

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, 2011

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
List of Principal Officials.....	i

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis (Unaudited)	3

Basic Financial Statements

Statement of Net Assets	10
Statement of Activities.....	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budgetary Basis): General Fund.....	16
Notes to Financial Statements.....	17

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Combining and Individual Fund Statements

Page

Nonmajor Funds

Combining Balance Sheet.....	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	35
Statements of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budgetary Basis):	
Emergency Medical Services.....	36
Fire Protection.....	37
Law Enforcement Protection	38
Municipal Street.....	39
RMP	40
Other Special Revenue.....	41
Recreational Building	42
Open Spaces.....	43
Infrastructure.....	44
Debt Service.....	45

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

	Page
SUPPLEMENTAL SCHEDULES	
Schedule of Deposit and Investment Accounts	46
Schedule of Pledged Collateral	47
Schedule of Joint Powers Agreements.....	48
Schedule of Appropriations	49
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 <i>Governmental</i> <i>Auditing Standards</i>	50
Summary Schedule of Prior Audit Findings	52
Schedule of Findings and Responses	53
Exit Conference	54

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

List of Principal Officials

June 30, 2011

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 comparison of the general fund, of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2011, 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, 2011, 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, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison 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, 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 September 23, 2011 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
September 23, 2011

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

June 30, 2011

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

FINANCIAL HIGHLIGHTS

- The Village's tax revenues *increased* \$208,812 or approximately 8% from the prior year. Total Village revenue *increased* \$1,080,971 approximately 42% from the prior year.
- The Village's expenses *increased* \$201,705 or approximately 7% from the prior year.
- The Village increased its net assets by \$1,459,647, a 4.03% 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. The Board of Trustees, the Mayor and the administration have adopted budgets and revenue projections for the past four budget cycles which reflect an acceptance of the economic realities facing the Village of Los Ranchos. The Village continues to see little to no new housing starts and extremely weak commercial building activity. The bright spot on the horizon is an application for the development of a 10-acre site in the commercial zone. The application is for a 65,000 square foot manufacturing facility. Anticipated start of construction is the first quarter of 2012.

Additionally, the Village Center Project has seen renewed interest on the part of several developers. This project is a commercial or mixed-use development plan at the corner of 4th Street and Osuna in the commercial zone. Should this materialize into actual development proposals, it is expected that this would happen in the first quarter of 2012. Corresponding application for approval of such a development would follow mid-year 2012.

Construction of a new fire station, owned by the Village and occupied by the Bernalillo County Fire and Rescue Department, will be complete in November 2011. With the departure of the Bernalillo County Fire Department from the existing fire station facility at Village Hall, the Village anticipates the opportunity to renovate and expand the Village Hall administrative facility.

The Village completed purchase of an additional 4-acre tract of land adjacent to the 19-acres purchased in 2008. The site has been named the Agri-nature Center and represents the Village's commitment to preservation of open space and traditional agricultural uses of the land. Renovation of existing buildings and restoration of the farm land is underway and expected to take several years.

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

June 30, 2011

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 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 5. 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 6. 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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2011**

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.

THE VILLAGE AS A WHOLE

For the year ended June 30, 2011, net assets changed as follows:

	Governmental Activities
Beginning net assets	\$ 36,195,648
Increase (decrease) in net assets	1,459,647
Ending net assets	<u>\$ 37,655,295</u>

	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 4,856,844	3,763,779
Receivables	310,910	1,800,023
Capital assets, net of depreciation	36,948,323	35,357,903
Bond issuance costs net	<u>54,314</u>	<u>57,691</u>
Total assets	<u>42,170,391</u>	<u>40,979,396</u>
Total liabilities	<u>4,515,096</u>	<u>4,783,748</u>
Total net assets	\$37,655,295	36,195,648

The Village purchased 4 additional acres of open space at the Agri-Nature Center for \$1,252,000. Construction continued on the new Fire Station at 4th Street and Schulte, and the additional construction costs were \$749,464. The bike lane extension was completed on Rio Grande Boulevard from Chavez Road to Montano Road at a cost of \$518,000, and an additional \$87,000 was spent on other road improvements. These capital expenditures less the current year depreciation of \$1,026,223 explain the increase in capital assets. The decrease in receivables was mainly due to the \$1,240,000 grant receivable for the 2010 fiscal year from Bernalillo County to purchase open space of which payment was received in the 2011 fiscal year. The decrease in total liabilities is due to a reduction in accounts payable and the principal reduction on the long term debt. The increase in cash and investments is due to the excess of revenues over expenditures on a cash basis.

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:

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

June 30, 2011

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

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

THE VILLAGE'S FUNDS

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

Balance Sheet	FYE 2011 Amount	Percent of Total	Increase (Decrease) from 2010	Percent Increase (Decrease)
Assets:				
<i>Cash and cash equivalents</i>	\$ 4,856,844	93.98%	\$ 1,093,065	29.04%
<i>Receivables</i>	310,910	6.02%	(1,489,113)	(82.73%)
<i>Due from other funds</i>			(146,438)	(100.00%)
<i>Total assets</i>	5,167,754	100.00%	(542,486)	(9.50%)
Liabilities:				
<i>Accounts payable</i>	37,686	54.23%	(194,635)	(83.78%)
<i>Accrued liabilities</i>	31,803	45.77%	2,133	7.19%
<i>Deferred revenues</i>			(1,240,000)	(100.00%)
<i>Due to other funds</i>			(146,438)	(100.00%)
<i>Total liabilities</i>	69,489	100.00%	(1,578,940)	(95.78%)
Fund balance:				
<i>General fund</i>	4,022,424	78.90%	616,918	18.12%
<i>Special revenue funds</i>	262,607	5.15%	27,549	11.72%
<i>Capital projects funds</i>	279,215	5.48%	278,776	635.02%
<i>Debt service funds</i>	534,019	10.47%	113,211	26.90%
<i>Total fund balance</i>	\$ 5,098,265	100.00%	\$ 1,036,454	25.52%

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

June 30, 2011

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 on a cash basis.

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 2011 Amount	Percent of Total	Increase (Decrease) from 2010	Percent Increase (Decrease)
<i>Taxes</i>	\$ 2,709,170	54.91%	\$ 208,812	8.35%
<i>Licenses and permits</i>	85,062	1.72%	(3,833)	(4.31%)
<i>Intergovernmental</i>	1,569,529	31.81%	(299,320)	(16.02%)
<i>Federal Grants</i>	411,532	8.34%	411,532	100.00%
<i>Interest income</i>	10,599	0.21%	5,119	93.41%
<i>Other income</i>	148,638	3.01%	14,935	11.17%
<i>Total Revenues</i>	\$ 4,934,530	100.00%	\$ 337,245	7.34%

We saw a nice increase in Gross Receipts Tax Revenue due to receipts from construction, and from professional, scientific and technical services. In addition, there was a 10% increase in property taxes collected. The increase in intergovernmental including federal grants and other income is mainly due to non-reoccurring revenues available in 2011 that were not available in 2010.

Expenditures:	FYE 2011 Amount	Percent of Total	Increase (Decrease) from FYE 2010	Percent Increase (Decrease)
<i>General government</i>	\$ 882,582	18.77%	\$ 79,896	9.95%
<i>Public safety</i>	650,607	13.84%	(62,030)	(8.70%)
<i>Highway and streets</i>	110,659	2.35%	5,384	5.11%
<i>Culture and recreation</i>	115,025	2.45%	33,932	41.84%
<i>Debt service</i>	306,706	6.52%	3,219	1.06%
<i>Capital outlay</i>	2,636,617	56.07%	515,078	24.28%
<i>Total Expenditures</i>	\$ 4,702,196	100.00%	\$ 575,479	13.95%

The most significant increase in expenditures was in capital outlays. As mentioned earlier \$1,252,000 was spent on open space land and \$749,464 more was spent on the construction of the new Fire Station. The increase in culture and recreation is due to various improvements at the Agri-Nature Center and the Village grounds.

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

June 30, 2011

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 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	
	2011	2010
Land	\$ 22,137,269	\$ 20,885,227
Buildings – construction in process	1,219,123	488,880
Infrastructure – construction in process	28,681	58,862
Buildings	3,415,859	3,374,541
Improvements	1,187,750	1,187,750
Infrastructure	9,899,028	9,293,772
Furniture, fixtures and equipment	3,606,901	3,593,642
Fire protection equipment	6,399	348,861
Vehicles	400,944	376,264
TOTALS	\$ 41,901,954	\$ 39,607,799

At the end of June 30, 2011, the Village had approximately \$41.9 million invested in capital assets including police and fire equipment, buildings, park facilities, and infrastructure assets. The major increase in capital assets is in land: 4 additional acres of open space land were purchased at the Agri-Nature Center for \$1,252,000. Another increase in capital assets is in buildings construction in progress due to the continuing construction costs of the new fire station of \$749,000. Also, \$518,000 was spent to complete the extension of the bike trail on Rio Grande Boulevard. The decrease in fire protection equipment was due to the sale of a fire truck.

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 \$1,040,000 from the General Fund, over the 20 year term, to repay the debt.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

We expect to see a decline in the major General fund revenues for the 2012 fiscal year revenues. General fund expenditures were increased over the 2010 - 2011 actual amounts for inflation. We have increased the amount of capital outlay project expenditures from 2011 actual expenditures. We are also increasing the amount of transfers out from the general fund. The increase is due to long term debt payments due in 2012. In addition, funds necessary to complete the construction of the fire station and funds set aside for the purchase of open space land.

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, 2011

	Governmental Activities
ASSETS	
Cash and investments	\$ 4,856,844
Receivables	
Taxes	
Property	3,474
Gross receipts	159,029
Gas	2,425
Franchise	34,445
Grants	111,537
Capital assets, not depreciated	23,385,073
Capital assets, net of accumulated depreciation	13,563,250
Bond issuance costs, net of amortization	54,314
	<hr/>
Total assets	42,170,391
	<hr/>
LIABILITIES	
Accounts payable	37,686
Accrued compensation and benefits	31,803
Accrued interest payable	68,897
Compensated absences, due in one year	16,940
Long-term liabilities, due in one year	88,310
Long-term liabilities, due in more than one year	4,271,460
	<hr/>
Total liabilities	4,515,096
	<hr/>
NET ASSETS	
Invested in capital assets, net of related debt	32,588,553
Restricted for:	
Public safety	11,622
Highways and streets	193,085
Debt service	134,019
Unrestricted	4,728,016
	<hr/>
Total net assets	\$ 37,655,295
	<hr/> <hr/>

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, 2011

Functions/Programs	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	\$ 907,154	85,062	176,510	-	(645,582)
Public safety	695,579	-	118,468	34,551	(542,560)
Highways and streets	617,542	-	-	411,532	(206,010)
Culture and recreation	566,221	-	-	-	(566,221)
Interest on long-term debt	232,533	-	-	-	(232,533)
Total primary government	<u>3,019,029</u>	<u>85,062</u>	<u>294,978</u>	<u>446,083</u>	<u>(2,192,906)</u>
General Revenues:					
Gross receipts taxes					2,199,489
Franchise taxes					269,585
Property taxes					212,891
Motor vehicle registration					22,201
Gasoline taxes					5,004
Interest and investment income					10,599
Transfers in: Severance tax appropriation					769,120
Gain on the disposal of capital assets					15,026
Other					148,638
Total general revenues					<u>3,652,553</u>
Change in net assets					<u>1,459,647</u>
Net assets, beginning					36,195,648
Net assets, ending					<u>\$ 37,655,295</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, 2011

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 3,885,865	188,463	530,545	251,971	4,856,844
Receivables					
Taxes					
Property	-	-	3,474	-	3,474
Gross receipts	150,818	-	-	8,211	159,029
Gas	-	-	-	2,425	2,425
Franchise	34,445	-	-	-	34,445
Grants	-	111,537	-	-	111,537
Total assets	\$ 4,071,128	300,000	534,019	262,607	5,167,754
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 16,901	20,785	-	-	37,686
Accrued compensation and benefits	31,803	-	-	-	31,803
Total liabilities	48,704	20,785	-	-	69,489
FUND BALANCES					
Restricted for:					
Special revenue funds	-	-	-	204,707	204,707
Debt service funds	-	-	134,019	-	134,019
Committed to:					
Capital projects funds	-	-	-	44,423	44,423
Assigned to:					
Special revenue funds	-	-	-	13,277	13,277
Capital projects funds	-	279,215	-	200	279,415
Debt service funds	-	-	400,000	-	400,000
Unassigned:					
General fund	4,022,424	-	-	-	4,022,424
Total fund balances	4,022,424	279,215	534,019	262,607	5,098,265
Total liabilities and fund balances	\$ 4,071,128	300,000	534,019	262,607	5,167,754

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, 2011

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

Total fund balance - governmental funds	\$ 5,098,265
Debt issuance costs are capitalized and amortized under the full accrual method, but not the modified accrual method	54,314
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method	(68,897)
Accrued compensated absences not payable from current revenues	(16,940)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	36,948,323
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>(4,359,770)</u>
Net assets - governmental activities	<u><u>\$ 37,655,295</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, 2011

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 2,355,456	-	212,891	140,823	2,709,170
Licenses, permits, fees, fines	85,062	-	-	-	85,062
Non-federal sources					
Intergovernmental	176,510	1,274,551	-	118,468	1,569,529
Federal grants	-	411,532	-	-	411,532
Interest and investment income	10,599	-	-	-	10,599
Other	138,158	-	-	10,480	148,638
Total revenues	2,765,785	1,686,083	212,891	269,771	4,934,530
Expenditures					
Current					
General government	882,582	-	-	-	882,582
Public safety	515,474	-	-	135,133	650,607
Highways and streets	107,228	3,431	-	-	110,659
Culture and recreation	107,229	-	-	7,796	115,025
Debt service	-	-	306,706	-	306,706
Capital outlay	73,837	2,522,469	-	40,311	2,636,617
Total expenditures	1,686,350	2,525,900	306,706	183,240	4,702,196
Excess (Deficiency) of revenues over expenditures before other financings sources	1,079,435	(839,817)	(93,815)	86,531	232,334
Other Financing Sources (Uses)					
Transfers in: severance tax appropriation	-	769,120	-	-	769,120
Sale of capital assets	35,000	-	-	-	35,000
Operating transfers in	23,042	419,603	207,026	2,250	651,921
Operating transfers out	(520,559)	(70,130)	-	(61,232)	(651,921)
Total other financing (uses) sources	(462,517)	1,118,593	207,026	(58,982)	804,120
Net change in fund balances	616,918	278,776	113,211	27,549	1,036,454
Fund balance, beginning of year	3,405,506	439	420,808	235,058	4,061,811
Fund balance, end of year	\$ 4,022,424	279,215	534,019	262,607	5,098,265

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, 2011

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

Net changes in fund balances - governmental funds **\$ 1,036,454**

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	(1,026,223)	
Proceeds from the sale of assets	(35,000)	
Capital outlay	<u>2,636,617</u>	
Excess of capital outlay over depreciation expense		1,575,394

Gains on capital assets are not recorded in the governmental funds (proceeds from the sale of assets of \$35,000 less book value of \$19,974) 15,026

Accrued interest payable is an expense under the full accrual method, and not the modified accrual method 630

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. (1,400)

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 76,920

Change in net assets - governmental activities **\$ 1,459,647**

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 2,202,472	2,355,489	2,347,728	(7,761)
Licenses and permits and fees	89,645	81,629	85,062	3,433
Intergovernmental	125,720	125,720	176,510	50,790
Interest and investment income	5,400	8,287	10,599	2,312
Other	114,460	177,051	173,158	(3,893)
Total revenues	2,537,697	2,748,176	2,793,057	44,881
Expenditures				
General government	875,617	917,246	876,814	40,432
Public safety	519,760	517,541	515,082	2,459
Highways and streets	98,591	105,124	104,936	188
Culture and recreation	98,591	105,124	104,936	188
Capital outlay	140,000	90,578	73,837	16,741
Total expenditures	1,732,559	1,735,613	1,675,605	60,008
Excess of revenues over expenditures	805,138	1,012,563	1,117,452	104,889
Other financing sources/(uses)				
Operating transfers in	-	23,042	23,042	-
Operating transfers out	(604,729)	(607,134)	(520,559)	86,575
Total other financing sources/(uses)	(604,729)	(584,092)	(497,517)	86,575
Net change in fund balance	\$ 200,409	428,471	619,935	191,464
Non-GAAP change in fund balance			\$ 619,935	
Change in:				
Accounts receivable			7,727	
Accounts payable			(8,611)	
Accrued compensation and benefits			(2,133)	
GAAP change in fund balance			\$ 616,918	

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, 2011

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, 2011.

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, 2011

**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, 2011

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 them, such 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, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Cash and Investments

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

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

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

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

C. Prepaid Items

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

D. 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, 2011

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

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

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

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

E. Intangible Assets

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

F. 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, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Equity

Beginning with fiscal year 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined 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 fixed assets, construction, debt service, or for other purposes).

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Equity (Continued)

Major Funds

The Infrastructure Fund has Assigned Funds of \$279,215 at June 30, 2011, consisting of \$300,000 assigned for the purchase of open space. The remaining (\$20,785) in Assigned Funds consists of accounts payable to contractors for infrastructure projects.

The Debt Service Fund has Restricted Funds of \$134,019 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of \$400,000 consists of reserve funds set aside for debt service payments.

Other Funds

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

Law Enforcement Protection Fund: capital outlay grant \$11,622

Municipal Street Fund: capital outlay grant \$193,085

The remaining Special Revenue Funds Assigned Fund Balance of \$13,277 and \$200 relates to program revenue and opening fund balances. The Committed Funds of \$44,423 relate to an Economic Development Plan.

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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

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.

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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

L. Implementation of New Accounting Standards

During the year ended June 30, 2011, the Village adopted Government Accounting Standards Board Statement (GASB) No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 GASB and AICPA Pronouncements*. The Village also adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position*. Neither statement will have a material impact on the Village's financial statements.

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, 2011, the Village's bank balance total of \$296,724 was exposed to credit risk in the amount of \$11,858 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 11,858</u>
--	------------------

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments

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

The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

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

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 years ending June 30, 2011 and 2010, leaving a contingency account balance of \$20,734. 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, 2011 was 36 days.

Credit Quality – The LGIP is rated AAAM.

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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	1,252,042	-	22,137,269
Buildings - construction in process	488,880	749,464	(19,221)	1,219,123
Infrastructure - construction in process	58,862	-	(30,181)	28,681
Total, not depreciated	\$ 21,432,969	2,001,506	(49,402)	23,385,073
Capital assets, depreciated				
Buildings	\$ 3,374,541	22,097	19,221	3,415,859
Improvements	1,187,750	-	-	1,187,750
Infrastructure	9,293,772	575,075	30,181	9,899,028
Furniture, fixtures and equipment	3,593,642	13,259	-	3,606,901
Fire protection equipment	348,861	-	(342,462)	6,399
Vehicles	376,264	24,680	-	400,944
Total, depreciated	18,174,830	635,111	(293,060)	18,516,881
Accumulated depreciation for:				
Buildings	574,087	84,880	-	658,967
Improvements	635,556	59,430	-	694,986
Infrastructure	1,309,382	490,048	-	1,799,430
Furniture, fixtures and equipment	1,151,478	341,183	-	1,492,661
Fire protection equipment	327,883	147	(322,488)	5,542
Vehicles	251,510	50,535	-	302,045
Total accumulated depreciation	4,249,896	1,026,223	(322,488)	4,953,631
Total capital assets, depreciated, net	\$ 13,924,934	(391,112)	29,428	13,563,250
Total capital assets, depreciated and non-depreciated, net	\$ 35,357,903	1,610,394	(19,974)	36,948,323

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

Governmental activities	
General government	\$ 25,573
Public safety	43,757
Highways and streets	506,290
Culture and recreation	450,603
Total depreciation expense	\$ 1,026,223

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2011, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,535,000	-	(40,000)	3,495,000	45,000
Loans	901,690	-	(36,920)	864,770	43,310
Compensated absences	15,540	25,942	(24,542)	16,940	16,940
Total	\$ 4,452,230	25,942	(101,462)	4,376,710	105,250

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
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	150,000	139,968	289,968
2017 to 2021	990,000	574,575	1,564,575
2022 to 2026	1,375,000	316,542	1,691,542
2027 to 2028	660,000	30,820	690,820
	\$ 3,495,000	1,673,313	5,168,313

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, 2011 was \$3,377.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

Loans. The Village financed land purchases using commercial loans and mortgages. The following notes are outstanding at June 30, 2011:

Land acquisition mortgage for \$564,251, interest is adjustable at 1% over the Wall Street Journal prime rate, with a floor of 8.5%, payments of \$6,123 monthly, maturing September 6, 2016.	\$ 486,020
Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2014.	239,368
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2014.	<u>139,382</u>
Total loans payable	<u>\$ 864,770</u>

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 43,310	63,716	107,026
2013	43,816	63,210	107,026
2014	47,578	59,448	107,026
2015	399,679	36,915	436,594
2016	46,962	26,514	73,476
2017	283,425	6,041	289,466
	<u>\$ 864,770</u>	<u>255,844</u>	<u>1,120,614</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 OPERATING TRANSFERS

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds		
General Fund	\$ 23,042	520,559
Infrastructure Fund	419,603	70,130
Debt Service Fund	207,026	-
Non-major Funds		
EMS Fund	750	-
Municipal Street Fund	-	38,190
Other Special Revenue Fund	1,500	23,042
Total	<u>\$ 651,921</u>	<u>651,921</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 6. EXPENDITURES OVER BUDGET

The Village's expenditures exceeded the authorized budget in the Municipal Street Fund by \$631.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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.

Funding Policy. Plan members are required to contribute 9.15% of their gross salary. The Village is required contribution of 9.15% of the gross covered salary. 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, 2011, 2010, and 2009 were \$64,101, \$105,336, and \$251,046, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 9. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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.

NOTE 12. CONDUIT DEBT

During the year ending June 30, 2011, the Village issued \$36,000,000 in Educational Facilities Refunding and Improvement Revenue Bonds (Albuquerque Academy Project), Series 2010. The bonds are special limited obligations of the Village. The bond ordinance adopted by the Village in connection with the issuance of the bonds provide that the bonds shall never constitute the debt or indebtedness of the Village and shall not constitute or give rise to a pecuniary liability of the Village or a charge against its general credit or taxing powers. The Albuquerque Academy has guaranteed the payment of principal and interest on the bonds. Final maturity of the bonds is September 21, 2040. The aggregate amount outstanding at June 30, 2011 is \$36,000,000. The first payment on the bonds is scheduled for September 1, 2017.

NOTE 13. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through September 23, 2011, the date the financial statements were available to be issued. Subsequent to June 30, 2011, the following major subsequent events occurred:

- In September 2011, the Village received extensions for all of its three notes payable loans ranging from three to five year extensions. The future requirements schedule has been updated to reflect these extensions.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NON-MAJOR FUNDS
June 30, 2011

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, 2011

	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	\$ -	-	11,622	182,449	-	13,277	200	44,423	251,971
Receivables									
Gross receipts	-	-	-	8,211	-	-	-	-	8,211
Gas	-	-	-	2,425	-	-	-	-	2,425
Total assets	\$ -	-	11,622	193,085	-	13,277	200	44,423	262,607
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ -	-	-	-	-	-	-	-	-
Total liabilities	\$ -	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted for special revenues	-	-	11,622	193,085	-	-	-	-	204,707
Committed to capital projects	-	-	-	-	-	-	-	44,423	44,423
Assigned to special revenues	-	-	-	-	-	13,277	-	-	13,277
Assigned to capital projects	-	-	-	-	-	-	200	-	200
Total fund balances	-	-	11,622	193,085	-	13,277	200	44,423	262,607
Total liabilities and fund balances	\$ -	-	11,622	193,085	-	13,277	200	44,423	262,607

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2011

	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	\$ -	-	-	140,823	-	-	-	-	140,823
Non-federal sources									
Intergovernmental	19,000	79,468	20,000	-	-	-	-	-	118,468
Other	-	-	-	-	-	10,480	-	-	10,480
Total revenues	19,000	79,468	20,000	140,823	-	10,480	-	-	269,771
Expenditures									
Current									
Public safety	19,000	110,035	6,098	-	-	-	-	-	135,133
Culture and recreation	-	-	-	-	-	7,796	-	-	7,796
Capital outlay	-	-	24,680	15,631	-	-	-	-	40,311
Total expenditures	19,000	110,035	30,778	15,631	-	7,796	-	-	183,240
Excess (deficiency) of revenues over expenditures before other financing sources	-	(30,567)	(10,778)	125,192	-	2,684	-	-	86,531
Other Financing Uses									
Operating transfers in	750	-	-	-	-	1,500	-	-	2,250
Operating transfers out	-	-	-	(38,190)	(23,042)	-	-	-	(61,232)
Total other financing sources	750	-	-	(38,190)	(23,042)	1,500	-	-	(58,982)
Net change in fund balances	750	(30,567)	(10,778)	87,002	(23,042)	4,184	-	-	27,549
Fund balance, beginning of year	(750)	30,567	22,400	106,083	23,042	9,093	200	44,423	235,058
Fund balance, end of year	\$ -	-	11,622	193,085	-	13,277	200	44,423	262,607

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 19,000	19,000	19,000	-
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>
Expenditures				
Public safety	19,070	19,820	19,820	-
Total expenditures	<u>19,070</u>	<u>19,820</u>	<u>19,820</u>	<u>-</u>
(Deficiency) excess of revenues over expenditures	<u>(70)</u>	<u>(820)</u>	<u>(820)</u>	<u>-</u>
Other financing sources/(uses)				
Operating transfers in	-	750	750	-
Net change in fund balance	<u>(70)</u>	<u>(70)</u>	<u>(70)</u>	<u>-</u>
Prior year cash appropriated	<u>70</u>	<u>70</u>		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ (70)	
Change in:				
Accounts payable			<u>820</u>	
GAAP change in fund balance			<u>\$ 750</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 62,000	79,468	79,468	-
Total revenues	62,000	79,468	79,468	-
Expenditures				
Public safety	32,857	110,325	110,325	-
Total expenditures	32,857	110,325	110,325	-
Net change in fund balance	<u>\$ 29,143</u>	<u>(30,857)</u>	<u>(30,857)</u>	-
Prior year cash appropriated		<u>30,857</u>		
		<u>-</u>		
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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 20,000	20,000	20,000	-
Total revenues	20,000	20,000	20,000	-
Expenditures				
Public safety	-	-	6,098	(6,098)
Capital outlay	42,400	42,400	24,680	17,720
Total expenditures	42,400	42,400	30,778	11,622
Net change in fund balance	\$ (22,400)	(22,400)	(10,778)	11,622
Prior year cash appropriated	22,400	22,400		
	<u>\$ -</u>	<u>-</u>		

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 131,377	139,688	140,016	328
Total revenues	131,377	139,688	140,016	328
Expenditures				
Capital outlay	-	15,000	15,631	(631)
Total expenditures	-	15,000	15,631	(631)
Excess of revenues over expenditures	131,377	124,688	124,385	959
Other Financing Uses				
Transfers out	(108,382)	(40,273)	(38,190)	(2,083)
Total other financing uses	(108,382)	(40,273)	(38,190)	(2,083)
Net change in fund balance	22,995	84,415	86,195	(1,780)
Non-GAAP change in fund balance			\$ 86,195	
Change in:				
Accounts receivable			807	
GAAP change in fund balance			\$ 87,002	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
(Deficiency) excess of revenues over expenditures	-	-	-	-
Other Financing Uses				
Transfers out	-	(23,042)	(23,042)	-
Net change in fund balance	\$ -	(23,042)	(23,042)	-
Prior year cash appropriated		23,042		
		-		

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 5,689	8,005	10,480	2,475
Total revenues	5,689	8,005	10,480	2,475
Expenditures				
Culture and recreation	6,674	9,586	9,388	198
Total expenditures	6,674	9,586	9,388	198
(Deficiency) excess of revenues over expenditures	(985)	(1,581)	1,092	2,277
Other Financing Uses				
Transfers in	-	1,500	1,500	-
Total other financing uses	-	1,500	1,500	-
Net change in fund balance	(985)	(81)	2,592	2,673
Prior year cash appropriated	985	81		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 2,592	
Change in:				
Accounts payable			<u>1,592</u>	
GAAP change in fund balance			<u>\$ 4,184</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	200	200	-	200
Total expenditures	200	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, 2011

	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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 473,672	1,673,672	1,428,117	(245,555)
Federal grants	636,000	636,000	411,532	(224,468)
Total revenues	1,109,672	2,309,672	1,839,649	(470,023)
Expenditures				
Highways and streets	439	3,431	3,431	-
Capital outlay	2,461,891	3,395,776	2,723,013	672,763
Total expenditures	2,462,330	3,399,207	2,726,444	672,763
Deficiency of revenues over expenditures before other financing sources	(1,352,658)	(1,089,535)	(886,795)	202,740
Other Financing Sources				
Transfer in: Severance tax appropriation	1,293,011	1,097,842	872,223	(225,619)
Operating transfers in	506,085	438,131	419,603	(18,528)
Operating transfers out	-	(108,382)	(70,130)	38,252
Total other financing sources	1,799,096	1,427,591	1,221,696	(205,895)
Net change in fund balance	\$ 446,438	338,056	334,901	(3,155)
Non-GAAP change in fund balance			\$ 334,901	
Change in:				
Accounts receivable			(1,496,669)	
Accounts payable			200,544	
Deferred revenue			1,240,000	
GAAP change in fund balance			\$ 278,776	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes - property	\$ 210,344	218,096	213,869	(4,227)
Total revenues	210,344	218,096	213,869	(4,227)
Expenditures				
Debt service	306,706	306,706	306,706	-
Total expenditures	306,706	306,706	306,706	-
Deficiency of revenues over expenditures before other financing sources	(96,362)	(88,610)	(92,837)	(4,227)
Other Financing Sources (Uses)				
Operating transfers in	207,026	207,026	207,026	-
Net change in fund balance	\$ 110,664	118,416	114,189	(4,227)
Non-GAAP change in fund balance			\$ 114,189	
Change in:				
Accounts receivable			(978)	
GAAP change in fund balance			\$ 113,211	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2011

<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	\$ 261,858	217,220
Bank of America	Certificate of Deposit	CD	34,866	34,866
Total cash and cash equivalents			<u>296,724</u>	<u>252,086</u>
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			<u>296,724</u>	<u>252,586</u>
NM State Treasurer	Local Government Investment Pool	Investment	4,582,667	4,583,524
NM State Treasurer	Reserve Contingency - Water Fund	Investment	20,734	20,734
			<u>4,603,401</u>	<u>4,604,258</u>
Total deposit and investment accounts			<u><u>\$ 4,900,125</u></u>	<u><u>4,856,844</u></u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2011

	Bank of America
Deposits at June 30, 2011	\$ 296,724
Less: FDIC coverage	284,866
Uninsured public funds	11,858
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	330,778
Uninsured and uncollateralized	\$ -
50% pledged collateral requirement per statute	\$ 5,929
Total pledged collateral	330,778
Pledged collateral over the requirement	\$ (324,849)

Pledged collateral at June 30, 2011 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - 995023	31416BLC0	8/31/2037	\$ 330,778

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, 2011

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Air Quality Improvement	Village of Los Ranchos City of Albuquerque	City of Albuquerque	To improve the air quality within the Regional Air Quality Control Region 152	04/04 to indefinite	None	\$ -	Not stated in the agreement	City of Albuquerque
Fire Protection	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To provide fire protection to the Village	09/09/10 to Indefinite	Maintain fire station \$440,000 per year	\$ 440,000	Not stated in the agreement	County of Bernalillo
Code Regulation Services	Village of Los Ranchos County of Bernalillo	County of Bernalillo	To regulate residential and commercial construction located within the geographical boundaries of the Village	10/27/09 to Indefinite	\$17,500 per year	\$ 17,500	Not stated in the agreement	County of Bernalillo

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF APPROPRIATIONS
June 30, 2011

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
06-L-310 GA 02668	02/09/2010	06/30/2010	449,779	254,610	-	-
07-L-6076 GA 02699	01/06/2010	06/30/2011	55,000	55,000	-	-
08-L-3204 GA 02701	01/04/2010	06/30/2012	198,000	198,000	-	-
08-L-5251C GA 04039	12/02/2010	06/30/2011	174,000	-	-	-
09-L-3304 GA 02703	01/06/2010	06/30/2011	700,000	507,114	-	-
09-L-3869 GA 03761	02/23/2010	06/30/2013	495,000	495,000	-	-
Total			2,071,779	1,509,724	-	-

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 comparison of the general 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, 2011, and have issued our report thereon dated September 23, 2011. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 11-01.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.



Albuquerque, New Mexico
September 23, 2011

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011**

None

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

FINDINGS – FINANCIAL STATEMENTS AUDIT

11-01 Excess of Expenditures Over Authorized Budget – Other Finding

CONDITION

The Village's expenditures exceeded the authorized budget in the Municipal Street Fund by \$631.

CRITERIA

Section 6-6-6, NMSA 1978, requires the Village to keep expenditures within budgeted amounts.

CAUSE

A budget adjustment was made for the expected fund expenditures. The adjustment was for \$15,000, but expenditures were \$15,631.

EFFECT

The Village may not have precise information for planning the activities and cash flows in the funds that are over budget.

RECOMMENDATION

The Village should develop a process to ensure that funds do not exceed their budgets.

MANAGEMENT RESPONSE

The Village considered transfers out as expenditures and by doing so we did not find it necessary to revise the budget because we were not overspent on the Municipal Street fund. But going forward we will not treat transfers out as expenditures and budget adjustment will be made accordingly.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2011**

An exit conference was held on November 1, 2011, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

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

Porch & Associates LLC

Thad Porch, Partner

* * * * *

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