405,506	439	420,808	235,058	4,061,811

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

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

Net changes in fund balances - governmental funds **\$ 797,256**

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

Depreciation expense	(933,287)	
Capital outlay	2,121,540	
Excess of capital outlay over depreciation expense		1,188,253

Losses on capital assets are not recorded in the governmental funds (394,647)

Accrued interest payable is an expense under the full accrual method, and not the modified accrual method 5,784

Deferred revenue is recorded as income under the accrual method, and not the modified accrual method 1,240,000

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. 49,987

Bond issuance costs are an expense under the full accrual method, and not the modified accrual method (3,377)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds 68,746

Change in net assets - governmental activities **\$ 2,952,002**

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,146,231	2,015,214	2,195,130	179,916
Licenses and permits and fees	89,625	91,106	88,895	(2,211)
Intergovernmental	127,600	181,976	202,282	20,306
Interest and investment income	-	5,293	5,480	187
Other	111,680	108,182	128,014	19,832
Total revenues	2,475,136	2,401,771	2,619,801	218,030
Expenditures				
General government	923,708	878,166	804,156	74,010
Public safety	1,023,989	661,036	661,036	-
Highways and streets	63,374	70,692	67,817	2,875
Culture and recreation	63,374	70,692	67,817	2,875
Capital outlay	69,243	112,729	75,657	37,072
Total expenditures	2,143,688	1,793,315	1,676,483	116,832
(Deficiency) excess of revenues over expenditures	331,448	608,456	943,318	334,862
Other financing uses				
Operating transfers out	(285,253)	(293,673)	(211,258)	82,415
Net change in fund balance	\$ 46,195	314,783	732,060	417,277
Non-GAAP change in fund balance			\$ 732,060	
Change in:				
Accounts receivable			(74,340)	
Accounts payable			8,970	
Accrued compensation and benefits			27,736	
GAAP change in fund balance			\$ 694,426	

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2010.

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

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

A. Financial Reporting Entity (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

A. Financial Reporting Entity (Continued)

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

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

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

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to the, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent period when both revenue recognition criteria methods are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The Village reports the following major governmental funds:

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Cash and Investments

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

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

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

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

C. Prepaid Items

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

D. Property and Equipment

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Property and Equipment (Continued)

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

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

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

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

E. Intangible Assets

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

F. 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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Equity

Reserves represent those portions of fund equity appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Fund equity and net assets were reported as follows:

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Village.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are 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.

I. Interfund Transactions

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

J. 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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

J. Budgetary Information (Continued)

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 Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council 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.

K. 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.

L. Implementation of New Accounting Standards

During the year ended June 30, 2010, the Village adopted Government Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51). GASB 53 and GASB 51 will not have a material impact on the Village's financial statements.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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, 2010, the Village's bank balance total of \$304,943 was exposed to credit risk in the amount of \$20,337 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 20,337</u>
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

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

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

Investments

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

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

During the year ending June 30, 2009, the New Mexico State Treasurers office placed \$169,531 of the Village's LGIP investment into a contingency account. The Village recovered funds from the account during the year ending June 30, 2010, leaving a contingency account balance of \$27,371. The funds are not accessible by the Village. The funds may be used to cover losses from the failure of a money market in which the LGIP was invested. The Village does not know if the money will be returned.

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 auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Interest Rate Risk – The LGIP's policy is to invest in securities with an average maturity of less than 182 days, or a 0.5 yearly average term. The LGIP's weighted average maturity at June 30, 2010 was 50 days.

Credit Quality – The LGIP is rated AAAM.

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance	Additions	Deletions	Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 20,885,227	-	-	20,885,227
Buildings - construction in process	253,336	319,361	(83,817)	488,880
Infrastructure - construction in process	109,436	33,113	(83,687)	58,862
Total, not depreciated	\$ 21,247,999	352,474	(167,504)	21,432,969
Capital assets, depreciated				
Buildings	\$ 3,103,359	271,182	-	3,374,541
Improvements	1,082,094	105,656	-	1,187,750
Infrastructure	8,625,017	668,755	-	9,293,772
Furniture, fixtures and equipment	2,899,072	836,978	(142,408)	3,593,642
Fire protection equipment	981,585	-	(632,724)	348,861
Vehicles	343,019	53,999	(20,754)	376,264
Total, depreciated	17,034,146	1,936,570	(795,886)	18,174,830
Accumulated depreciation for:				
Buildings	496,224	77,863	-	574,087
Improvements	578,838	56,718	-	635,556
Infrastructure	859,216	450,166	-	1,309,382
Furniture, fixtures and equipment	977,008	294,899	(120,429)	1,151,478
Fire protection equipment	583,814	4,125	(260,056)	327,883
Vehicles	222,748	49,516	(20,754)	251,510
Total accumulated depreciation	3,717,848	933,287	(401,239)	4,249,896
Total capital assets, depreciated, net	\$ 13,316,298	1,003,283	(394,647)	13,924,934
Total capital assets, depreciated and non-depreciated, net	\$ 34,564,297	1,355,757	(562,151)	35,357,903

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

Governmental activities	
General government	\$ 32,093
Public safety	51,110
Highways and streets	462,454
Culture and recreation	387,630
Total depreciation expense	\$ 933,287

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3. CAPITAL ASSETS

During the year under audit the Village entered into an intergovernmental agreement with the County of Bernalillo (County). As part of the agreement, the Village transferred most of its fire trucks and equipment to the County, and the County agreed to provide fire protection services to the Village. The Village recognized a loss on the transfer of equipment in the amount of \$394,647.

NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2010, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,570,000	-	(35,000)	3,535,000	40,000
Loans	935,436	-	(33,746)	901,690	37,279
Compensated absences	65,527	20,849	(70,836)	15,540	15,540
Total	\$ 4,570,963	20,849	(139,582)	4,452,230	92,819

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

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

Year Ending June 30	Principal	Interest	Total
2011	\$ 40,000	159,680	199,680
2012	45,000	157,661	202,661
2013	50,000	155,405	205,405
2014	100,000	151,843	251,843
2015	125,000	146,499	271,499
2016 to 2020	920,000	617,498	1,537,498
2021 to 2025	1,285,000	376,098	1,661,098
2026 to 2028	970,000	68,310	1,038,310
	\$ 3,535,000	1,832,994	5,367,994

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

Bond issuance costs in the amount of \$49,107, and bond discounts in the amount of \$18,433 have been capitalized and will be amortized over the life of the bonds. The amount of amortization for the year ended June 30, 2010 was \$3,377.

Loans. The Village financed land purchases using commercial loans and mortgages. The following notes are outstanding at June 30, 2010:

Land acquisition mortgage for \$564,251, interest is adjustable at 1% over the Wall Street Journal prime rate, with a floor of 8.5%, payments of \$6,123 monthly, maturing September 6, 2011.	\$ 516,522
Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2011.	243,424
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2011.	<u>141,744</u>
Total loans payable	<u>\$ 901,690</u>

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 37,279	69,747	107,026
2012	<u>864,411</u>	<u>17,451</u>	<u>881,862</u>
	<u>\$ 901,690</u>	<u>87,198</u>	<u>988,888</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

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

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

NOTE 5. INTERFUND BALANCES

Interfund balances at June 30, 2010 consisted of the following amounts:

Due from the Infrastructure fund to:

General fund	<u>\$ 146,473</u>
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The purpose of the interfund balance was to cover a negative allocated cash balance in the Infrastructure fund.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6. INTERFUND OPERATING TRANSFERS

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds		
General Fund	\$ -	211,258
Infrastructure Fund	109,733	-
Debt Service Fund	407,026	200,000
Non-major Funds		
Municipal Street Fund	-	105,501
Total	<u>\$ 516,759</u>	<u>516,759</u>

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

NOTE 7. PROPERTY TAXES

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

NOTE 8. PERA PENSION PLAN

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 8. PERA PENSION PLAN (CONTINUED)

Funding Policy. Fire department employees are required to contribute 16.2% of their gross salary and the Village is required to make a matching contribution of 21.25%. All other plan members are required to contribute 9.15% of their gross salary and the Village is required to make a matching contribution of 9.15%.

The contribution requirements of plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the year ending June 30, 2010, 2009, and 2008 was \$105,336, \$251,046 and \$211,479, equal to the amount of the required contributions for each year.

NOTE 9. RETIREE HEALTH CARE ACT

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 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 General Long-Term Debt Account Group 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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 12. DEFICIT FUND BALANCE

The Village had a deficit fund balance of \$750 in the Emergency Medical Services fund. The deficit was caused by the receipt for a bill for services performed in 2008. A transfer to the fund has not been made to cover the expenditure, thus leading to a deficit. Money will be transferred to the fund to increase the fund balance and eliminate the deficit.

NOTE 13. SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the following major subsequent events occurred:

- The Village issued \$36,000,000 in Educational Facilities Refunding and Improvement Revenue Bonds (Albuquerque Academy Project), Series 2010. The bonds are special limited obligations of the Village. The bond ordinance adopted by the Village in connection with the issuance of the bonds provide that the bonds shall never constitute the debt or indebtedness of the Village and shall not constitute or give rise to a pecuniary liability of the Village or a charge against its general credit or taxing powers. The Albuquerque Academy has guaranteed the payment of principal and interest on the bonds.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NON-MAJOR FUNDS
June 30, 2010

SPECIAL REVENUE FUNDS

Emergency Medical Services (EMS). To account for EMS grant money and expenditures related to the emergency medical technicians unit. Authority is NMSA 24-10A-1 to 24-10A-10.

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

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

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

RMP Fund. To account for the funds given to the Village for the purchase of a fire vehicle.

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

CAPITAL PROJECTS FUNDS

Recreational Building. To account for the design and construction of a community center, bike trails, and tennis courts. Financing was provided by special state appropriation money and matching from the general fund.

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2010

	Special Revenue					Capital Projects		Total Non-major	
	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Municipal Street	RMP	Other Special Revenue	Recreational Building		Open Spaces
ASSETS									
Cash and investments	\$ 70	30,857	22,400	96,254	23,042	10,685	200	44,423	227,931
Receivables									
Gross receipts	-	-	-	7,752	-	-	-	-	7,752
Gas	-	-	-	2,077	-	-	-	-	2,077
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	\$ 70	30,857	22,400	106,083	23,042	10,685	200	44,423	237,760
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 820	290	-	-	-	1,592	-	-	2,702
Total liabilities	820	290	-	-	-	1,592	-	-	2,702
FUND BALANCES									
Unreserved, undesignated, special revenues	(750)	30,567	22,400	106,083	23,042	9,093	-	-	190,435
Unreserved, undesignated, capital projects	-	-	-	-	-	-	200	44,423	44,623
Total fund balances	(750)	30,567	22,400	106,083	23,042	9,093	200	44,423	235,058
Total fund balances	\$ 70	30,857	22,400	106,083	23,042	10,685	200	44,423	237,760

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2010

	Special Revenue					Capital Projects			Total Non-major
	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Municipal Street	RMP	Other Special Revenue	Recreational Building	Open Spaces	
Revenues									
Taxes	\$ -	-	-	130,670	-	-	-	-	130,670
Non-federal sources									
Intergovernmental	29,000	81,526	22,400	-	-	1,475	-	-	134,401
Other	-	-	-	-	-	5,689	-	-	5,689
Total revenues	29,000	81,526	22,400	130,670	-	7,164	-	-	270,760
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	30,064	50,959	-	-	-	3,474	-	-	84,497
Culture and recreation	-	-	-	-	-	7,694	-	-	7,694
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	30,064	50,959	-	-	-	11,168	-	-	92,191
Excess (deficiency) of revenues over expenditures before other financing sources	(1,064)	30,567	22,400	130,670	-	(4,004)	-	-	178,569
Other Financing Uses									
Operating transfers out	-	-	-	(105,501)	-	-	-	-	(105,501)
Net change in fund balances	(1,064)	30,567	22,400	25,169	-	(4,004)	-	-	73,068
Fund balance, beginning of year	314	-	-	80,914	23,042	13,097	200	44,423	161,990
Fund balance, end of year	\$ (750)	30,567	22,400	106,083	23,042	9,093	200	44,423	235,058

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 29,000	29,000	29,000	-
Total revenues	29,000	29,000	29,000	-
Expenditures				
Public safety	29,314	29,314	29,244	70
Total expenditures	29,314	29,314	29,244	70
Net change in fund balance	(314)	(314)	(244)	70
Prior year cash appropriated	314	314		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ (244)	
Change in:				
Accounts payable			<u>(820)</u>	
GAAP change in fund balance			<u>\$ (1,064)</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 61,667	81,526	81,526	-
Total revenues	61,667	81,526	81,526	-
Expenditures				
Public safety	61,667	81,526	50,669	30,857
Total expenditures	61,667	81,526	50,669	30,857
Net change in fund balance	\$ -	-	30,857	30,857
Non-GAAP change in fund balance			\$ 30,857	
Change in:				
Accounts payable			<u>(290)</u>	
GAAP change in fund balance			<u>\$ 30,567</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 22,400	22,400	22,400	-
Total revenues	22,400	22,400	22,400	-
Expenditures				
Capital outlay	22,400	22,400	-	22,400
Total expenditures	22,400	22,400	-	22,400
Net change in fund balance	\$ -	-	22,400	22,400

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
MUNICIPAL STREET
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 129,174	122,943	132,148	9,205
Total revenues	<u>129,174</u>	<u>122,943</u>	<u>132,148</u>	<u>9,205</u>
Other Financing Uses				
Transfers out	198,780	192,549	105,501	87,048
Total other financing uses	<u>198,780</u>	<u>192,549</u>	<u>105,501</u>	<u>87,048</u>
Net change in fund balance	(69,606)	(69,606)	<u>26,647</u>	<u>87,048</u>
Prior year cash appropriated	69,606	69,606		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 26,647	
Change in:				
Accounts receivable			<u>(1,478)</u>	
GAAP change in fund balance			<u>\$ 25,169</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RMP
Year Ended June 30, 2010

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
OTHER SPECIAL REVENUE
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 35,908	1,617	1,475	(142)
Other	5,975	5,739	5,689	(50)
Total revenues	41,883	7,356	7,164	(192)
Expenditures				
Public safety	3,474	3,474	3,474	-
Culture and recreation	8,442	8,615	6,863	1,752
Capital outlay	35,000	-	-	-
Total expenditures	46,916	12,089	10,337	1,752
Net change in fund balance	(5,033)	(4,733)	(3,173)	<u>1,560</u>
Prior year cash appropriated	5,033	4,733	3,173	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (3,173)	
Change in:				
Accounts payable			<u>(831)</u>	
GAAP change in fund balance			<u>\$ (4,004)</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATIONAL BUILDING
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 56,435	-	-	-
Total revenues	56,435	-	-	-
Expenditures				
Capital outlay	56,635	200	-	200
Total expenditures	56,635	200	-	200
Net change in fund balance	(200)	(200)	-	200
Prior year cash appropriated	200	200		
	<u>\$ -</u>	<u>-</u>		

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
OPEN SPACES
Year Ended June 30, 2010

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
INFRASTRUCTURE
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 3,833,539	3,609,567	1,589,835	(2,019,732)
Total revenues	3,833,539	3,609,567	1,589,835	(2,019,732)
Expenditures				
Highways and streets	37,797	37,797	37,358	439
Culture and recreation	14,545	5,481	5,482	(1)
Capital outlay	4,041,438	3,828,720	1,898,450	1,930,270
Total expenditures	4,093,780	3,871,998	1,941,290	1,930,708
Deficiency of revenues over expenditures before other financing sources	(260,241)	(262,431)	(351,455)	(89,024)
Other Financing Sources				
Transfer in: Severance tax appropriation	-	-	112,049	112,049
Operating transfers in	277,006	279,196	109,733	(169,463)
Total other financing sources	277,006	279,196	221,782	(57,414)
Net change in fund balance	\$ 16,765	16,765	(129,673)	(146,438)
Non-GAAP change in fund balance			\$ (129,673)	
Change in:				
Accounts receivable			1,451,346	
Accounts payable			(148,085)	
Deferred revenue			(1,240,000)	
GAAP change in fund balance			\$ (66,412)	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes - property	\$ 195,030	201,954	192,160	(9,794)
Total revenues	195,030	201,954	192,160	(9,794)
Expenditures				
Debt service	303,487	303,487	303,487	-
Total expenditures	303,487	303,487	303,487	-
Excess (deficiency) of revenues over expenditures before other financing sources	(108,457)	(101,533)	(111,327)	(9,794)
Other Financing Sources (Uses)				
Proceeds from the issuance of debt	-	-	-	-
Operating transfers in	207,026	407,026	407,026	-
Operating transfers out	-	(200,000)	(200,000)	-
Total other financing sources (uses)	207,026	207,026	207,026	-
Net change in fund balance	\$ 98,569	105,493	95,699	(9,794)
Prior year cash appropriated				
Non-GAAP change in fund balance			\$ 95,699	
Change in:				
Accounts receivable			475	
GAAP change in fund balance			\$ 96,174	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2010

<u>Depository</u>	<u>Account Name</u>	<u>Type</u>	<u>Depository Balance</u>	<u>Reconciled Balance</u>
Bank of America	Pooled Cash Account	Checking	\$ 270,337	249,410
Bank of America	Certificate of Deposit	CD	34,606	34,606
Total cash and cash equivalents			<u>304,943</u>	<u>284,016</u>
Petty Cash	Water		-	400
Total cash and cash equivalents			<u>304,943</u>	<u>284,416</u>
NM State Treasurer	Local Government Investment Pool	Investment	3,451,992	3,451,992
NM State Treasurer	Reserve Contingency - Water Fund	Investment	27,371	27,371
			<u>3,479,363</u>	<u>3,479,363</u>
Total deposit and investment accounts			<u><u>\$ 3,784,306</u></u>	<u><u>3,763,779</u></u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2010

	Bank of America
Deposits at June 30, 2010	\$ 304,943
Less: FDIC coverage	284,606
Uninsured public funds	20,337
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	132,781
Uninsured and uncollateralized	\$ -
50% pledged collateral requirement per statute	\$ 10,169
Total pledged collateral	265,561
Pledged collateral over the requirement	\$ (255,393)

Pledged collateral at June 30, 2010 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - 995023	31416BLC0	8/31/1937	\$ 265,561

The custodian of the pledged securities is Bank of America in Charlotte, North Carolina.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2010

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Law Enforcement Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide law enforcement protection to the Village	Indefinite	\$311,766 annually plus overtime and a 3% administrative fee	\$ 20,533	Not stated in the agreement	County of Bernalillo
Air Quality Improvement	Village of Los Ranchos City of Albuquerque	City of Albuquerque	To improve the air quality within the Regional Air Quality Control Region 152	04/04 to indefinite	None	\$ -	Not stated in the agreement	City of Albuquerque
Fire Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide fire protection to the Village	09/09/10 to Indefinite	Maintain fire station \$440,000 per year	\$ 345,000	Not stated in the agreement	County of Bernalillo

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF APPROPRIATIONS
JUNE 30, 2010

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
04-L-777	09/22/2004	06/30/2009	10,000	8,140	-	-
04-L-781	09/22/2004	06/30/2009	20,000	13,378	-	-
05-L-1676	05/23/2005	06/30/2010	30,000	20,936	-	-
05-L-254	04/18/2006	06/30/2010	600,000	594,000	-	-
06-L-308	09/09/2006	06/30/2010	400,000	396,000	-	-
06-L-310	09/09/2006	06/30/2010	600,000	144,221	-	-
06-L-310 GA 02668	02/09/2010	06/30/2010	449,779	186,846	262,933	-
06-L-341	09/09/2006	06/30/2009	55,000	54,376	-	-
06-L-1498	05/19/2006	06/30/2010	25,000	24,092	-	-
07-L-5070	04/27/2007	06/30/2011	500,000	-	-	-
07-L-5072	04/27/2007	06/30/2011	605,000	129,626	-	-
07-L-5072 GA 02696	01/06/2010	06/30/2011	469,324	469,324	-	-
07-L-6074	04/27/2007	06/30/2011	20,000	-	-	-
07-L-6074 GA 02697	01/06/2010	06/30/2011	20,000	20,000	-	-
07-L-6075	04/27/2007	06/30/2011	15,000	-	-	-
07-L-6075 GA 02698	01/06/2010	06/30/2011	15,000	15,000	-	-
07-L-6076	04/27/2007	06/30/2011	55,000	-	-	-
07-L-6076 GA 02699	01/06/2010	06/30/2011	55,000	20,450	34,550	-
08-L-3204	09/12/2008	06/30/2012	200,000	-	-	-
08-L-3204 GA 02701	01/04/2010	06/30/2012	198,000	-	198,000	-
08-L-4201	07/14/2008	06/30/2012	70,000	13,565	-	-
08-L-4203	07/14/2008	06/30/2010	100,000	54,376	-	-
08-L-4203 GA 03468	01/04/2010	06/30/2010	31,255	31,255	-	-
08-L-5048	02/04/2009	06/30/2010	293,867	293,867	-	-
08-L-5249	02/04/2009	11/15/2009	35,000	-	-	-
09-L-3300 GA 03952	05/17/2010	06/30/2011	1,860	1,860	-	-
09-L-3304 GA 02703	01/06/2010	06/30/2011	700,000	353,549	346,451	-
09-L-3869 GA 03761	02/23/2010	06/30/2013	495,000	-	495,000	-
Total			6,069,085	2,844,861	1,336,934	-

The unexpended remaining funds have not been recorded in the financial statements. The funds are reimbursement type appropriations and cannot be received until the Village first expends money on the appropriation's purpose.

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

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

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

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and infrastructure fund, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2010, and have issued our report thereon dated October 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Village of Los Ranchos de Albuquerque's management, Village Trustees, the Department of Finance and Administration, the New Mexico State Legislature, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Perch & Associates LLC

Albuquerque, New Mexico
October 21, 2010

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2010

None

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2010**

An exit conference was held on October 22, 2010, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

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

Porch & Associates LLC

Thad Porch, Partner

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