

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE,
NEW MEXICO

FINANCIAL STATEMENTS

JUNE 30, 2013

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, 2013

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 Auditor's 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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Village of Los Ranchos de Albuquerque, New Mexico (Village), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for all major non-special revenue and nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Ricci, Porch & Company, LLC

Albuquerque, New Mexico
September 26, 2013

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
June 30, 2013**

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* \$80,881 or approximately 3% from the prior year. Total Village revenue *increased* \$167,036 approximately 6% from the prior year.
- The Village's expenses *increased* \$98,584 or approximately 3% from the prior year.
- The Village increased its net position by \$145,294, a 0.38% increase for this fiscal year.
- For additional highlights see the financial charts at the end of this Management's Discussion & Analysis.

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. We have taken note that gross receipts tax revenue; the primary source of operating revenue for the Village, over the last two fiscal years has been coming in slightly higher than our initial projections. Although that increase is too small to cause our cautious approach to budgeting to give way to optimism, we are hopeful that an economic recovery is on the horizon.

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. The FY2014 budget includes a carryover appropriation from FY2013 of \$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 construction of those improvements is anticipated to begin in early 2014. The Village also received a \$681,000 legislative appropriation for the 4th Street improvement project. Those moneys are expected to be included in the FY2014 budget via a budget adjustment resolution in October 2013.

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

June 30, 2013

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.

THE FINANCIAL STATEMENTS

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

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
 June 30, 2013

Reporting on the Village's Most Significant Funds

Fund Financial Statements

Our analysis of the Village's major funds begins on page 7. The fund financial statements begin on page 18 and provide detailed information about the most significant funds-not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustee's establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g. grants received from the State of New Mexico).

Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent year(s). These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the *Government-Wide Statement of Net Position* and the *Government-Wide Statement of Activities*) and governmental funds in reconciliation at the bottom of the fund financial statements.

THE VILLAGE AS A WHOLE

For the year ended June 30, 2013, net position changed as follows:

	Governmental Activities
Beginning net position	\$ 37,745,352
Increase (decrease) in net position	145,294
Ending net position	<u>\$ 37,890,646</u>

	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 6,467,693	5,382,530
Receivables	237,065	222,032
Capital assets, net of depreciation	35,474,141	36,470,178
Bond issuance costs net	47,560	50,937
Total assets	<u>42,226,459</u>	<u>42,125,677</u>
Total liabilities	<u>4,335,813</u>	<u>4,380,325</u>
Total net assets	<u>\$37,890,646</u>	<u>37,745,352</u>

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

June 30, 2013

The increase in cash and investments is due to the excess of revenues over expenditures on a cash basis. The increase in receivables is mainly due to an increase in gross receipt taxes. The decrease in capital assets net of depreciation is due to the depreciation expense for this fiscal year. The decrease in total liabilities is due to the principal reduction on the long-term debt; even though the reduction in long-term debt was offset by an increase in accounts payable.

Governmental Activities

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
 June 30, 2013

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 2013 Amount	Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
Assets:				
Cash and cash equivalents	\$ 6,467,693	96.46%	\$ 1,085,164	20.16%
Receivables	237,065	3.54%	15,032	6.77%
Total assets	6,704,759	100.00%	1,100,196	19.63%
Liabilities:				
Accounts payable	62,672	84.79%	51,651	468.66%
Accrued liabilities	11,245	15.21%	(456)	(3.90%)
Total liabilities	73,917	100.00%	51,195	225.31%
Fund balance:				
<i>Restricted for:</i>				
Special revenue	498,637	7.52%	174,005	53.60%
Debt service	155,009	2.34%	16,942	12.27%
<i>Committed to:</i>				
Capital projects	44,423	0.67%	0	0.0%
<i>Assigned to:</i>				
Special revenue	11,000	0.17%	(2,199)	(16.66%)
Capital projects	900,000	13.57%	300,000	50.00%
Debt service	600,000	9.05%	100,000	20.00%
<i>Unassigned:</i>				
General fund	4,421,772	66.68%	460,253	11.62%
Total fund balance	\$ 6,630,841	100.00%	\$ 1,049,001	18.79%

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
June 30, 2013**

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 2013 Amount	Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
<i>Taxes</i>	\$ 2,739,040	82.76%	\$ 80,881	3.04%
<i>Licenses and permits</i>	68,556	2.07%	(11,030)	(13.86%)
<i>Intergovernmental</i>	315,776	9.54%	(2,186)	(0.69%)
<i>Interest income</i>	8,295	0.25%	14,699	229.53%
<i>Other income</i>	177,886	5.38%	40,877	29.84%
<i>Total Revenues</i>	\$ 3,309,553	100.00%	\$ 123,241	3.87%

There was some improvement in tax revenue. We did however see a decrease in licenses and permits. There was an increase in other revenue due to an increase in rental income and miscellaneous income.

Expenditures:	FYE 2013 Amount	Percent of Total	Increase (Decrease) from FYE 2012	Percent Increase (Decrease)
<i>General government</i>	\$ 960,769	42.50%	\$ 85,098	9.72%
<i>Public safety</i>	679,766	30.07%	(69,231)	(9.24%)
<i>Highway and streets</i>	132,543	5.87%	30,923	30.43%
<i>Culture and recreation</i>	143,313	6.34%	33,325	30.30%
<i>Debt service</i>	312,431	13.82%	1,299	0.42%
<i>Capital outlay</i>	31,730	1.40%	(526,525)	(94.32%)
<i>Total Expenditures</i>	\$ 2,260,552	100.00%	\$ (445,111)	(16.45%)

The most significant decrease in expenditures was in capital outlays. 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.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
June 30, 2013**

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	
	2013	2012
Land	\$ 22,137,269	\$ 22,137,269
Buildings – construction in process	8,608	8,608
Infrastructure – construction in process	2,932	2,932
Buildings	5,093,576	5,093,576
Improvements	989,357	975,289
Infrastructure	10,000,456	9,994,764
Furniture, fixtures and equipment	3,514,970	3,503,000
Fire protection equipment	6,399	6,399
Vehicles	195,140	195,140
TOTALS	\$ 41,948,707	\$ 41,916,977

At the end of June 30, 2013, 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 make \$14,000 of electrical improvements to the Agri-Nature Center; purchased a \$12,000 John Deere Ztrak lawnmower; and added another speed board \$5,700.

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 \$1,392,000 from the General Fund, over the 20-year term, to repay the debt.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
June 30, 2013**

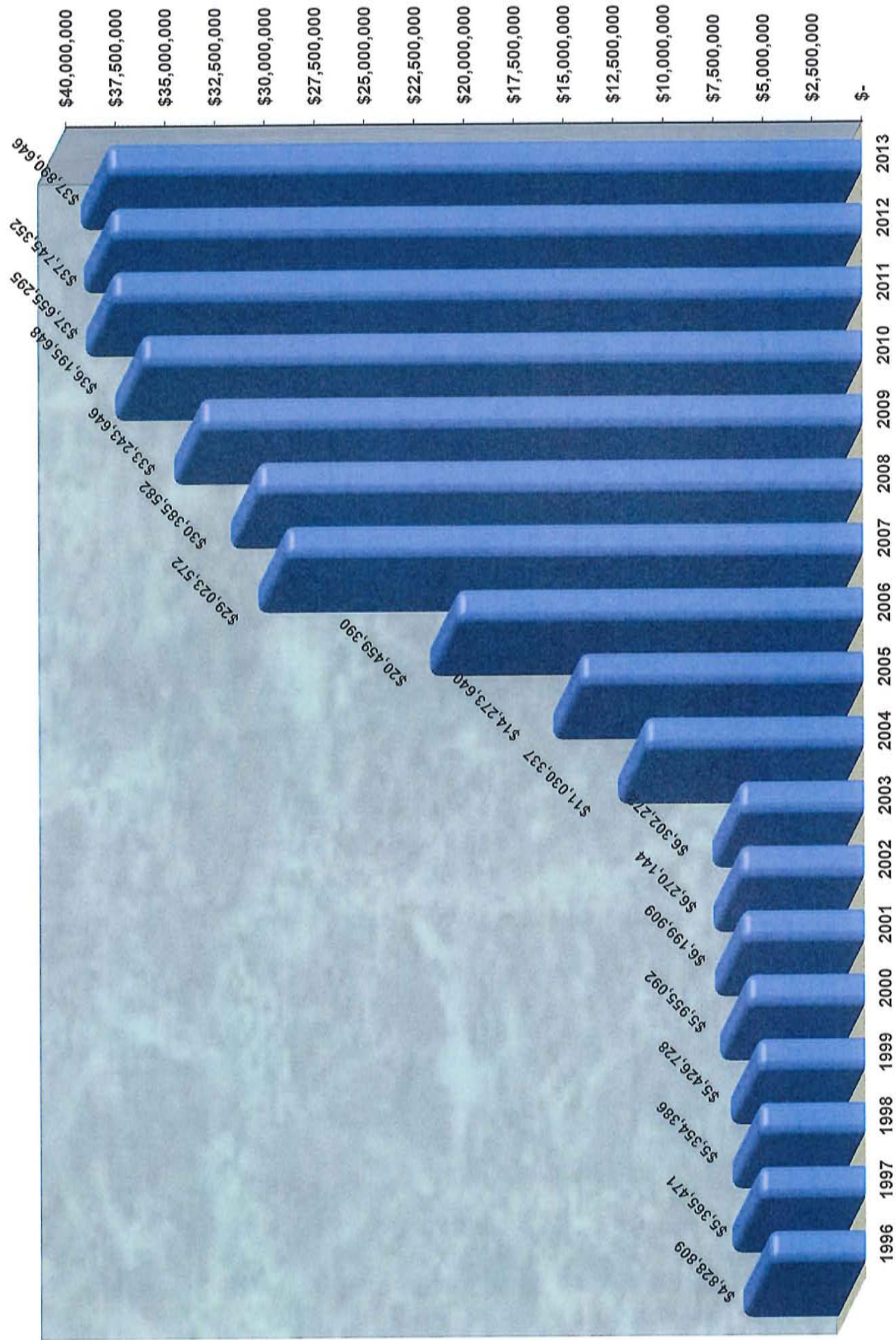
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

We expect the economy to remain sluggish and therefore only increased General fund revenues for inflation in projecting the 2014 fiscal year revenues. In addition, General fund expenditures were increased over the 2012 - 2013 actual amounts for inflation.

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.

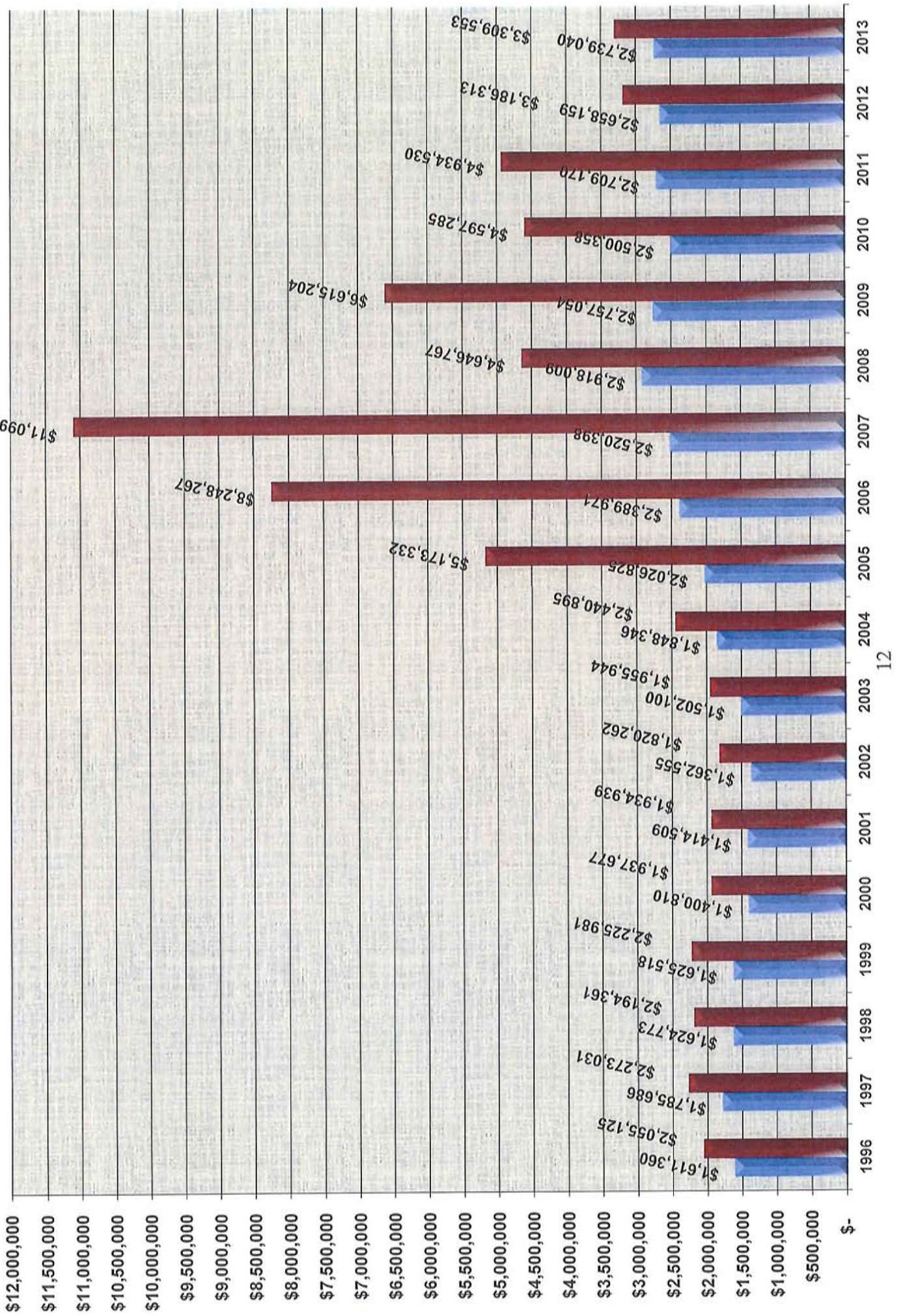
Village of Los Ranchos de Albuquerque
 Statement of Net Position
 from Audited Financial Statements



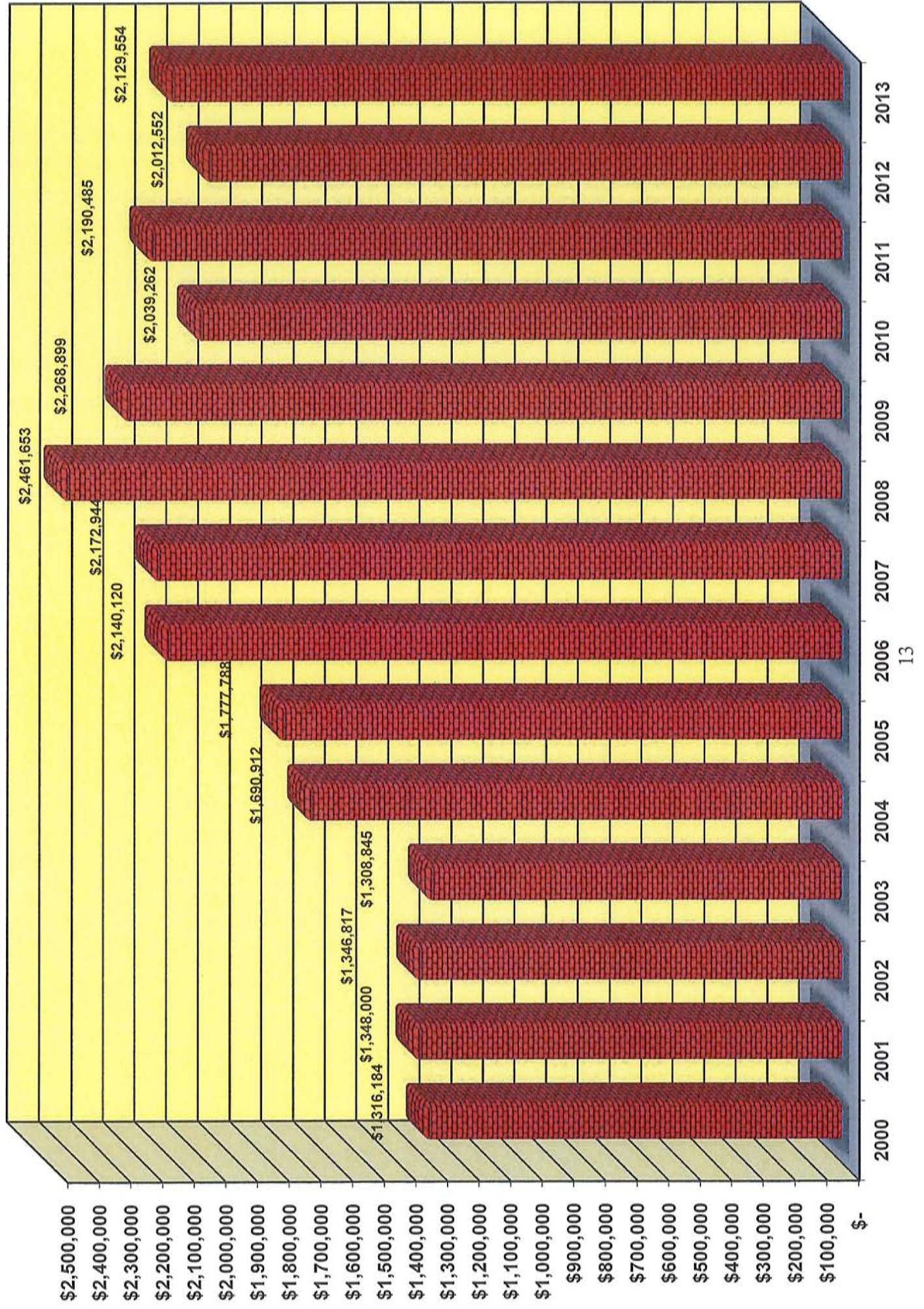
Village of Los Ranchos de Albuquerque

Revenue Comparison from Statement of Revenues, Expenditures and Changes in Fund Balances from Audited Financial Statements

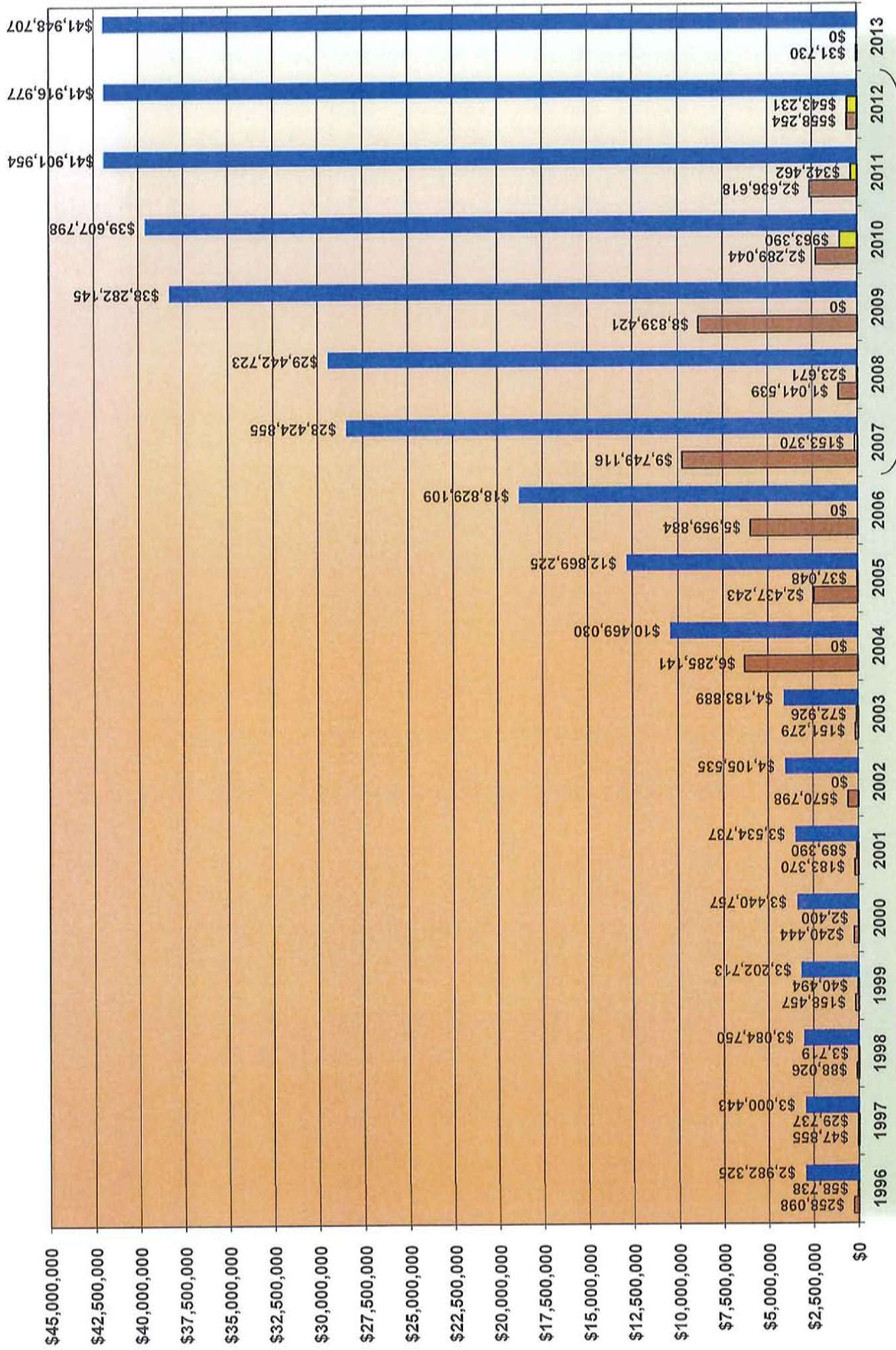
■ Tax Revenue
■ Total Revenue



Village of Los Ranchos de Albuquerque Gross Receipts Tax Revenue (Cash Basis)



Village of Los Ranchos de Albuquerque
 Capital Assets
 from Audited Financial Statements



49 Acres of Open Space Purchased \$12,368,704

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 STATEMENT OF NET POSITION
 June 30, 2013

	Governmental Activities
ASSETS	
Cash and investments	\$ 6,467,693
Receivables	
Taxes	
Property	8,199
Gross receipts	184,925
Gas	2,576
Motor vehicle	1,878
Franchise	39,487
Capital assets, not depreciated	22,148,809
Capital assets, net of accumulated depreciation of \$6,474,566	13,325,332
Bond issuance costs, net of amortization of \$19,980	47,560
	<hr/>
Total assets	42,226,459
	<hr/>
LIABILITIES	
Accounts payable	62,672
Accrued compensation and benefits	11,245
Accrued interest payable	66,552
Compensated absences, due in one year	16,664
Long-term liabilities, due in one year	147,596
Long-term liabilities, due in more than one year	4,031,084
	<hr/>
Total liabilities	4,335,813
	<hr/>
NET POSITION	
Net investment in capital assets	31,295,461
Restricted for:	
Public Safety	20
Highways and streets	498,617
Debt service	155,009
Unrestricted	5,941,539
	<hr/>
Total net position	\$ 37,890,646
	<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, 2013

	Program Revenues			Net Revenue (Expense) and Changes in Net Position
<u>Functions/Programs</u>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 973,388	68,536	171,074	-
Public safety	737,828	20	144,702	-
Highways and streets	650,601	-	-	-
Culture and recreation	582,089	-	-	-
Interest on long-term debt	220,353	-	-	-
Total primary government	3,164,259	68,556	315,776	-
General Revenues:				
Gross receipts taxes				2,140,260
Franchise taxes				312,950
Property taxes				222,347
Motor vehicle registration				22,603
Gasoline taxes				40,880
Interest and investment income				8,295
Other				177,886
Total general revenues				2,925,221
Change in net position				145,294
Net position, beginning				37,745,352
Net position, ending				\$ 37,890,646

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, 2013

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 4,280,062	900,000	746,810	540,821	6,467,693
Receivables					
Taxes					
Property	-	-	8,199	-	8,199
Gross receipts	175,362	-	-	9,563	184,925
Gas	-	-	-	2,576	2,576
Motor vehicle	-	-	-	1,878	1,878
Franchise	39,487	-	-	-	39,487
Total assets	\$ 4,494,911	900,000	755,009	554,838	6,704,758
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 61,894	-	-	778	62,672
Accrued compensation and benefits	11,245	-	-	-	11,245
Total liabilities	73,139	-	-	778	73,917
FUND BALANCES					
Restricted for:					
Special revenue funds	-	-	-	498,637	498,637
Debt service funds	-	-	155,009	-	155,009
Committed to:					
Capital projects funds	-	-	-	44,423	44,423
Assigned to:					
Special revenue funds	-	-	-	11,000	11,000
Capital projects funds	-	900,000	-	-	900,000
Debt service funds	-	-	600,000	-	600,000
Unassigned:					
General fund	4,421,772	-	-	-	4,421,772
Total fund balances	4,421,772	900,000	755,009	554,060	6,630,841
Total liabilities and fund balances	\$ 4,494,911	900,000	755,009	554,838	6,704,758

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2013

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

Total fund balance - governmental funds	\$ 6,630,841
Debt issuance costs are capitalized and amortized under the full accrual method, but not the modified accrual method	47,560
Interest on debt is accrued as a payable under the full accrual method, but not the modified accrual method	(66,552)
Accrued compensated absences not payable from current revenues	(16,664)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	35,474,141
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>(4,178,680)</u>
Net position- governmental activities	<u><u>\$ 37,890,646</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, 2013

	General	Infrastructure	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 2,342,709	-	222,347	173,984	2,739,040
Licenses, permits, fees, fines	68,536	-	-	20	68,556
Non-federal sources					
Intergovernmental	171,074	-	-	144,702	315,776
Interest and investment income	8,295	-	-	-	8,295
Other	170,815	-	-	7,071	177,886
Total revenues	<u>2,761,429</u>	<u>-</u>	<u>222,347</u>	<u>325,777</u>	<u>3,309,553</u>
Expenditures					
Current					
General government	960,769	-	-	-	960,769
Public safety	503,718	-	-	176,048	679,766
Highways and streets	132,543	-	-	-	132,543
Culture and recreation	132,543	-	-	10,770	143,313
Debt service	-	-	312,431	-	312,431
Capital outlay	31,730	-	-	-	31,730
Total expenditures	<u>1,761,303</u>	<u>-</u>	<u>312,431</u>	<u>186,818</u>	<u>2,260,552</u>
Excess (deficiency) of revenues over expenditures before other financings sources	<u>1,000,126</u>	<u>-</u>	<u>(90,084)</u>	<u>138,959</u>	<u>1,049,001</u>
Other Financing Sources (Uses)					
Operating transfers in	-	300,000	207,026	33,846	540,872
Operating transfers out	(539,872)	-	-	(1,000)	(540,872)
Total other financing sources (uses)	<u>(539,872)</u>	<u>300,000</u>	<u>207,026</u>	<u>32,846</u>	<u>-</u>
Net change in fund balances	<u>460,254</u>	<u>300,000</u>	<u>116,942</u>	<u>171,805</u>	<u>1,049,001</u>
Fund balance, beginning of year	<u>3,961,518</u>	<u>600,000</u>	<u>638,067</u>	<u>382,255</u>	<u>5,581,840</u>
Fund balance, end of year	<u>\$ 4,421,772</u>	<u>900,000</u>	<u>755,009</u>	<u>554,060</u>	<u>6,630,841</u>

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, 2013**

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

Net changes in fund balances - governmental funds \$ 1,049,001

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	\$ (1,027,767)	
Capital outlay	<u>31,730</u>	
Excess of capital outlay over depreciation expense		(996,037)

Accrued interest payable is an expense under the full accrual method, and not the modified accrual method 1,669

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. 252

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 93,786

Change in net position - governmental activities \$ 145,294

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,288,177	2,355,557	2,333,413	(22,144)
Licenses and permits and fees	75,855	62,368	68,536	6,168
Intergovernmental	200,000	171,074	171,074	0
Interest and investment income	10,500	9,109	8,295	(814)
Other	134,484	155,272	170,815	15,543
Total revenues	2,709,017	2,753,381	2,752,133	(1,248)
Expenditures				
General government	1,018,348	936,924	923,557	13,367
Public safety	519,087	518,908	505,028	13,880
Highways and streets	135,409	133,096	125,273	7,823
Culture and recreation	135,409	133,096	125,273	7,823
Capital outlay	767,765	31,730	31,730	(0)
Total expenditures	2,576,018	1,753,753	1,710,861	42,892
Excess of revenues over expenditures	132,999	999,628	1,041,272	41,644
Other financing sources (uses)				
Sales of capital assets	-	-	-	-
Operating transfers out	(548,426)	(539,872)	(539,872)	-
Total other financing sources (uses)	(548,426)	(539,872)	(539,872)	-
Net change in fund balance	(415,427)	459,756	501,400	41,644
Prior year cash appropriated	415,427			
	\$ -			
Non-GAAP change in fund balance			\$ 501,400	
Change in:				
Accounts receivable			9,296	
Accounts payable			(50,899)	
Accrued compensation and benefits			457	
GAAP change in fund balance			\$ 460,254	

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, 2013

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, 2013.

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

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

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

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013

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.

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 and through budgetary transfers.

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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. There were no prepaid items at year end.

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, 2013

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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Balance Disclosure

The Village follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The purpose of GASB No. 54 is to improve the consistency and usefulness of the fund balance information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the Village classifies fund balances in the governmental funds as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are prepaid expenses and inventory.

Spendable Fund Balance includes restricted, committed, assigned, and unassigned designations:

- **Restricted** includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The following funds have restricted balances:

- **Debt Service Fund (Major)** – Contains \$155,009 from property tax revenues restricted by enabling legislation for debt service payments.
- **Corrections (Special Revenue Fund)** – Contains \$20 in fines and fees restricted by New Mexico State Statute to offset the cost of corrections.
- **Municipal Street (Special Revenue Fund)** – Contains \$498,617 in gross receipts tax, motor vehicle tax, and gasoline tax revenues restricted by enabling legislation for construction and maintenance of Village roads.

- **Committed** includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (ordinances and resolutions) at the highest level of decision making authority (Village Trustees). These commitments can only be overturned by a like action. Examples are encumbrances of construction and service contracts, and specific allocation of funds for particular future activities. The following funds have committed balances:

- **Open Spaces (Capital Projects Fund)** – Contains \$44,423 committed through resolution towards an Economic Development plan.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Balance Disclosure (Continued)

- **Assigned** includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess fund balances may be assigned by the Village Trustees or by an official or body to which the Village Trustees delegates the authority, for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the Village Trustees at any public meeting. The following funds have assigned balances:

- **Debt Service Fund (Major)** – Contains \$600,000 assigned through the budgeting process for debt service payments.
- **Infrastructure (Major)** – Contains \$900,000 assigned through the budgeting process for infrastructure and development within the Village.
- **Other (Special Revenue Fund)** – Contains \$11,000 assigned through the budgeting process for special events with a focus on culture and recreation.

- **Unassigned** includes residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The details of fund balances are included in the Governmental Funds Balance Sheet. 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.

The Village does not have a formal minimum fund balance policy; however, the Village follows a policy in which one twelfth of budgeted expenditures are maintained as a minimum balance in the general fund.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

H. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities less deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net investment in capital assets excludes unspent debt proceeds. Net positions 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.

The government-wide statement of net position reports \$653,646 of restricted net position, of which \$653,626 consists of tax revenues restricted by enabling legislation and \$20 consists of fines and fees restricted by New Mexico State Statute.

Government-wide Financial Statements. The Village classifies net position in the government-wide fund financial statements as follows:

Net Investment in Capital Assets includes the Village's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted Net Position** includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Village typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- **Unrestricted Net Position** typically includes unrestricted liquid assets. The Village Trustees have the authority to revisit or alter this designation.

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, 2013

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, 2013

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 did not have a material impact on the Village's financial statements.

During the year ended June 30, 2013, the Village adopted Government Accounting Standards Board Statement (GASB) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position*. The statement did not 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, 2013, \$8,175 of the Village's bank balance total of \$293,321 was exposed to custodial 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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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.

In 2009, the New Mexico State Treasurer's (Treasurer) office placed \$169,531 of the Village's LGIP investment into a contingency account. The funds may be used to cover losses from the failure of a money market in which the LGIP was invested. The funds are not accessible by the Village. The Village recovered funds from the account during fiscal years 2010 and 2011. During fiscal year 2012, a portion of the contingency account was written off by the Treasurer's office. There was no activity in the contingency account in the year ending June 30, 2013 and the remaining balance at year-end is \$3,473. 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 weighted average maturity (WAM) at June 30, 2013 was 59 days WAM (R); 90 days WAM(F).

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, 2013

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 22,137,269	-	-	22,137,269
Buildings - construction in process	8,608	-	-	8,608
Infrastructure - construction in process	2,932	-	-	2,932
Total, not depreciated	\$ 22,148,809	-	-	22,148,809
Capital assets, depreciated				
Buildings	\$ 5,093,576	-	-	5,093,576
Improvements	975,289	14,068	-	989,357
Infrastructure	9,994,764	5,692	-	10,000,456
Furniture, fixtures and equipment	3,503,000	11,970	-	3,514,970
Fire protection equipment	6,399	-	-	6,399
Vehicles	195,140	-	-	195,140
Total, depreciated	19,768,168	31,730	-	19,799,898
Accumulated depreciation for:				
Buildings	761,840	127,339	-	889,179
Improvements	523,894	48,530	-	572,424
Infrastructure	2,297,826	499,929	-	2,797,755
Furniture, fixtures and equipment	1,711,975	333,955	-	2,045,930
Fire protection equipment	5,689	148	-	5,837
Vehicles	145,575	17,866	-	163,441
Total accumulated depreciation	5,446,799	1,027,767	-	6,474,566
Total capital assets, depreciated, net	\$ 14,321,369	(996,037)	-	13,325,332
Total capital assets, depreciated and non-depreciated, net	\$ 36,470,178	(996,037)	-	35,474,141

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

Governmental activities	
General government	\$ 12,119
Public safety	60,858
Highways and streets	517,036
Culture and recreation	437,754
Total depreciation expense	\$ 1,027,767

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. LONG-TERM OBLIGATIONS

During the year ended June 30, 2013, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,450,000	-	(50,000)	3,400,000	100,000
Loans	822,466	-	(43,786)	778,680	47,596
Compensated absences	16,916	25,324	(25,576)	16,664	16,664
Total	\$ 4,289,382	25,324	(119,362)	4,195,344	164,260

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 the debt service fund using 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
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	190,000	123,818	313,818
2019 to 2023	1,120,000	481,990	1,601,990
2024 to 2028	1,545,000	183,763	1,728,763
	\$ 3,400,000	1,360,249	4,760,249

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. Amortization expense included in the government-wide statement of activities for the year ended June 30, 2013 was \$3,377.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. LONG-TERM OBLIGATIONS (CONTINUED)

Loans. The Village financed land purchases using commercial loans and mortgages. The following notes are outstanding at June 30, 2013:

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	\$ 414,133
Land acquisition mortgage for \$250,000 Interest is 7% per annum, payments of \$1,767 per month, maturing September 19, 2014	230,392
Land acquisition mortgage for \$145,573, interest at 7% per annum, payments of \$1,029 per month, maturing September 19, 2014	<u>134,155</u>
Total loans payable	<u>\$ 778,680</u>

Notes payable are liquidated from the debt service fund through budgeted transfers from the general fund. The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 47,596	59,430	107,026
2015	399,484	37,183	436,667
2016	46,710	26,766	73,476
2017	<u>284,890</u>	<u>6,099</u>	<u>290,988</u>
	<u>\$ 778,680</u>	<u>129,478</u>	<u>908,157</u>

Accrued Compensated Absences. It is the policy of the Village to accrue vacation leave based on years of service to regular full-time employees. Part-time employees 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 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 two days of accrued sick leave. 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.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. LONG-TERM OBLIGATIONS (CONTINUED)

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	\$ -	539,872
Debt Service Fund	207,026	-
Infrastructure Fund	300,000	-
Non-major Funds		
Law Enforcement Protection Fund	31,346	-
Other Special Revenue Fund	<u>2,500</u>	<u>1,000</u>
Total	<u>\$ 540,872</u>	<u>540,872</u>

The above transfers were included in the budget for debt payments, operating needs and for the purchase of capital assets.

NOTE 6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Village does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village does not have any items that qualify for reporting in this category.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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. RENTALS UNDER OPERATING LEASES

The Village leases land to third parties under noncancelable operating leases. Four operating leases allow for cell tower operations on a portion of the Village's land. These leases have initial terms which ended on May 29, 2012 and provide for rights of renewal for four additional terms of five years. All leases were renewed and terminate on May 29, 2017. Rent under each of these leases is \$1,650 per month and will increase by 10% with each successive renewal term.

The Village also entered into an operating lease which allows for Village property to be used to operate a locally-owned retail business. The lease has an initial term which ended on December 1, 2012 and provides for rights of renewal for two additional terms of five years. The lease was renewed and terminates on December 1, 2017. Rent is \$1,591 per month and increases by 3% annually on December 1st. The building is included on the capital asset listing with a cost of \$41,318 and associated accumulated depreciation of \$2,582 at June 30, 2013.

The following is a schedule by years of future minimum rentals on noncancelable operating leases as of June 30, 2013:

Year ending June 30:

2014	\$ 98,630
2015	99,213
2016	99,814
2017	100,432
2018	<u>81,555</u>
Total	<u>\$ 479,644</u>

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 9. 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. The report is also available 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, 2013, 2012, and 2011 were \$69,958, \$64,661, and \$64,101, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10. STATE RETIREE HEALTH CARE PLAN

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

NOTE 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, 2013 is \$36,000,000. The first payment on the bonds is scheduled for September 1, 2017.

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 12. 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 13. 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; injuries and natural disasters. The Village of Los Ranchos participates in the New Mexico Self-Insurer's Fund risk pool. The fund was established by its members in 1982 under the Joint Powers Agreements Act of the New Mexico Statutes Sections 11-1-1 through 11-7-1, State of New Mexico Annotated (NMSA), 1978, to provide insurance coverage to certain governmental entities within the State of New Mexico (Members). The primary objectives of the Fund are to formulate, develop and administer a program of self-insurance, obtain lower cost insurance coverage and develop a comprehensive safety program for its members. The Village pays an annual premium to the pool based on claim experience and the status of the pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2013, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

NOTE 14. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through September 26, 2013, which is the date the financial statements were available to be issued.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 40,000	-	-	-
Federal grants	-	-	-	-
Total revenues	40,000	-	-	-
Expenditures				
Capital outlay	50,000	-	-	-
Total expenditures	50,000	-	-	-
Deficiency of revenues over expenditures before other financing sources	(10,000)	-	-	-
Other Financing Sources				
Operating transfers in	310,000	300,000	300,000	-
Operating transfers out	-	-	-	-
Total other financing sources	310,000	300,000	300,000	-
Net change in fund balance	\$ 300,000	300,000	300,000	-

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes - property	\$ 207,740	208,086	219,207	11,121
Total revenues	<u>207,740</u>	<u>208,086</u>	<u>219,207</u>	<u>11,121</u>
Expenditures				
Debt service	312,431	312,431	312,431	-
Total expenditures	<u>312,431</u>	<u>312,431</u>	<u>312,431</u>	<u>-</u>
Deficiency of revenues over expenditures before other financing sources	<u>(104,691)</u>	<u>(104,345)</u>	<u>(93,224)</u>	<u>11,121</u>
Other Financing Sources (Uses)				
Operating transfers in	<u>207,026</u>	<u>207,026</u>	<u>207,026</u>	<u>-</u>
Net change in fund balance	<u>\$ 102,335</u>	<u>102,681</u>	<u>113,802</u>	<u>11,121</u>
Non-GAAP change in fund balance			\$ 113,802	
Change in:				
Accounts receivable			<u>3,140</u>	
GAAP change in fund balance			<u>\$ 116,942</u>	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO

NON-MAJOR FUNDS

June 30, 2013

SPECIAL REVENUE FUNDS

Corrections Fund. To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a twenty-dollar corrections fee collected upon conviction from persons convicted of violating any ordinance relating to the operation of a motor vehicle or any ordinance that may be enforced by the imposition of a term of imprisonment. Authority is NMSA 35-14-11.

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. Authority is the Village Trustees.

CAPITAL PROJECTS FUNDS

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

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2013

		Special Revenue					Capital Projects			Total Non-major
		Corrections	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Open Spaces		
ASSETS										
Cash and investments	\$	20	-	-	-	484,600	11,778	44,423	540,821	
Receivables		-	-	-	-	9,563	-	-	9,563	
Gross receipts		-	-	-	-	2,576	-	-	2,576	
Gas		-	-	-	-	1,878	-	-	1,878	
Motor vehicle		-	-	-	-	-	-	-	-	
Total assets	\$	20	-	-	-	498,617	11,778	44,423	554,838	

LIABILITIES AND FUND BALANCES

LIABILITIES										
Accounts payable	\$	-	-	-	-	-	778	-	778	
Total liabilities		-	-	-	-	-	778	-	778	

FUND BALANCES

Restricted for special revenues		20	-	-	-	498,617	-	-	498,637	
Committed to capital projects		-	-	-	-	-	-	44,423	44,423	
Assigned to special revenues		-	-	-	-	-	11,000	-	11,000	
Total fund balances		20	-	-	-	498,617	11,000	44,423	554,060	
Total liabilities and fund balances	\$	20	-	-	-	498,617	11,778	44,423	554,838	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2013

	Special Revenue							Capital Projects		Total Non-major
	Corrections	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Municipal Street	Other Special Revenue	Open Spaces			
Revenues										
Taxes	-	-	-	-	173,984	-	-	-	173,984	
Licenses, permits, fees, fines	20	-	-	-	-	-	-	-	20	
Non-federal sources	-	19,500	104,602	20,600	-	-	-	-	144,702	
Intergovernmental	-	-	-	-	-	7,071	-	-	7,071	
Other	-	-	-	-	-	-	-	-	-	
Total revenues	20	19,500	104,602	20,600	173,984	7,071	-	-	325,777	
Expenditures										
Current										
Public safety	-	19,500	104,602	51,946	-	-	-	-	176,048	
Culture and recreation	-	-	-	-	-	10,770	-	-	10,770	
Total expenditures	-	19,500	104,602	51,946	-	10,770	-	-	186,818	
Excess (deficiency) of revenues over expenditures before other financing sources	20	-	-	(31,346)	173,984	(3,699)	-	-	138,959	
Other Financing Uses										
Operating transfers in	-	-	-	31,346	-	2,500	-	-	33,846	
Operating transfers out	-	-	-	-	-	(1,000)	-	-	(1,000)	
Total other financing sources	-	-	-	31,346	-	1,500	-	-	32,846	
Net change in fund balances	20	-	-	-	173,984	(2,199)	-	-	171,805	
Fund balance, beginning of year	-	-	-	-	324,633	13,199	44,423	44,423	382,255	
Fund balance, end of year	20	-	-	-	498,617	11,000	44,423	44,423	554,060	

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
 CORRECTIONS FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees, fines	\$ -	100	20	(80)
Total revenues	-	100	20	(80)
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	100	20	(80)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 20,000	19,500	19,500	-
Total revenues	20,000	19,500	19,500	-
Expenditures				
Public safety	20,000	19,500	19,500	-
Total expenditures	20,000	19,500	19,500	-
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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 77,879	104,602	104,602	-
Total revenues	77,879	104,602	104,602	-
Expenditures				
Public safety	77,879	104,602	104,602	-
Total expenditures	77,879	104,602	104,602	-
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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 20,600	20,600	20,600	-
Total revenues	20,600	20,600	20,600	-
Expenditures				
Public safety	62,000	51,946	51,946	-
Total expenditures	62,000	51,946	51,946	-
Excess of revenues over expenditures	(41,400)	(31,346)	(31,346)	-
Other Financing Sources				
Transfers in	41,400	31,346	31,346	-
Total other financing sources	41,400	31,346	31,346	-
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)
MUNICIPAL STREET
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 134,133	171,435	171,387	(48)
Total revenues	<u>134,133</u>	<u>171,435</u>	<u>171,387</u>	<u>(48)</u>
Expenditures				
Capital outlay	275,000	-	-	-
Total expenditures	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	(140,867)	171,435	171,387	(48)
Other Financing Uses				
Transfers out	(10,000)	-	-	-
Total other financing uses	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(150,867)	171,435	171,387	(48)
Prior year cash appropriated	150,867			
	<u>\$ -</u>			
Non-GAAP change in fund balance			\$ 171,387	
Change in:				
Accounts receivable			2,597	
GAAP change in fund balance			<u>\$ 173,984</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 8,080	6,712	7,071	359
Total revenues	8,080	6,712	7,071	359
Expenditures				
Culture and recreation	8,089	11,024	10,019	1,005
Total expenditures	8,089	11,024	10,019	1,005
(Deficiency) excess of revenues over expenditures	(9)	(4,312)	(2,948)	1,364
Other Financing Sources (Uses)				
Transfers in	-	2,500	2,500	-
Transfers out	-	(1,000)	(1,000)	-
Total other financing sources (uses)	-	1,500	1,500	-
Net change in fund balance	(9)	(2,812)	(1,448)	1,364
Prior year cash appropriated	9	2,812	1,448	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (1,448)	
Change in:				
Accounts payable			(751)	
GAAP change in fund balance			<u>\$ (2,199)</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, 2013

	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
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2013

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Bank of America	Pooled Cash Account	Interest bearing checking	\$ 258,175	246,693
Bank of America	Certificate of Deposit	Certificate of deposit	35,146	35,024
Total cash and cash equivalents			293,321	281,717
Petty Cash	General		-	300
Petty Cash	Special Revenue		-	200
Total cash and cash equivalents			293,321	282,217
	Local Government			
NM State Treasurer	Investment Pool	Investment	6,181,464	6,182,003
	Reserve Contingency -			
NM State Treasurer	Water Fund	Investment	3,473	3,473
			6,184,937	6,185,476
Total deposit and investment accounts			\$ 6,478,258	6,467,693

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2013

	Bank of America	
	Demand Deposits	Time Deposits
Deposits at June 30, 2013	\$ 258,175	35,146
Less: FDIC coverage	250,000	35,146
Uninsured public funds	8,175	-
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	368,377	
Uninsured and uncollateralized	\$ -	-
50% pledged collateral requirement per statute	\$ 4,088	-
Total pledged collateral	368,377	
Pledged collateral over the requirement	\$ (364,289)	-

Pledged collateral at June 30, 2013 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL Pool - AO0758	3138LQZY3	4/1/2042	\$ 368,377

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, 2013

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, 2013

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

None of the funds above have been encumbered.

Ricci, Porch & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

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

Independent Auditor's Report

Mr. 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Village of Los Ranchos de Albuquerque (Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated September 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Ricci, Parch & Company, LLC

Albuquerque, New Mexico
September 26, 2013

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
SUMMARY SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2013

Current Year

None

Prior Year

None

VILLAGE OF LOS RANCHOS DE ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2013

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the content of the report and financial statements. While the Village prepares the GAAP basis financial statements and supporting schedules, the Village does not prepare the footnotes. It would be preferred and desirable for the Village to prepare its own footnotes; although the Village is capable, with guidance, of preparing, reviewing and approving the financial statements, it is felt that the Village's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

An exit conference was held on September 20, 2013, and attended by the following:

Village of Los Ranchos de Albuquerque, New Mexico

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

Ricci, Porch & Company LLC

Herman Chavez, Manager
Colleen Gabaldon, Supervisor