

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, 2012

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

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VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

List of Principal Officials

June 30, 2012

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, 2012, 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 October 12, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

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

the information is fairly stated in all material respects in related to the basic financial statements taken as a whole.

Porch & Associates LLC

Albuquerque, New Mexico
October 12, 2012

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

June 30, 2012

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

FINANCIAL HIGHLIGHTS

- The Village's tax revenues *decreased* \$51,011 or approximately 2% from the prior year. Total Village revenue *decreased* \$894,368 approximately 24% from the prior year.
- The Village's expenses *increased* \$46,647 or approximately 2% from the prior year.
- The Village increased its net assets by \$90,057, a 0.24% 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.

Management of municipal resources for the long-term fiscal health of the Village is the Administration's primary focus. The lingering impact of the economic downturn and the subsequent sluggishness of the recovery serve to keep the financial future of the Village of Los Ranchos in the forefront.

While careful to keep expenditures below revenue, the Mayor and the Board of Trustees have also shown their commitment to invest in certain long-range priorities and infrastructure improvements. Budgets adopted for the last several fiscal years have included transfers into an open space property purchase fund and a bond repayment fund. Additionally, for the 2013 fiscal year, the Mayor and Trustees adopted a budget that included \$1.0 million into the road improvement fund. This money has been designated for improvements to the Village's main commercial roadway – 4th Street.

The Administration is looking forward to issuing a request for proposal solicitation for development of the Village Center Project in the coming calendar year. This project is a commercial or mixed-use development located at the corner of 4th Street and Osuna Road.

Lastly, during the 2012 fiscal year, the Bernalillo County Fire and Rescue Department officially moved into the newly constructed fire station located at 4th Street and Schulte Road. A portion of the old fire station has been dedicated as a fire department substation.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2012**

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 11 and 12) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. *Fund financial statements* start on page 13. For governmental activities, these statements identify activities that were financed in the short term as well as what remains for future spending. *Fund financial statements* also report the Village's operations in more detail than the *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 6. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the fiscal year's activities?" The *Government-Wide Statement of Net 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 7. The fund financial statements begin on page 12 and provide detailed information about the most significant funds-not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustee's establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g. grants received from the State of New Mexico). Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent year(s). These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2012**

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, 2012, net assets changed as follows:

	<u>Governmental Activities</u>
Beginning net assets	\$ 37,655,295
Increase (decrease) in net assets	90,057
Ending net assets	<u>\$ 37,745,352</u>

	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 5,382,530	4,856,844
Receivables	222,032	310,910
Capital assets, net of depreciation	36,470,178	36,948,323
Bond issuance costs net	<u>50,937</u>	<u>54,314</u>
Total assets	<u>42,125,677</u>	<u>42,170,391</u>
Total liabilities	<u>4,380,325</u>	<u>4,515,096</u>
Total net assets	<u>\$37,745,352</u>	<u>36,655,295</u>

The Village completed the construction of the new Fire Station at 4th Street and Schulte this fiscal year; and the construction costs to complete were \$467,202. The construction costs for the fire station less the current year depreciation of \$1,002,893 is the primary reason for the decrease in capital assets. The decrease in receivables was due to not having any grant receivable for the 2012 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:

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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2012**

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 2012 Amount	Percent of Total	Increase (Decrease) from 2011	Percent Increase (Decrease)
Assets:				
<i>Cash and cash equivalents</i>	\$ 5,382,530	96.04%	\$ 525,687	10.82%
<i>Receivables</i>	222,032	3.96%	(88,878)	(28.59%)
<i>Total assets</i>	5,604,562	100.00%	436,809	8.45%
Liabilities:				
<i>Accounts payable</i>	11,021	48.50%	(26,665)	(70.75%)
<i>Accrued liabilities</i>	11,701	51.50%	(20,102)	(63.21%)
<i>Total liabilities</i>	22,722	100.00%	(46,767)	(67.30%)
Fund balance:				
<i>Restricted for:</i>				
<i>Special revenue</i>	324,633	5.82%	119,926	58.58%
<i>Debt service</i>	138,067	2.47%	4,048	3.02%
<i>Committed to:</i>				
<i>Capital projects</i>	44,423	0.80%	0	0.0%
<i>Assigned to:</i>				
<i>Special revenue</i>	13,199	0.23%	(78)	(0.59%)
<i>Capital projects</i>	500,000	8.96%	220,585	78.95%
<i>Debt service</i>	600,000	10.75%	200,000	50.00%
<i>Unassigned:</i>				
<i>General fund</i>	3,961,518	70.97%	(60,906)	(1.51%)
<i>Total fund balance</i>	\$ 5,581,840	100.00%	\$ 483,575	9.49%

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2012**

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, 2012, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 2012 Amount	Percent of Total	Increase (Decrease) from 2011	Percent Increase (Decrease)
<i>Taxes</i>	\$ 2,658,159	83.42%	\$ (51,011)	(1.88%)
<i>Licenses and permits</i>	79,586	2.50%	(5,476)	(6.44%)
<i>Intergovernmental</i>	317,962	9.98%	(1,251,567)	(79.74%)
<i>Federal Grants</i>	0	0.00%	(411,532)	(100.00%)
<i>Interest income</i>	(6,404)	(0.20%)	(17,003)	(160.42%)
<i>Other income</i>	137,010	4.30%	(11,628)	(7.82%)
Total Revenues	\$ 3,186,313	100.00%	\$ (1,748,217)	(35.43%)

In this sluggish economy we saw only a slight decrease in taxes. We also saw a small decrease in licenses and permits. The decrease in intergovernmental and federal grants is due to the lack of state legislative appropriations.

Expenditures:	FYE 2012 Amount	Percent of Total	Increase (Decrease) from FYE 2011	Percent Increase (Decrease)
<i>General government</i>	\$ 875,672	32.36%	\$ (6,910)	(0.78%)
<i>Public safety</i>	748,997	27.68%	98,390	15.12%
<i>Highway and streets</i>	101,620	3.76%	(9,039)	(8.17%)
<i>Culture and recreation</i>	109,988	4.07%	(5,037)	(4.38%)
<i>Debt service</i>	311,132	11.50%	4,426	1.44%
<i>Capital outlay</i>	558,255	20.63%	(2,078,362)	(78.83%)
Total Expenditures	\$ 2,705,664	100.00%	\$ (1,996,532)	(42.46%)

The most significant decrease in expenditures was in capital outlays. As mentioned earlier there were very few state legislative appropriations for capital improvements.

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.

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

June 30, 2012

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	
	<u>2012</u>	<u>2011</u>
Land	\$ 22,137,269	\$ 22,137,269
Buildings – construction in process	8,608	1,219,123
Infrastructure – construction in process	2,932	28,681
Buildings	5,093,576	3,415,859
Improvements	975,289	1,187,750
Infrastructure	9,994,764	9,899,028
Furniture, fixtures and equipment	3,503,000	3,606,901
Fire protection equipment	6,399	6,399
Vehicles	195,140	400,944
TOTALS	<u>\$ 41,916,977</u>	<u>\$ 41,901,954</u>

At the end of June 30, 2012, the Village had approximately \$41.9 million invested in capital assets including police equipment, buildings, park facilities, and infrastructure assets. There was no major increase in capital assets, however we did complete construction of the new fire station at 4th Street and Schulte resulting in the reclassification of capital assets.

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. Adjustments to property tax values have lowered the amount of property taxes being collected; therefore, the Village has to transfer approximately \$1,394,000 from the General Fund, over the 20-year term, to repay the debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

We expect the economy to remain sluggish and therefore only increased General fund revenues for inflation in projecting the 2013 fiscal year revenues. In addition, General fund expenditures were increased over the 2011 - 2012 actual amounts for inflation.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2012**

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, 2012

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,382,530
Receivables	
Taxes	
Property	5,059
Gross receipts	174,218
Gas	417
Motor vehicle	1,960
Franchise	40,378
Capital assets, not depreciated	22,148,809
Capital assets, net of accumulated depreciation	14,321,369
Bond issuance costs, net of amortization	<u>50,937</u>
Total assets	<u><u>42,125,677</u></u>
LIABILITIES	
Accounts payable	11,021
Accrued compensation and benefits	11,701
Accrued interest payable	68,221
Compensated absences, due in one year	16,916
Long-term liabilities, due in one year	93,416
Long-term liabilities, due in more than one year	<u>4,179,050</u>
Total liabilities	<u><u>4,380,325</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	32,197,712
Restricted for:	
Highways and streets	324,633
Debt service	138,067
Unrestricted	<u>5,084,940</u>
Total net assets	<u><u>\$ 37,745,352</u></u>

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

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	\$ 887,474	79,586	199,483	-	(608,405)
Public safety	786,710	-	118,479	-	(668,231)
Highways and streets	617,616	-	-	-	(617,616)
Culture and recreation	547,347	-	-	-	(547,347)
Interest on long-term debt	226,529	-	-	-	(226,529)
Total primary government	<u>3,065,676</u>	<u>79,586</u>	<u>317,962</u>	<u>-</u>	<u>(2,668,128)</u>
General Revenues:					
Gross receipts taxes					2,027,742
Franchise taxes					338,664
Property taxes					206,709
Motor vehicle registration					22,690
Gasoline taxes					62,054
Cigarette taxes					300
Interest and investment income					(6,404)
Loss on the disposal of capital assets					(30,580)
Other					137,010
Total general revenues					<u>2,758,185</u>
Change in net assets					90,057
Net assets, beginning					37,655,295
Net assets, ending					<u>\$ 37,745,352</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, 2012

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 3,778,661	600,000	633,008	370,861	5,382,530
Receivables					
Taxes					
Property	-	-	5,059	-	5,059
Gross receipts	165,175	-	-	9,043	174,218
Gas	-	-	-	417	417
Motor vehicle	-	-	-	1,960	1,960
Franchise	40,378	-	-	-	40,378
Total assets	\$ 3,984,214	600,000	638,067	382,281	5,604,562
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 10,995	-	-	26	11,021
Accrued compensation and benefits	11,701	-	-	-	11,701
Total liabilities	22,696	-	-	26	22,722
FUND BALANCES					
Restricted for:					
Special revenue funds	-	-	-	324,633	324,633
Debt service funds	-	-	138,067	-	138,067
Committed to:					
Capital projects funds	-	-	-	44,423	44,423
Assigned to:					
Special revenue funds	-	-	-	13,199	13,199
Capital projects funds	-	600,000	-	-	600,000
Debt service funds	-	-	500,000	-	500,000
Unassigned:					
General fund	3,961,518	-	-	-	3,961,518
Total fund balances	3,961,518	600,000	638,067	382,255	5,581,840
Total liabilities and fund balances	\$ 3,984,214	600,000	638,067	382,281	5,604,562

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, 2012

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

Total fund balance - governmental funds	\$ 5,581,840
Debt issuance costs are capitalized and amortized under the full accrual method, but not the modified accrual method	50,937
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method	(68,221)
Accrued compensated absences not payable from current revenues	(16,916)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	36,470,178
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>(4,272,466)</u>
Net assets - governmental activities	<u><u>\$ 37,745,352</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, 2012

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 2,261,980	-	206,709	189,470	2,658,159
Licenses, permits, fees, fines	79,586	-	-	-	79,586
Non-federal sources					
Intergovernmental	199,483	-	-	118,479	317,962
Interest and investment income	(6,404)	-	-	-	(6,404)
Other	128,920	-	-	8,090	137,010
Total revenues	2,663,565	-	206,709	316,039	3,186,313
Expenditures					
Current					
General government	875,672	-	-	-	875,672
Public safety	596,922	-	-	152,075	748,997
Highways and streets	101,620	-	-	-	101,620
Culture and recreation	101,620	-	-	8,368	109,988
Debt service	-	-	311,132	-	311,132
Capital outlay	33,130	470,103	-	55,022	558,255
Total expenditures	1,708,964	470,103	311,132	215,465	2,705,664
Excess (Deficiency) of revenues over expenditures before other financings sources	954,601	(470,103)	(104,423)	100,574	480,649
Other Financing Sources (Uses)					
Sale of capital assets	2,926	-	-	-	2,926
Operating transfers in	-	790,888	208,471	24,154	1,023,513
Operating transfers out	(1,018,433)	-	-	(5,080)	(1,023,513)
Total other financing sources (uses)	(1,015,507)	790,888	208,471	19,074	2,926
Net change in fund balances	(60,906)	320,785	104,048	119,648	483,575
Fund balance, beginning of year	4,022,424	279,215	534,019	262,607	5,098,265
Fund balance, end of year	\$ 3,961,518	600,000	638,067	382,255	5,581,840

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, 2012**

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

Net changes in fund balances - governmental funds \$ 483,575

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	(1,002,893)	
Proceeds from the sale of assets	(2,926)	
Capital outlay	<u>558,254</u>	
Excess of capital outlay over depreciation expense		(447,565)

Gains on capital assets are not recorded in the governmental funds (proceeds from the sale of assets of \$2,926 less book value of \$33,506) (30,580)

Accrued interest payable is an expense under the full accrual method, and not the modified accrual method 676

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. 24

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 87,304

Change in net assets - governmental activities \$ 90,057

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 2,117,694	2,028,365	2,241,690	213,325
Licenses and permits and fees	79,055	72,680	79,586	6,906
Intergovernmental	135,000	135,000	199,483	64,483
Interest and investment income	10,200	10,212	(6,404)	(16,616)
Other	101,910	119,719	128,920	9,201
Total revenues	2,443,859	2,365,976	2,643,275	277,299
Expenditures				
General government	884,233	895,300	895,298	2
Public safety	626,373	624,816	599,163	25,653
Highways and streets	113,182	116,354	103,690	12,664
Culture and recreation	113,182	116,354	103,690	12,664
Capital outlay	130,000	178,802	33,130	145,672
Total expenditures	1,866,970	1,931,626	1,734,971	196,655
Excess of revenues over expenditures	576,889	434,350	908,304	473,954
Other financing sources/(uses)				
Sales of capital assets	-	-	2,926	2,926
Operating transfers out	(1,694,692)	(1,034,769)	(1,018,433)	16,336
Total other financing sources/(uses)	(1,694,692)	(1,034,769)	(1,015,507)	19,262
Net change in fund balance	(1,117,803)	(600,419)	(107,203)	493,216
Prior year cash appropriated	1,117,803	600,419	107,203	
	\$ -	-	-	
Non-GAAP change in fund balance			\$ (107,204)	
Change in:				
Accounts receivable			20,290	
Accounts payable			5,906	
Accrued compensation and benefits			20,102	
GAAP change in fund balance			\$ (60,906)	

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, 2012

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, 2012.

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, 2012

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, 2012

**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, 2012

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, 2012

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, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Equity

The Village follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Equity (Continued)

Major Funds

The Infrastructure Fund has Assigned Funds of \$600,000 at June 30, 2012 for the purchase of open space.

The Debt Service Fund has Restricted Funds of \$138,067 consisting of property tax revenues restricted for debt service payments. The Assigned Fund balance of \$500,000 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:

Municipal Street Fund: capital outlay grant \$324,633

The remaining Special Revenue Funds Assigned Fund Balance of \$13,199 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, 2012

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, 2012

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

L. Implementation of New Accounting Standards

During the year ended June 30, 2012, the Village adopted Government Accounting Standards Board Statement (GASB) No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The statement will not 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, 2012, the Village's bank balance total of \$260,896 were not exposed to credit risk.

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

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

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

Investments

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

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

During the year ending June 30, 2009, the New Mexico State Treasurers (Treasurer) 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 Treasurer's office notified the Village that \$17,261 of the contingency account was written off during the year ending June 30, 2012. The remaining contingency balance is \$3,473. 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, 2012 was 60 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, 2012

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance	Additions	Deletions	Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 22,137,269	-	-	22,137,269
Buildings - construction in process	1,219,123	-	(1,210,515)	8,608
Infrastructure - construction in process	28,681	-	(25,749)	2,932
Total, not depreciated	\$ 23,385,073	-	(1,236,264)	22,148,809
Capital assets, depreciated				
Buildings	\$ 3,415,859	1,677,717	-	5,093,576
Improvements	1,187,750	7,865	(220,326)	975,289
Infrastructure	9,899,028	95,736	-	9,994,764
Furniture, fixtures and equipment	3,606,901	13,200	(117,101)	3,503,000
Fire protection equipment	6,399	-	-	6,399
Vehicles	400,944	-	(205,804)	195,140
Total, depreciated	18,516,881	1,794,518	(543,231)	19,768,168
Accumulated depreciation for:				
Buildings	658,967	102,873	-	761,840
Improvements	694,986	48,984	(220,076)	523,894
Infrastructure	1,799,430	498,396	-	2,297,826
Furniture, fixtures and equipment	1,492,661	334,627	(115,313)	1,711,975
Fire protection equipment	5,542	147	-	5,689
Vehicles	302,045	17,866	(174,336)	145,575
Total accumulated depreciation	4,953,631	1,002,893	(509,725)	5,446,799
Total capital assets, depreciated, net	\$ 13,563,250	791,625	(33,506)	14,321,369
Total capital assets, depreciated and non-depreciated, net	\$ 36,948,323	791,625	(1,269,770)	36,470,178

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

Governmental activities	
General government	\$ 13,372
Public safety	36,391
Highways and streets	515,883
Culture and recreation	437,247
Total depreciation expense	\$ 1,002,893

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2012, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,495,000	-	(45,000)	3,450,000	50,000
Loans	864,770	-	(42,304)	822,466	43,416
Compensated absences	16,940	25,188	(25,212)	16,916	16,916
Total	\$ 4,376,710	25,188	(112,516)	4,289,382	110,332

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
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	170,000	132,368	302,368
2018 to 2022	1,050,000	529,463	1,579,463
2023 to 2027	1,465,000	252,288	1,717,288
2028	340,000	7,820	347,820
	\$ 3,450,000	1,515,654	4,965,654

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, 2012 was \$3,377.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012:

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.	\$ 450,531
Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2014.	235,061
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2014.	<u>136,874</u>
Total loans payable	<u>\$ 822,466</u>

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 43,416	63,610	107,026
2014	47,207	59,819	107,026
2015	399,415	37,252	436,667
2016	46,636	26,841	73,477
2017	285,792	6,118	291,910
	<u>\$ 822,466</u>	<u>193,640</u>	<u>1,016,106</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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	\$ -	1,018,433
Infrastructure Fund	790,888	-
Debt Service Fund	208,471	-
Non-major Funds		
Other Special Revenue Fund	24,154	5,080
Total	<u>\$ 1,023,513</u>	<u>1,023,513</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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6. PROPERTY TAXES

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

NOTE 7. PERA PENSION PLAN

Plan Description: 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 for the plan. 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, 2012, 2011, and 2010 were \$64,661, \$64,101, and \$105,336, respectively, which equal the amount of the required contributions for each fiscal year.

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9. RISK MANAGEMENT

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

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

NOTE 10. CONTINGENCIES

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

NOTE 11. CONDUIT DEBT

During the year ending June 30, 2011, the Village issued \$36,000,000 in Educational Facilities Refunding and Improvement Revenue Bonds (Albuquerque Academy Project), Series 2010. The bonds are special limited obligations of the Village. The bond ordinance adopted by the Village in connection with the issuance of the bonds provide that the bonds shall never constitute the debt or indebtedness of the Village and shall not constitute or give rise to a pecuniary liability of the Village or a charge against its general credit or taxing powers. The Albuquerque Academy has guaranteed the payment of principal and interest on the bonds. Final maturity of the bonds is September 21, 2040. The aggregate amount outstanding at June 30, 2012 is \$36,000,000. The first payment on the bonds is scheduled for September 1, 2017.

NOTE 12. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through October 12, 2012, the date the financial statements were available to be issued. Subsequent to June 30, 2012, the Village had no material subsequent events.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NON-MAJOR FUNDS
June 30, 2012

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.

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, 2012

	Special Revenue					Capital Projects		Total Non-major
	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Recreational Building	Open Spaces	
ASSETS								
Cash and investments	\$ -	-	-	313,213	13,225	-	44,423	370,861
Receivables								
Gross receipts	-	-	-	9,043	-	-	-	9,043
Gas	-	-	-	417	-	-	-	417
Motor vehicle	-	-	-	1,960	-	-	-	1,960
Total assets	\$ -	-	-	324,633	13,225	-	44,423	382,281
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	-	-	-	26	-	-	26
Total liabilities	-	-	-	-	26	-	-	26
FUND BALANCES								
Restricted for special revenues	-	-	-	324,633	-	-	-	324,633
Committed to capital projects	-	-	-	-	-	-	44,423	44,423
Assigned to special revenues	-	-	-	-	13,199	-	-	13,199
Assigned to capital projects	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	324,633	13,199	-	44,423	382,255
Total liabilities and fund balances	\$ -	-	-	324,633	13,225	-	44,423	382,281

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2012

	Special Revenue				Capital Projects		Total Non-major	
	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Recreational Building		Open Spaces
Revenues								
Taxes	\$ -	-	-	189,470	-	-	-	189,470
Non-federal sources								
Intergovernmental	20,000	77,879	20,600	-	-	-	-	118,479
Other	-	-	-	-	8,090	-	-	8,090
Total revenues	20,000	77,879	20,600	189,470	8,090	-	-	316,039
Expenditures								
Current								
Public safety	20,000	77,879	54,196	-	-	-	-	152,075
Culture and recreation	-	-	-	-	8,168	200	-	8,368
Capital outlay	-	-	-	55,022	-	-	-	55,022
Total expenditures	20,000	77,879	54,196	55,022	8,168	200	-	215,465
Excess (deficiency) of revenues over expenditures before other financing sources	-	-	(33,596)	134,448	(78)	(200)	-	100,574
Other Financing Uses								
Operating transfers in	-	-	21,974	-	2,180	-	-	24,154
Operating transfers out	-	-	-	(2,900)	(2,180)	-	-	(5,080)
Total other financing sources	-	-	21,974	(2,900)	-	-	-	19,074
Net change in fund balances	-	-	(11,622)	131,548	(78)	(200)	-	119,648
Fund balance, beginning of year	-	-	11,622	193,085	13,277	200	44,423	262,607
Fund balance, end of year	\$ -	-	-	324,633	13,199	-	44,423	382,255

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, 2012

	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	20,000	20,000	20,000	-
Total expenditures	20,000	20,000	20,000	-
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)
FIRE PROTECTION
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 61,667	77,879	77,879	-
Total revenues	61,667	77,879	77,879	-
Expenditures				
Public safety	61,667	77,879	77,879	-
Total expenditures	61,667	77,879	77,879	-
Net change in fund balance	\$ -	-	-	-

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ 20,600	20,600	20,600	-
Total revenues	20,600	20,600	20,600	-
Expenditures				
Public safety	60,000	60,533	54,196	6,337
Total expenditures	60,000	60,533	54,196	6,337
Excess of revenues over expenditures	(39,400)	(39,933)	(33,596)	6,337
Other Financing Sources				
Transfers in	27,778	28,311	21,974	(6,337)
Total other financing sources	27,778	28,311	21,974	(6,337)
Net change in fund balance	\$ (11,622)	(11,622)	(11,622)	-
Prior year cash appropriated	11,622	11,622	11,622	
	\$ -	-	-	

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 127,066	179,051	188,686	9,635
Total revenues	127,066	179,051	188,686	9,635
Expenditures				
Capital outlay	106,882	105,022	55,022	50,000
Total expenditures	106,882	105,022	55,022	50,000
Excess of revenues over expenditures	20,184	74,029	133,664	59,635
Other Financing Uses				
Transfers out	(41,131)	(2,900)	(2,900)	-
Total other financing uses	(41,131)	(2,900)	(2,900)	-
Net change in fund balance	(20,947)	71,129	130,764	59,635
Prior year cash appropriated	20,947			
	<u>\$ -</u>			
Non-GAAP change in fund balance			\$ 130,764	
Change in:				
Accounts receivable			<u>784</u>	
GAAP change in fund balance			<u>\$ 131,548</u>	

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 7,539	7,539	8,090	551
Total revenues	7,539	7,539	8,090	551
Expenditures				
Culture and recreation	7,857	10,720	8,142	2,578
Total expenditures	7,857	10,720	8,142	2,578
(Deficiency) excess of revenues over expenditures	(318)	(3,181)	(52)	3,129
Other Financing Sources (Uses)				
Transfers in	-	2,180	2,180	-
Transfers out	-	(2,180)	(2,180)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(318)	(3,181)	(52)	<u>3,129</u>
Prior year cash appropriated	318	3,181	52	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (52)	
Change in:				
Accounts payable			<u>(26)</u>	
GAAP change in fund balance			<u>\$ (78)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Culture and recreation	-	200	200	-
Capital outlay	200	-	-	-
Total expenditures	200	200	200	-
Net change in fund balance	(200)	(200)	(200)	-
Prior year cash appropriated	200	200	200	
	<u>\$ -</u>	<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, 2012

	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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	40,000	-	(40,000)
Federal grants	224,468	-	-	-
Total revenues	224,468	40,000	-	(40,000)
Expenditures				
Capital outlay	764,828	654,969	490,888	164,081
Total expenditures	764,828	654,969	490,888	164,081
Deficiency of revenues over expenditures before other financing sources	(540,360)	(614,969)	(490,888)	124,081
Other Financing Sources				
Transfer in: Severance tax appropriation	225,619	225,619	111,537	(114,082)
Operating transfers in	726,279	800,888	790,888	(10,000)
Total other financing sources	951,898	1,026,507	902,425	(124,082)
Net change in fund balance	\$ 411,538	411,538	411,537	(1)
Non-GAAP change in fund balance			\$ 411,537	
Change in:				
Accounts receivable			(111,537)	
Accounts payable			20,785	
GAAP change in fund balance			\$ 320,785	

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes - property	\$ 222,795	205,125	205,124	(1)
Total revenues	222,795	205,125	205,124	(1)
Expenditures				
Debt service	1,084,428	311,132	311,132	-
Total expenditures	1,084,428	311,132	311,132	-
Deficiency of revenues over expenditures before other financing sources	(861,633)	(106,007)	(106,008)	(1)
Other Financing Sources (Uses)				
Operating transfers in	981,767	208,471	208,471	-
Net change in fund balance	\$ 120,134	102,464	102,463	(1)
Non-GAAP change in fund balance			\$ 102,463	
Change in:				
Accounts receivable			<u>1,585</u>	
GAAP change in fund balance			<u>\$ 104,048</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2012

<u>Depository</u>	<u>Account Name</u>	<u>Type</u>	<u>Depository Balance</u>	<u>Reconciled Balance</u>
Bank of America	Pooled Cash Account	Interest bearing checking	\$ 225,872	209,626
Bank of America	Certificate of Deposit	Certificate of deposit	35,024	35,024
Total cash and cash equivalents			<u>260,896</u>	<u>244,650</u>
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			<u>260,896</u>	<u>245,150</u>
Local Government				
NM State Treasurer	Investment Pool	Investment	5,133,177	5,133,907
NM State Treasurer	Reserve Contingency - Water Fund	Investment	3,473	3,473
			<u>5,136,650</u>	<u>5,137,380</u>
Total deposit and investment accounts			<u><u>\$ 5,397,546</u></u>	<u><u>5,382,530</u></u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2012

	Bank of America
Deposits at June 30, 2012	\$ 260,896
Less: FDIC coverage	260,896
Uninsured public funds	-
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	359,007
Uninsured and uncollateralized	\$ -
50% pledged collateral requirement per statute	\$ -
Total pledged collateral	359,007
Pledged collateral over the requirement	\$ (359,007)

Pledged collateral at June 30, 2012 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AE0478	31419AQ83	11/1/1940	\$ 359,007

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, 2012

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, 2012

<u>Appropriation</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>	<u>Funds Encumbered</u>
CN SB710	07/20/2011	12/31/2013	40,000	-	-	-
Total			40,000	-	-	-

None of the funds above have been encumbered.

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 *Government 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, 2012, and have issued our report thereon dated October 12, 2012. 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

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency *in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

Porch & Associates LLC

Albuquerque, New Mexico
October 12, 2012

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

11-01 Excess of Expenditures Over Authorized Budget

Resolved

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2012**

An exit conference was held on October 19, 2012, 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

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