

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

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**

**With Independent Auditors' Reports Thereon**

**HINKLE & LANDERS, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**



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VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
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VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
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STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Official Roster  
As of June 30, 2008

Village Trustees

Mr. Larry P. Abraham	Mayor
Mr. Donald T. Lopez	Mayor Pro-Tem/Trustee
Ms. Mary E. Homan	Trustee
Mr. Timothy McDonough	Trustee
Mr. Pablo R. Rael	Trustee

Village Administration

Mr. Kelly Ward	Administrator
Ms. Annabelle Silvas	Clerk
Mrs. Nancy Haines	Treasurer



# Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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2500 9<sup>TH</sup> Street NW  
Albuquerque, New Mexico 87102  
(505) 883-8788 \* FAX (505) 883-8797

## INDEPENDENT AUDITORS' REPORT

Mr. Hector Balderas  
State Auditor and  
Honorable Mayor and Members of the Village Trustees  
Village of Los Ranchos de Albuquerque, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the general and special revenue major fund budgetary comparisons, and the aggregate remaining fund information of The Village of Los Ranchos de Albuquerque, State of New Mexico (Village) as of and for the year then ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. We have also audited the major capital project fund budgetary comparison, the debt service fund budgetary comparison, the combining and individual fund financial statements of the Village's divisions of the General Fund budgetary comparison, the non-major governmental funds and respective budgetary comparisons presented as supplementary information as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2008, and the respective change in financial position, where applicable, thereof and the respective major budgetary comparisons for the general fund and municipal street fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the non-major governmental funds of the Village as of June 30, 2008 and the respective changes in financial position and respective budgetary comparisons for the Village's divisions of the general fund, the capital projects infrastructure fund, debt service, and the non-major governmental funds for the year ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 12, 2008, 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 grants 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information, however we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons. The accompanying schedule of capital outlay appropriation is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of capital outlay appropriations is required by the Office of the State Auditor New Mexico and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Hinkle & Landers, P.C.*

Hinkle & Landers, P.C.  
November 12, 2008



**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 \$402,787* or approximately 16% from the prior year. Total Village revenue *increased \$1,019,567* approximately 37% from the prior year.
- The Village's expenses *increased \$771,517* or approximately 31% from the prior year of which \$394,851 is an increase in depreciation expense.
- The Village increased its net assets by \$1,362,010, a 4.7% increase for this fiscal year. Moreover, the Village has increased its net assets by just over 24 million dollars since the fiscal year ending in 2003. This amounts to a 382% increase in net assets over the last five fiscal years.

**VILLAGE HIGHLIGHTS**

The Village remains committed to promoting the welfare of the Village by supporting the business community; by following the Master Plan for maintaining its rural character; and by providing services and opportunities to residents for a better quality of life. The enthusiasm to embrace the "Spirit of Los Ranchos" slogan is ever present and continues to identify and promote the uniqueness of this rural destination.

The North Valley Area I Phase 2 and Area J Sanitary Sewer Project began in August 2007. The project is expected to be complete in January 2009. This is the last major utility installation expected in the Village. Nearly, 100% of Village homes will have access to sanitary sewer when the project is complete. The Village will require all homes within 200' of the sewer to connect and decommission their existing septic systems. In conjunction with the rebuilding of the roadway, the Village will expand Rio Grande Blvd. from 27' in width to 31' and strip the road to provide for 4.5' bike and pedestrian lanes on each side of the road.

The installation of additional cell phone services on the pine tree cell tower at Village Hall took place during the fiscal year. In addition to T-Mobile, Alltel, Verizon and AT&T have completed installation of service on the tower.

Installation of a fire protection sprinkler system in addition to plumbing and electrical conveniences took place at the 9,000+ sq. ft. barn located at Hartnett Park. The operational plan is under review and consideration by the Village Board of Trustees. The Village secured \$70,000 from the New Mexico State Legislature for continued improvements to the barn. The barn was used extensively by the Lavender in the Village Committee for the Annual Lavender in the Village event. Additionally, the winter Grower's Market was able to take advantage of the indoor facility during inclement winter weather.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The Village secured additional funds for the construction of the new fire station. The design is nearly complete and construction is anticipated to begin in the first quarter of 2009.

The open space purchase last fiscal year has been leveled, planted and irrigated. The newly purchased 22 acres has been combined with additional land owned or managed by the Village to create an approximate 40 acres of pasture with public access via a tree-lined pathway. Additional improvements are envisioned for the area. The Village received a grant from the New Mexico Clean and Beautiful Committee to assist with the clean up and removal of trash and debris in the area.

The Village continued to work with the New Mexico Trust for Public Lands in an effort to purchase an additional 25 acres in the southern part of the Village. The Trust for Public Lands negotiated terms with the land owner and secured a commitment to sell. The Village secured additional state appropriations for the purchase that it intends to combine with the \$3.6 million bond issuance proceeds and prior year appropriations to complete the transaction.

The Village implemented a Village-wide floor area ratio (FAR) that will govern the size of homes to be built in the Village.

**THE FINANCIAL STATEMENTS**

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

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

Our analysis of the Village as a whole begins on page 6. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the fiscal year's activities?" The *Government-Wide Statement of Net Assets* and the *Government-Wide Statement of Activities* report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**Reporting on the Village's Most Significant Funds**

**Fund Financial Statements**

Our analysis of the Village's major funds begins on page 7. The fund financial statements begin on page 13 and provide detailed information about the most significant funds-not the Village as a whole. Most funds are required to be established by State law. However, the Village Trustee's establish many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g. grants received from the State of New Mexico). Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent year(s). These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the *Government-Wide Statement of Net Assets* and the *Government-Wide Statement of Activities*) and governmental funds in reconciliation at the bottom of the fund financial statements.

**THE VILLAGE AS A WHOLE**

For the year ended June 30, 2008, net assets changed as follows:

	<b>Governmental Activities</b>
Beginning net assets	\$ 29,023,572
Increase (decrease) in net assets	1,362,010
Ending net assets	\$ 30,385,582

	<b>2008</b>	<b>2007</b>
Cash and cash equivalents	\$ 7,397,460	2,453,694
Receivable	597,354	917,711
Capital assets, net of depreciation	26,634,170	26,401,327
Bond issuance costs net	64,445	-
Total assets	34,693,429	29,772,732
Total liabilities	4,307,847	749,160
Total net assets	\$30,385,582	29,023,572

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The increase in net assets is not due to any particular item or items. The increase is due to the excess of revenues over expenses with the recognition of an inkind donation of our community barn valued at \$431,737.

**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.

**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	Amount	Percent of Total	Increase (Decrease) from 2007	Percent Increase (Decrease)
<b>Assets:</b>				
<i>Cash and cash equivalents</i>	\$ 7,397,460	92.53%	\$ 4,943,766	201.48%
<i>Due from other funds</i>			(594,506)	(100.00%)
<i>Receivable</i>	597,354	7.47%	(320,357)	(34.91%)
<i>Total assets</i>	7,994,814	100.00%	4,028,903	101.59%

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Liabilities:**

<i>Accounts payable</i>	46,365	7.10%	(85,354)	(64.80%)
<i>Accrued liabilities</i>	54,035	8.28%	9,784	22.11%
<i>Due to other funds</i>			(594,506)	(100.00%)
<i>Deferred revenues</i>	552,576	84.62%	27,576	5.25%
<i>Total liabilities</i>	652,976	100.00%	(642,500)	(49.60%)

**Fund balance:**

<i>General fund</i>	3,278,975	44.66%	700,105	27.15%
<i>Special revenue funds</i>	141,729	1.93%	95,187	204.52%
<i>Debt service fund</i>	3,876,511	52.80%	3,876,511	100.00%
<i>Capital project funds</i>	44,623	0.61%	(400)	(0.89%)
<i>Total fund balance</i>	\$ 7,341,838	100.00%	\$ 4,671,403	174.93%

Although this is a summary of the Village's significant funds, the major increases or decreases were explained in the previous discussion of the change in net assets in the Village as a Whole section. The increase in cash and fund balance is due to the issuance of General Obligation Bonds in August of 2007.

The following schedule presents a summary of general, special revenue, and capital project fund revenues and expenditures for the fiscal year ended June 30, 2008, and the amount and percentage of increases and decreases in relation to the prior year.

<b>Revenues:</b>	<b>FYE 2008 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2007</b>	<b>Percent Increase (Decrease)</b>
<i>Taxes</i>	\$ 2,918,009	62.80%	\$ 397,611	15.78%
<i>Licenses and permits</i>	132,465	2.85%	(38,872)	(22.69%)
<i>Charges for services</i>	28,427	0.61%	21,204	293.56%
<i>Intergovernmental</i>	695,557	14.97%	(7,432,555)	(914.43%)
<i>Interest income</i>	254,498	5.48%	151,575	147.27%
<i>Other income</i>	617,811	13.29%	448,764	265.47%
<i>Total Revenues</i>	\$ 4,646,767	100.00%	\$ (6,452,273)	(581.34%)

The primary reason for the decrease in revenue is because of the completion of the Fourth Street Improvement Project and grant monies received for the purchase of open space in the previous year. These two combined provided revenue of just over 6.4 million dollars in 2007.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>Expenditures:</b>	<b>FYE 2008 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from FYE 2007</b>	<b>Percent Increase (Decrease)</b>
<i>General government</i>	\$ 992,132	27.89%	\$ 102,121	11.47%
<i>Public safety</i>	1,204,721	33.87%	110,022	10.05%
<i>Culture and recreation</i>	116,800	3.28%	61,937	112.89%
<i>Highway and streets</i>	39,045	1.10%	2,379	6.49%
<i>Health and welfare</i>	39,044	1.10%	2,989	8.29%
<i>Interest payments</i>	74,542	2.10%	74,542	100.00%
<i>Debt service</i>	49,107	1.38%	49,107	100.00%
<i>Capital outlay</i>	1,041,540	29.28%	(8,707,577)	(89.32%)
<i>Total Expenditures</i>	\$ 3,556,931	100.00%	\$ (8,304,480)	(70.01%)

The most significant decrease in expenditures was in capital outlays. As mentioned before nearly 4.5 million dollars was spent on the completion of the Fourth Street Improvement Project last year. Also nearly 3.4 million was spent on land for open space last year.

**BUDGETARY HIGHLIGHTS**

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

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

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

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**CAPITAL ASSETS**

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

	<b>Governmental Activities</b>	
	2008	2007
Land	\$ 13,174,290	\$ 13,161,806
Buildings – Construction work in progress	102,588	267,964
Infrastructure – Construction work in progress	104,733	6,753,463
Buildings	3,103,359	2,514,590
Improvements	1,067,920	970,288
Infrastructure	7,902,663	957,108
Equipment	2,768,521	2,579,418
Fire Protection equipment	934,586	934,585
Vehicles	284,063	285,633
<b>TOTALS</b>	<b>\$ 29,442,723</b>	<b>\$ 28,424,855</b>

At the end of June 30, 2008, the Village had approximately \$29.4 million invested in capital assets including police and fire equipment, buildings, park facilities, and infrastructure assets. The increase in infrastructure is due to the completion of last year's construction work in progress primarily the Fourth Street Improvement Project. The increase in buildings is due to the donation of a community barn and the improvements to that barn totaling nearly \$580,000.

**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. The Village also plans to transfer \$1.4 million from the General Fund, over the 20 year term, to repay the debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The 2008 - 2009 general fund budget revenues were decreased over the 2007 - 2008 budgeted amounts to represent a decrease in projected State shared gross receipts taxes due to a slow down in construction in the Village. General fund expenditures were also increased over the 2007 - 2008 budgetary amounts to account for general wages attributed to cost of living increases and administrative costs for expected increases in fuel, utilities, etc. The most significant amounts reflected in the 2008 – 2009 budget will be capital expenditures which include purchasing property for the Village Center Project and land for open space. Also included is the widening of Rio Grande Boulevard to construct a bike lane along with other street improvements projects.

**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**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.



## **FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2008**

		Governmental Activities
<b>Assets</b>		
<i>Current:</i>		
Cash and investments	\$	7,397,460
Receivables		
Property taxes		8,586
Taxes		230,057
Grants		225,765
Other		132,946
Total current assets		7,994,814
<i>Non Current:</i>		
Capital assets, net of accumulated depreciation		13,181,644
Capital assets, not depreciated		13,452,526
Bond issuance costs net of amortization		64,445
Total non current assets		26,698,615
Total assets		34,693,429
<b>Liabilities</b>		
<i>Current:</i>		
Accounts payable		46,365
Accrued wages payable		54,035
Deferred revenues		547,400
Compensated absences-due within one year		10,008
Current portion of long term debt		30,000
Total current liabilities		687,808
<i>Long-term liabilities:</i>		
General obligation bonds		3,570,000
Compensated absences-due in more than one year		50,039
		3,620,039
Total liabilities		4,307,847
<b>Net assets</b>		
Invested in capital assets		26,634,170
Unrestricted net assets		3,751,412
Total net assets		30,385,582
Total net assets and liabilities	\$	34,693,429

The Accompanying Notes are an Integral Part of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
GOVERNMENT WIDE-STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Functions / Programs	Expenses	Program Revenue		Net (Expenses) Revenue and Changes in Net Assets
		Permits and Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General government	\$ 1,041,127	160,892	137,640	(742,595)
Public safety	1,335,678	-	218,948	(1,116,730)
Highway and streets	343,436	-	83,525	(259,911)
Culture and recreation	434,473	-	255,443	(179,030)
Health and welfare	39,767	-	-	(39,767)
Interest expense	74,542	-	-	(74,542)
Loss on disposition of asset	20,909	-	-	(20,909)
	\$ 3,289,932	160,892	695,556	(2,433,484)
General revenues:				
Taxes				
Franchise				272,905
Gasoline, Cigarettes, etc.				32,673
Gross receipts				2,424,374
Property				193,233
Interest				254,498
Inkind revenue				496,737
Other income				121,074
Total revenues				3,795,494
Change in net assets				1,362,010
Net asset - beginning of year				29,023,572
Net assets - end of year				\$ 30,385,582

The Accompanying Notes are an Integral Part of These Financial Statements

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS RANCHOS DE ALBUQUERQUE**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**

As of JUNE 30, 2008

	Major				Aggregated Non-major Funds	Total
	101 General Fund	216 Municipal Street	311 Capital Infrastructure	401 Debt Service Fund		
<b>Assets</b>						
Cash and investments	\$ 3,134,074	26,757	234,786	3,873,101	128,742	7,397,460
Receivable	234,526	13,124	305,225	-	35,893	588,768
Property taxes receivable	-	-	-	8,586	-	8,586
<b>Total assets</b>	<b>\$ 3,368,600</b>	<b>39,881</b>	<b>540,011</b>	<b>3,881,687</b>	<b>164,635</b>	<b>7,994,814</b>
<b>Liabilities</b>						
Accounts payable	\$ 35,590	-	2,745	-	8,030	46,365
Accrued wages payable	54,035	-	-	-	-	54,035
Deferred revenues	-	-	525,000	5,176	22,400	552,576
<b>Total liabilities</b>	<b>89,625</b>	<b>-</b>	<b>527,745</b>	<b>5,176</b>	<b>30,430</b>	<b>652,976</b>
<b>Fund balance</b>						
Unreserved reported in-						
General fund	3,278,975	-	-	-	-	3,278,975
Special revenue funds	-	39,881	12,266	-	89,582	141,729
Debt service fund	-	-	-	3,876,511	-	3,876,511
Capital project funds	-	-	-	-	44,623	44,623
<b>Total fund balance</b>	<b>3,278,975</b>	<b>39,881</b>	<b>12,266</b>	<b>3,876,511</b>	<b>134,205</b>	<b>7,341,838</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,368,600</b>	<b>39,881</b>	<b>540,011</b>	<b>3,881,687</b>	<b>164,635</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

These assets consist of:

Furniture, fixture, and equipment	29,445,485
Accumulated depreciation	<u>(2,811,315)</u>
Total capital assets	<u>26,634,170</u>

Property taxes not available at year end are deferred on fund financial statements 5,176

Liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General obligation bonds	(3,600,000)
Debt issuance costs and discount net of amortization	64,445
Compensated absences	<u>(60,047)</u>
	<u>(3,595,602)</u>

Total of net assets (Page 11) \$ 30,385,582

The Accompanying Notes are an Integral Part of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Major				Aggregated Non-major Funds	Total
	101 General Fund	216 Municipal Street	311 Capital Infrastructure	401 Debt Service Fund		
<b>Revenues:</b>						
<b>Taxes:</b>						
Franchise	\$ 272,905	-	-	-	-	272,905
Gasoline, Cigarettes, etc.	233	32,440	-	-	-	32,673
Gross receipts	2,298,264	126,110	-	-	-	2,424,374
Property	-	-	-	188,057	-	188,057
Licenses and permits	110,777	21,688	-	-	-	132,465
Charges for services	28,427	-	-	-	-	28,427
Intergovernmental-State	137,640	-	311,014	-	206,038	654,692
Intergovernmental-Federal	-	-	(10)	-	40,875	40,865
Interest income	100,343	-	23,619	130,536	-	254,498
Other income	172,945	-	438,737	-	6,129	617,811
<b>Total revenues</b>	<b>3,121,534</b>	<b>180,238</b>	<b>773,360</b>	<b>318,593</b>	<b>253,042</b>	<b>4,646,767</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	973,779	-	-	-	18,353	992,132
Public safety	1,116,276	-	-	-	88,445	1,204,721
Culture and recreation	104,045	-	-	-	12,755	116,800
Highway and streets	39,045	-	-	-	-	39,045
Health and welfare	39,044	-	-	-	-	39,044
<b>Non Current:</b>						
Interest payments	-	-	-	74,542	-	74,542
Debt Service	-	-	-	49,107	-	49,107
Capital outlay	32,304	-	937,156	-	72,080	1,041,540
<b>Total expenditures</b>	<b>2,304,493</b>	<b>-</b>	<b>937,156</b>	<b>123,649</b>	<b>191,633</b>	<b>3,556,931</b>
<b>Excess of revenues over (under) expenditures</b>	<b>817,041</b>	<b>180,238</b>	<b>(163,796)</b>	<b>194,944</b>	<b>61,409</b>	<b>1,089,836</b>
<b>Other financing sources (uses)</b>						
Proceeds from long term debt	-	-	-	3,600,000	-	3,600,000
Discount on long term debt	-	-	-	(18,433)	-	(18,433)
Transfer in	-	-	176,062	100,000	-	276,062
Transfer out	(116,936)	(159,126)	-	-	-	(276,062)
	(116,936)	(159,126)	176,062	3,681,567	-	3,581,567
<b>Net changes in fund balances</b>	<b>700,105</b>	<b>21,112</b>	<b>12,266</b>	<b>3,876,511</b>	<b>61,409</b>	<b>4,671,403</b>
Fund balance - beginning of year	2,578,870	18,769	-	-	72,796	
Fund balance - end of year	\$ 3,278,975	39,881	12,266	3,876,511	134,205	

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, in the current period, these amounts are:

Capital outlay	1,041,539	
Loss on disposition of assets	(20,909)	
Depreciation expense	(787,787)	
Excess of capital outlay over depreciation expenses and loss on disposition of asset		232,843

Proceeds from long term debt reported as revenue for governmental fund financials	(3,600,000)
Initial bond issuance costs amortized over the life of the bond	49,107
Initial bond discount amortized over the life of the bond	18,433
Amortization	(3,095)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Property taxes deferred	5,176
Increase in compensated absences	(11,856)
Rounding	(1)

Change in net assets of governmental activities (Page 12) \$ 1,362,010

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Major Fund - General Fund			Variances favorable (unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 2,396,854	2,621,060	2,597,270	(23,790)
Licenses and permits	116,540	102,514	110,777	8,263
Charges for services	28,200	31,385	28,427	(2,958)
Intergovernmental	120,075	128,438	137,640	9,202
Interest income	136,096	116,035	100,343	(15,692)
Other	30,300	81,713	92,237	10,524
Total revenues	<u>2,828,065</u>	<u>3,081,145</u>	<u>3,066,694</u>	<u>(14,451)</u>
Expenditures:				
Current:				
General government	1,084,184	1,004,873	967,921	36,952
Public safety	1,145,013	1,184,981	1,156,136	28,845
Highways and streets	44,663	40,290	39,397	893
Culture and recreation	44,663	40,290	39,397	893
Noncurrent:	44,663	40,290	39,397	893
Capital outlay	15,000	31,834	31,834	-
Total expenditures	<u>2,378,186</u>	<u>2,342,558</u>	<u>2,274,082</u>	<u>68,476</u>
Excess of revenues over (under) expenditures	<u>449,879</u>	<u>738,587</u>	<u>792,612</u>	<u>54,025</u>
Other financing sources (uses)				
Transfer out	<u>(307,235)</u>	<u>(116,936)</u>	<u>(116,936)</u>	<u>-</u>
	<u>(307,235)</u>	<u>(116,936)</u>	<u>(116,936)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 142,644</u>	<u>621,651</u>	<u>675,676</u>	<u>54,025</u>

The Accompanying Notes are an Integral Part of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MAJOR FUNDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2008

	Major Fund- Municipal Street			Variances favorable (unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 159,898	161,708	162,157	449
Licenses and permits	20,880	23,499	23,726	227
Total revenues	<u>180,778</u>	<u>185,207</u>	<u>185,883</u>	<u>676</u>
Expenditures:				
Current:	-	-	-	-
Noncurrent:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>180,778</u>	<u>185,207</u>	<u>185,883</u>	<u>676</u>
Other financing sources (uses)				
Transfer out	(95,380)	(223,793)	(159,126)	64,667
	<u>(95,380)</u>	<u>(223,793)</u>	<u>(159,126)</u>	<u>64,667</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>85,398</u>	<u>(38,586)</u>	<u>26,757</u>	<u>65,343</u>
Cash provided from prior years	\$	<u>39,881</u>		

The Accompanying Notes are an Integral Part of These Financial Statements



STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements  
For The Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Los Ranchos de Albuquerque (Village) was incorporated in December, 1958, under the provisions of the Municipal Code of the State of New Mexico. The Village operates under a mayor-trustee form of government. There are four trustees plus the mayor, all of whom are elected at large. The Village provides the following services as authorized by the Municipal Code: public safety, police, fire and emergency medical; highways and streets; health and welfare (animal control and solid waste); culture and recreation; and general administrative services.

A. Reporting Entity

The Village of Los Ranchos de Albuquerque's financial statements include the accounts of all Village operations. The criteria for including organizations within the Village's reporting entity primarily include the governing body's ability to exercise oversight responsibility. The most significant manifestations of this ability include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion of special financing arrangements, regardless if whether the Village is able to exercise oversight responsibilities.

The financial reporting entity as defined by GASB 14 consists of the primary government, organizations for which the primary government is financially accountable and other organizations whose exclusion from the financial reporting entity would cause the financial statements to be misleading.

A primary government is any state government or general-purpose local government and the organizations that make up its legal entity. The Village is not included in any other governmental "reporting entity" as defined by GASB. Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Criteria for determining the entity for financial reporting purposes are whether the governing body (Board) exercises oversight responsibility. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial statements include all the funds of the Village over which the Board exercises operating control.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

B. Basis of Presentation in Governmental-Wide Statements of Net Assets And Activities

Implementation of GASB 34

During the year ended June 30, 2004 the Village implemented Governmental Accounting Standards Board (GASB) 34, 37 and 38. The purpose of the new financial reporting model is to provide more understandable and useful financial reports to a wider range of users than the previous model. GASB 34 requires governments to present certain basic financial statements as well as a management's discussion and analysis (MD&A) and certain other required supplementary information (RSI). The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide and Fund Financial Statements

The Government-Wide financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets and the statement of Activities report information on all of the non-fiduciary activities of the Village. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include 1) charges to customers or applicants for services. 2) Operating grants and contributions. Program revenues included in the Statement of Activities reduce the cost of the function to be financed from general revenues. Items not properly identified as program revenues are reported instead as general revenues.

The Village reports all direct expenses by program in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by program and is included in the direct expense to each program.

The Village does not have any fiduciary funds nor component units that need to be included in Government-Wide and Fund Financial Statements.

GAAP Presentation

The financial statements of the Village are prepared in accordance with Generally Accepted Accounting Principles generally accepted in the United States of America (GAAP). The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

B. Basis of Presentation in Governmental-Wide Statements of Net Assets And Activities, Continued

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the election of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units included in the reporting entity.

Fund Accounting

The accounts of the Village of Los Ranchos de Albuquerque are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories, governmental and fiduciary, as follows:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for the specified purposes.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - Used to account for general obligation bond liabilities.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

B. Basis of Presentation in Governmental-Wide Statements of Net Assets And Activities, Continued

Proprietary Fund Types - Proprietary funds are established to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing services on a continuing basis be financed or recovered primarily through user charges; and 2) when the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village does not have any Proprietary funds.

Fiduciary Fund Types - Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The Village does not have any Fiduciary funds.

Major Funds

Major individual governmental funds are reported as separate columns in the fund financial statements. The Village presents the following major funds:

*General Fund* - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

*Municipal Street Fund* - Special revenue fund to account for funds used to maintain roads for which the Village has responsibility. Financing source is gasoline tax and gross receipts tax-infrastructure. Expenditures are restricted for the construction and maintenance of Village roads. The fund was created by authority of State Statute Section 7-1-6.27, NMSA, 1978, Compilation.

*Capital Projects-Infrastructure* - Capital Projects fund to account for capital projects funded through state grants.

*Debt Service Fund* - Fund used to account for general obligation fund transactions.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported to the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

C. Basis of Accounting, continued

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-exchange revenues that are susceptible to accrual are amounts due from federal government grants, gross receipts tax collected for the fiscal year by the state and property taxes levied during the fiscal year. The government considers revenue as available if they are collected within sixty (60) days after year end.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest income and investment income. Sales and use taxes are classified as derives tax revenues and are recognized when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenues such as fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. All revenues received from funding sources are considered non-reverting.

The Village is implementing GASB Statement No. 33 on any non-exchange transaction. A non-exchange transaction occurs when a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. There are four types of non-exchange transactions: derived tax revenues (income and motor fuel taxes)' imposed non-exchange revenues (property tax, fines and penalties, and property forfeitures)' government-mandated non-exchange transaction revenues (federal programs that state or local governments are mandated to perform), and voluntary non-exchange transactions (grants, entitlements, and donations by non-governmental entities, including private donations). The Village recognizes non-exchange transaction in the financial statements as income unless it is not measurable (reasonably estimate), if any.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability has been incurred.

Inventories of expendable goods and supplies are not considered as they are nominal in amount.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Village Administration submits to the Village Trustees a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Village offices to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.
3. The Village is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Local-Government Division of the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all the governmental fund types.
5. Encumbrances are not considered in budget preparation.
6. The level of classifications detail in which expenditures may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.

Budgetary basis (cash basis) actual figures are provided in the financial statements to show actual budgetary basis results of operations for all governmental funds (budgeted and not budgeted).

E. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments. Short-term investments consisting of certificates of deposits and investments in the State Treasurer's local government pool are stated at cost which approximates its market value.

F. Capital Assets

Capital assets consist of tangible personal property having a value equal to or greater than \$5,000 and an estimated useful life greater than one year. Capital assets, such as buildings, lands equipments and furniture and fixtures, are recorded at historical cost. Infrastructures, consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are recorded at historical cost. Capital assets are depreciated over their estimated useful lives using the straight-line mid-month convention. Salvage value is not included in the depreciation calculation.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

F. Capital Assets, continued

For depreciation purposes, the Village has identified the following classes of assets and estimated useful lives.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 Years
Land Improvements	20 Years
Infrastructure	20 Years
Equipment and Machinery (includes computer software)	3 to 20 Years
Fire Protection Equipment	15 Years
Furniture and Fixtures	15 Years
Vehicles	5 to 10 Years

G. Compensated Absences

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

Accumulation of vacation leave has been recorded as a liability in the basic financial statements.

H. Long-Term Obligations

The long term obligations are reported in the Government-Wide financial statements as long-term debt if it is due in over one year and current portion of debt is due in one year or less.

In the fund level financial statement, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a governmental fund.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

I. Ad Valorem Taxes

Ad valorem taxes are levied each November 1<sup>st</sup> on the assessed valuation of non-exempt real property located in the Village as of the preceding January 1<sup>st</sup>, the lien date. Ad valorem taxes are due on November 10<sup>th</sup> following the levy date, although they may be paid in two equal installments. The first half is due by November 10<sup>th</sup> and the second installment is due April 10<sup>th</sup> and tax installments become delinquent thirty days after the due date. Ad valorem taxes are collected by the Treasurer of Bernalillo County, NM and are remitted to the Village

J. 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 to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

K. Encumbrances

The Village does not utilize encumbrances.

L. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. Inter-fund transactions are eliminated for the purpose of presenting Government Wide financial statements

M. Fund Balance and Net Assets

Net assets on the Statement of Net Assets include the following:

Invested in Capital Assets – the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – the component of net assets that reports the difference between assets and liabilities of the Village that consists of assets with constraints placed on their use that are legally enforceable by legislation and the like to be used only for the purposes specified.



STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

Unrestricted – the difference between the assets and liabilities that is not reported in net assets invested in capital assets or restricted net assets.

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Portions of the fund balances have been reserved for subsequent year's expenditures. The reservation represents the amount of cash appropriated in subsequent year's budget.

N. Estimates

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ.

2. CASH AND INVESTMENTS

Cash and investments include amounts in demand deposits as well as short-term investments with a maturity date within a year of the date acquired by the Village and an investment with the Local Government Investment Pool at the New Mexico State Treasurer's office as described below.

At June 30, 2008 the carrying amount of the Village's cash and investments was \$7,397,460, including \$400 in petty cash. The amounts reflected on the banks' records and the records of the State Treasurer's office totaled \$7,397,060.

The following is the cash and investments on deposit at each financial institution.

	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Reconciled Bank Balance</u>
Bank of America:				
Checking	\$ 202,948	-	(8,944)	\$ 194,004
Bank of America:				
Certificate of deposit	32,933	-	-	32,933
Wells Fargo Bank:				
Checking	25,000	-	-	25,000
New Mexico State Investment Pool:				
Investment	<u>7,131,182</u>	<u>14,076</u>	<u>(135)</u>	<u>7,145,123</u>
Total amount on deposit	<u>7,392,063</u>	<u>14,076</u>	<u>(9,079)</u>	<u>7,397,060</u>
Petty cash				400
Total per financial statements				<u>\$ 7,397,460</u>

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

2. CASH AND INVESTMENTS, continued

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage (for each financial institution).

Securities which are obligations of the State of New Mexico, its agencies, institutions, counties or municipalities or other subdivisions are accepted at par value; all other securities are accepted at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's deposit policy is to collateralize on half of the uninsured public money in each account.

The following schedule details the public money held by financial institutions and pledged collateral held by the Village as follows:

	<u>Bank of America</u>	<u>Wells Fargo</u> <u>Bank</u>
Cash on deposit at June 30,	\$ 202,948	25,000
Certificates of deposit	32,933	-
Less F.D.I.C.	<u>(132,933)</u>	<u>(25,000)</u>
Uninsured funds	102,948	<u>-</u>
 50% Collateral requirement (as per section 6-10-17, NMSA, 1978)	 51,474	
 Pledged collateral at June 30, 2008	 <u>131,806</u>	
 Excess (deficiency) of pledged collateral	 <u>\$ 80,332</u>	

There is no balance remaining uninsured and uncollateralized at the fiscal year ended June 30, 2008.

The Village's remaining uninsured collateralized deposits of \$102,948 are exposed to custodial credit risk as of June 30, 2008.

STATE OF NEW MEXICO  
 VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
 Notes to Financial Statements, continued  
 For The Year Ended June 30, 2008

2. CASH AND INVESTMENTS, continued

Pledged collateral by Bank of America, Charlotte, NC, which is not held in the Village's name, consists of the following at June 30, 2008:

<u>Bank of America NC</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNMA POOL CUSIP #31385XAZ0 5.5%	05/01/2033	<u>131,806</u>
Total pledged		<u>\$ 131,806</u>

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10. IF, 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 amounts in the fund were invested. Participation in the local government investment pool is voluntary.

*Interest Rate Risk:* The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The LGIP's portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investment to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The LGIP's portfolio's weighted average maturity (WAM) was New MexiGROW LGIP 18-day WAM 7 day yield 5.24%

*Credit Risk:* State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of June 30, 2008, the Village's investment in the New MexiGROW Local Government Investment Pool (LGIP) was rated AAAM by Standard & Poor's.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

3. RECEIVABLES

Receivables at June 30, 2008 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes			
Gross receipts	\$ 176,455	9,658	186,113
Gasoline	-	1,645	1,645
Franchise	40,478	-	40,478
MVD	-	1,821	1,821
Property	-	8,586	8,586
Grants	11,207	214,558	225,765
Intergovernmental-City of Alb.	-	92,311	92,311
Other	<u>6,386</u>	<u>34,249</u>	<u>40,635</u>
Total per Government-Wide Statement of Net Assets	<u>\$ 234,526</u>	<u>357,652</u>	<u>597,354</u>

The Village did not set up any allowances for uncollectible receivables. The Village believes that the balances will be fully collectable.

4. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the year:

	<u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>2008</u>
<u>Governmental Activities</u>					
<u>Not depreciated</u>					
Land	\$ 13,161,806	12,484	-	-	13,174,290
Buildings-Construction work in progress	267,964	46,465	-	(173,503)	140,926
Infrastructure-Construction work in progress	6,753,463	104,733	-	(6,753,463)	104,733
<u>Depreciated</u>					
Buildings	2,514,590	447,843	-	140,926	3,103,359
Improvements	970,288	97,633	-	-	1,067,921
Infrastructure	957,108	192,092	-	6,753,463	7,902,663
Furniture, Fixtures & Equipment	2,579,418	118,188	-	32,577	2,730,183
Fire Protection Equipment	934,585	-	-	-	934,585
Vehicles	285,633	22,101	(23,671)	-	284,063
Total capital assets	<u>28,424,855</u>	<u>1,041,539</u>	<u>(23,671)</u>	<u>-</u>	<u>29,442,723</u>
Less accumulated depreciation:					
Buildings	(355,540)	(63,100)	-	-	(418,640)
Improvements	(473,018)	(51,796)	-	-	(524,814)
Infrastructure	(142,971)	(308,314)	-	-	(451,285)
Furniture, Fixtures & Equipment	(442,812)	(261,704)	-	-	(704,516)
Fire Protection Equipment	(461,146)	(67,868)	-	-	(529,014)
Vehicles	(148,042)	(35,005)	2,762	-	(180,285)
Total accumulated depreciation	<u>(2,023,528)</u>	<u>(787,787)</u>	<u>2,762</u>	<u>-</u>	<u>(2,808,553)</u>
Capital asset, net	<u>\$ 26,401,327</u>	<u>253,752</u>	<u>(20,909)</u>	<u>-</u>	<u>26,634,170</u>

STATE OF NEW MEXICO  
 VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
 Notes to Financial Statements, continued  
 For The Year Ended June 30, 2008

4. CAPITAL ASSETS, continued

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Although depreciation is not funded, it must be considered in order to properly reflect the results of operations and the replacement of the equipment and furniture. Depreciation was charged to the governmental activities as follows:

General government	\$ 48,323
Public safety	118,846
Highway and streets	303,668
Culture and recreation	316,951
	\$ 787,788

Capital assets are not secured by any related debt.

5. OPERATING LEASES

The Village has a forty eight month operating lease for a copier with Wells Fargo Finance which contains cancellation provisions and is subject to annual appropriations. The lease is for \$528 per month with an additional charge for copies in excess of 12,000 per month for \$.008 per copy. For the reporting period lease expenditures were \$12,858. The Village also has an operating lease for a postal meter. These expenditures were made primarily from the General Fund.

As of June 30, 2008, the remaining operating lease payments for the copier are as follows:

Year	Total Payments
2009	7,160
2010	7,590

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

6. RETIREMENT PLAN

*Plan Description.* Substantially all of Village of Los Ranchos de Albuquerque'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 Board (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 and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87503-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 16.2% for Fire Department employees and 9.15% for all other employees of their gross salary. The Village of Los Ranchos de Albuquerque is required to contribute 21.25% for the Fire Department employees and 9.15% for all other employees of the gross covered salary.

The contribution requirements of plan members and the Village of Los Ranchos de Albuquerque are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village of Los Ranchos de Albuquerque contributions to PERA for the years ending June 30, 2008, 2007 and 2006 were \$211,479, \$191,657, and \$146,652, respectively, equal to the amount of the required contributions for each year.

7. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Village has elected not to participate in the Retiree Health Care Act.

8. INDUSTRIAL REVENUE BONDS

In a prior year, the Village issued industrial revenue bonds Series 2002 in the amount of \$4,000,000 and \$4,500,000 pursuant to the Industrial Revenue Bond Act, Section 3-32-1 to 3-32-16, NMSA, 1978, as amended. As defined in the statute, the "...bonds and interest coupons, if any, issued under authority of the Industrial Revenue Bond Act shall never constitute an indebtedness of municipality..." These bonds were issued to defray the cost of acquiring, constructing and equipping a new campus for the Bosque Preparatory and Sandia Preparatory Schools, respectively.

During the year ending June 30, 2008 the Village issued additional industrial bonds up to \$15,000,000 for the proposed project for Sandia Preparatory School to refund the outstanding industrial revenue bonds Series 2002 and to provide funds to acquire, construct and equip buildings and furnishings on the school's campus.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

9. BUDGETARY BASIS TO GAAP BASIS RECONCILIATION

	<u>General Fund</u>	<u>Municipal Street Fund</u>	<u>Capital Projects Infrastructure</u>	<u>Debt Service Funds</u>	<u>Non- major Funds</u>
Revenues and other financing sources over (under) expenditures and other financing uses-Budget	\$ 675,676	26,757	304,292	3,873,101	63,940
Increases/decreases in assets:					
Due from other funds	-	-	-	-	-
Other receivables	-	-	(341,706)	8,586	27,651
Tax receivables	(9,243)	(5,644)	-	-	-
Increases/decreases in liabilities:					
Accounts payable	43,456	-	49,680	-	(7,782)
Accrued payroll liabilities	(9,784)	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	(5,176)	(22,400)
Rounding	-	(1)	-	-	-
Net Changes in Fund Balance-Fund	<u>\$ 700,105</u>	<u>21,112</u>	<u>12,266</u>	<u>3,876,511</u>	<u>61,409</u>

A detail of the individual non-major fund budget to actual reconciliation can be found on page 45.

10. ACCUMULATED LEAVE

The accumulation leave for the year ended June 30, 2008, has been recorded as a liability in the Government-Wide Statement of Net Assets as current portion due \$10,008 and long-term portion due \$50,039. Detail of accumulated leave for the year is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$48,191	40,882	29,026	\$60,047

General fund revenues are generally used to liquidate this liability.

11. DEFERRED REVENUE

The Village received \$525,000 from the State of New Mexico during the year ended June 30, 2008 for the acquisition of open land within the Village. As of June 30<sup>th</sup> this money had not been expended and will be deferred into the 2008 fiscal year. The Village has also received grant fund from the law enforcement protection fund for the 2009 year in the amount of \$22,400. Total deferred revenue for the year ended June 30, 2008 \$547,400. For fund financial statement tax revenue in the amount of \$5,176 has been deferred since it does not meet the requirements to be included as revenue for the year ended June 30, 2008.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

12. JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING

Following are the joint powers agreements and memorandums of understanding in effect during the fiscal year ended June 30:

County of Bernalillo.

- a. Participants - County of Bernalillo and the Village of Los Ranchos de Albuquerque.
- b. Responsible party for operations - County of Bernalillo.
- c. Description - to provide law enforcement protection to the Village of Los Ranchos de Albuquerque.
- d. Beginning and ending dates of agreement – July 1, 2007, ending on June 30, 2008, renewable annually.
- e. Total estimated amount of project - \$311,776 annually plus overtime and a 3% administrative fee.
- f. Amount agency contributed in current fiscal year - \$288,964.
- g. Audit responsibility - not stated in agreement.

Air Quality Program.

- a. Participants – City of Albuquerque and the Village of Los Ranchos de Albuquerque.
- b. Responsible party for operations – City of Albuquerque and the Village.
- c. Description - to improve air quality within the Regional Air Quality Control Region 152.
- d. Beginning and ending dates of agreement – April 2004 until terminated
- e. Total estimated amount of project - none
- f. Amount agency contributed in current fiscal year - \$0.
- g. Audit responsibility - not stated in agreement.

Open Space Purchase Program.

- a. Participants – NM Department of Finance and Administration and the Village of Los Ranchos de Albuquerque.
- b. Responsible party for operations –The Village.
- c. Description – to purchase land for open space with in the Village limits.
- d. Beginning and ending dates of agreement – June 7, 2007 until FY11 or until all funds are expended.
- e. Total estimated amount of project - \$3,375,000.
- f. Amount agency contributed in current fiscal year - \$0.
- g. Audit responsibility – the Village of Los Ranchos.

13. INTER-FUND TRANSFERS

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, namely street projects. All transfers made during the year were considered routine and were consistent with the general



STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

13. INTER-FUND TRANSFERS, continued

characteristics of the Village's transfers. The following schedule details the net inter-fund transfers made by the Village during the year ended June 30, 2008.

	<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
<b>Major Funds</b>			
General transferred to debt service funds- to make payment		\$ -	100,000
Debt service from general fund-to make bond payment		100,000	-
Infrastructure from streets fund-to meet match		159,126	-
Street fund transferred to infrastructure-to meet match		-	159,126
Infrastructure from general fund-to meet match		16,936	-
General fund transferred to infrastructure-to meet match		-	16,936
<b>Nonmajor Funds</b>			
None		-	-
Total		<u>\$ 276,062</u>	<u>276,062</u>

14. RESTRICTED RESOURCES

The Village first applies the restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Village had no restricted resources in the current year.

15. INKIND DONATIONS FOR MUSEUM

During the year ended June 30, 2008 the Unser Children's Discovery Center and Racing Museum, Inc. (the Corporation) provided to the Village the amount of expenditures they had made to be used towards the future purchase of the Museum facilities if they choose to do so. This inkind amount of \$514,698 will be applied towards the purchase price if the Company chooses to buy the facilities after their lease is up in December of 2015. Currently, there is no agreement in place that the Unser Children's Discovery Center and Racing Museum will definitely purchase the facilities, so no liability has been recorded on the Village's financial statements.

16. CHANGES IN LONG-TERM DEBT- GENERAL OBLIGATION BOND

The Village issued and sold general obligation bonds, series 2007, in the aggregate principle amount of \$3,600,000 on August 8, 2007 payable from ad valorem taxes levied on all taxable property within the village and maturing August 2027. The Village plans to use these funds to acquire open space within the Village. The net effective interest rate per annum is 4.75%. Interest will be payable semiannually on February 1 and August 1 commencing on February 1, 2008.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Notes to Financial Statements, continued  
For The Year Ended June 30, 2008

16. CHANGES IN LONG-TERM DEBT- GENERAL OBLIGATION BOND-continued

The following is a summary of all bond payable transactions of the Village for the year ended June 30:

	<u>2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>2008</u>	<u>Amount due within one year</u>
General obligation bond	\$ -	3,600,000	-	3,600,000	30,000
Year Ended June 30:		<u>Principal</u>	<u>Interest</u>		
2009		30,000	163,005		
2010		35,000	161,461		
2011		40,000	159,680		
2012		45,000	157,661		
2013		50,000	155,405		
2013-2018		735,000	694,494		
2018-2023		1,120,000	481,990		
2023-2027		<u>1,545,000</u>	<u>183,763</u>		
Total		3,600,000	2,157,459		
Remaining principal balance		<u>3,600,000</u>			
Less Current portion		<u>30,000</u>			
Long term portion of debt	\$	<u><u>3,570,000</u></u>			

Bond issuance costs in the amount of \$49,107 and bond discount in the amount of \$18,433 have been amortized over the life of the bond (20 years). The amount of amortization for the year ended June 30, 2008 is \$3,095.

SUPPLEMENTARY INFORMATION



## NON-MAJOR FUNDS

### SPECIAL REVENUE FUNDS

**FIRE FUND 209-** The Fire Fund, authorized by State Statute (59-15-1) to (59-15-18), is used to account for operations of the fire department. Financing is provided by the State fire allotment, interest on investments and miscellaneous revenues.

**EMERGENCY MEDICAL SERVICES (EMS) FUND 206-** The EMS Fund, authorized by State Statute (24-10A-1) to (24-10A-10) , is used to account for operations of the emergency medical technicians unit. Financing is provided by the EMS grant.

**LAW ENFORCEMENT PROTECTION FUND 211-** The Law Enforcement Protection Special Revenue Fund, authorized by State Statute Chapter 289, Laws of 1983 is used to account for the purchase of vehicles, radios and equipment for the police department. Financing is provided by a grant from the State of New Mexico. Authority NMSA1978 29-13-3.

**RMP FUND 290 -** This fund is use to account for monies given to the Village for the purchase of fire vehicle.

**OTHER SPECIAL REVENUE FUNDS 299 -** This fund is use to account for the Village's Lavender in the Valley and Grower's Market activities and other small grants that the Village does not receive on a regular basis.

### CAPITAL PROJECT FUNDS

**OPEN SPACE FUND 399-** This fund accounts for the expenditures to purchase open space areas in the Village.

**RECREATION BUILDING FUND 310-** This fund accounts for design and construction of community center, bike trails, and tennis courts. Financing was provided by special state appropriated monies and any matching from the general fund

### DEBT SERVICE FUND

**DEBT SERVICE FUND 401-** This fund accounts for bond proceeds and payments as well as property tax revenue received.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
(NON-GAAP BASIS) BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 2,396,854	2,621,060	2,597,270	(23,790)
Licenses and permits	116,540	102,514	110,777	8,263
Charges for services	28,200	31,385	28,427	(2,958)
Intergovernmental	120,075	128,438	137,640	9,202
Interest income	136,096	116,035	100,343	(15,692)
Other income	30,300	81,713	92,237	10,524
<b>Total revenues</b>	<u>2,828,065</u>	<u>3,081,145</u>	<u>3,066,694</u>	<u>(14,451)</u>
<b>EXPENDITURES:</b>				
<b>General Governmental:</b>				
<i>Executive-legislative</i>				
Personnel services	121,651	122,438	120,955	1,483
Operating expenses	14,488	15,176	13,046	2,130
<b>Total executive-legislative</b>	<u>136,139</u>	<u>137,614</u>	<u>134,001</u>	<u>3,613</u>
<i>Judicial</i>				
Operating expenses	2,698	2,078	754	1,324
<b>Total judicial</b>	<u>2,698</u>	<u>2,078</u>	<u>754</u>	<u>1,324</u>
<i>Elections</i>				
Operating expenses	3,825	3,825	2,118	1,707
<b>Total elections</b>	<u>3,825</u>	<u>3,825</u>	<u>2,118</u>	<u>1,707</u>
<i>Finance and administration:</i>				
Personnel services	90,696	89,141	88,025	1,116
Operating expenses	17,063	19,838	18,990	848
<b>Total finance &amp; administration</b>	<u>107,759</u>	<u>108,979</u>	<u>107,015</u>	<u>1,964</u>
<i>Planning and zoning:</i>				
Personnel services	168,298	149,144	144,569	4,575
Operating expenses	7,700	7,104	3,765	3,339
<b>Total planning and zoning</b>	<u>175,998</u>	<u>156,248</u>	<u>148,334</u>	<u>7,914</u>
<i>General administration:</i>				
Personnel services	151,362	173,048	172,568	480
Operating expenses	506,403	423,081	403,131	19,950
<b>Total general administration</b>	<u>657,765</u>	<u>596,129</u>	<u>575,699</u>	<u>20,430</u>
<b>Sub-total general government</b>	<u>\$ 1,084,184</u>	<u>1,004,873</u>	<u>967,921</u>	<u>36,952</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
(NON-GAAP BASIS) BUDGET AND ACTUAL, continued  
YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Safety:</b>				
<i>Police:</i>				
Operating expenses	377,197	373,257	335,527	37,730
Capital outlay	-	-	-	-
Total police department	<u>377,197</u>	<u>373,257</u>	<u>335,527</u>	<u>37,730</u>
<i>Fire:</i>				
Personnel services	731,443	762,086	768,668	(6,582)
Operating expenses	36,373	49,638	51,941	(2,303)
Total fire department	<u>767,816</u>	<u>811,724</u>	<u>820,609</u>	<u>(8,885)</u>
<b>Sub-total public safety</b>	<u>1,145,013</u>	<u>1,184,981</u>	<u>1,156,136</u>	<u>28,845</u>
<b>Highways and Streets:</b>				
Personnel services	29,305	21,340	21,139	201
Operating expenses	15,358	18,950	18,258	692
<b>Sub-total highways and streets</b>	<u>44,663</u>	<u>40,290</u>	<u>39,397</u>	<u>893</u>
<b>Culture and recreation</b>				
Parks				
Personnel services	29,305	21,340	21,139	201
Operating expenses	15,358	18,950	18,258	692
Total Parks	<u>44,663</u>	<u>40,290</u>	<u>39,397</u>	<u>893</u>
<b>Sub-total culture and recreation</b>	<u>44,663</u>	<u>40,290</u>	<u>39,397</u>	<u>893</u>
<b>Health and Welfare</b>				
Animal Control				
Personnel services	29,305	21,340	21,139	201
Operating expenses	15,358	18,950	18,258	692
Total animal control	<u>44,663</u>	<u>40,290</u>	<u>39,397</u>	<u>893</u>
<b>Sub-total culture and recreation</b>	<u>\$ 44,663</u>	<u>40,290</u>	<u>39,397</u>	<u>893</u>
<b>Capital Outlay</b>	<u>15,000</u>	<u>31,834</u>	<u>31,834</u>	-
<b>Total expenditures</b>	<u>\$ 2,378,186</u>	<u>2,342,558</u>	<u>2,274,082</u>	<u>68,476</u>
Excess of revenues over (under) expenditures	449,879	738,587	792,612	54,025
Other financing sources (uses)				
Transfer (out)	(307,235)	(116,936)	(116,936)	-
Excess (deficiency) of revenues sources over (under) expenditures and other financing sources (uses)	<u>\$ 142,644</u>	<u>621,651</u>	<u>675,676</u>	<u>54,025</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUND-Capital Project Infrastructure  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Major Fund- Capital Project Infrastructure</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances favorable (unfavorable)</u>
Revenues:				
Intergovernmental	\$ 3,294,228	3,385,074	660,440	(2,724,634)
Other miscellaneous	-	-	-	-
Interest income	-	17,932	22,889	4,957
Total revenues	<u>3,294,228</u>	<u>3,403,006</u>	<u>683,329</u>	<u>(2,719,677)</u>
Expenditures:				
Current:				
Noncurrent:				
Capital outlay	<u>7,057,298</u>	<u>3,180,270</u>	<u>555,099</u>	<u>2,625,171</u>
Total expenditures	<u>7,057,298</u>	<u>3,180,270</u>	<u>555,099</u>	<u>2,625,171</u>
Excess of revenues over (under) expenditures	<u>(3,763,070)</u>	<u>222,736</u>	<u>128,230</u>	<u>(94,506)</u>
Other financing sources (uses)				
Transfer in	3,832,576	240,728	176,062	(64,666)
Transfer out	-	-	-	-
	<u>3,832,576</u>	<u>240,728</u>	<u>176,062</u>	<u>(64,666)</u>
Excess (deficiency) of revenues sources over (under) expenditures and other financing sources (uses)	<u>\$ 69,506</u>	<u>463,464</u>	<u>304,292</u>	<u>(159,172)</u>

The Accompanying Notes are an Integral Part of These Financial Statements



STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Major Fund- Debt Service</u>			Variances favorable (unfavorable)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property taxes	183,800	183,800	184,647	847
Proceeds from long term debt	\$ 3,600,000	3,600,000	3,600,000	-
Interest income	<u>67,724</u>	<u>130,536</u>	<u>130,536</u>	<u>-</u>
Total revenues	<u>3,851,524</u>	<u>3,914,336</u>	<u>3,915,183</u>	<u>847</u>
Expenditures:				
Current:				
General government	49,107	49,107	49,107	-
Noncurrent:				
Interest payments	<u>92,975</u>	<u>92,975</u>	<u>92,975</u>	<u>-</u>
Total expenditures	<u>142,082</u>	<u>142,082</u>	<u>142,082</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>3,709,442</u>	<u>3,772,254</u>	<u>3,773,101</u>	<u>847</u>
Other financing sources (uses)				
Transfer in	100,000	100,000	100,000	-
Transfer out	<u>(3,600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(3,500,000)</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of revenues sources over (under) expenditures and other financing sources (uses)	<u>\$ 209,442</u>	<u>3,872,254</u>	<u>3,873,101</u>	<u>847</u>

The Accompanying Notes are an Integral Part of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
NON-MAJOR SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2008

	Special Revenue				Capital Funds		Total Non-major Governmental Funds	
	206 Emergency Medical Services	209 Fire	211 Law Enforcement	290 RMP Fund	299 Other Special Revenue	310 Recreational Building		399 Open Space
<b>Assets:</b>								
Cash and investments	\$ 42,274	-	23,168	-	18,677	200	44,423	128,742
Receivables	-	-	-	23,042	12,851	-	-	35,893
<b>Total Assets</b>	<u>42,274</u>	<u>-</u>	<u>23,168</u>	<u>23,042</u>	<u>31,528</u>	<u>200</u>	<u>44,423</u>	<u>164,635</u>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities</b>								
Accounts payable	303	-	-	-	7,727	-	-	8,030
Deferred revenues	-	-	22,400	-	-	-	-	22,400
<b>Total Liabilities</b>	<u>303</u>	<u>-</u>	<u>22,400</u>	<u>-</u>	<u>7,727</u>	<u>-</u>	<u>-</u>	<u>30,430</u>
<b>Fund Balance:</b>								
<b>Unreserved:</b>								
Undesignated	41,971	-	768	23,042	23,801	200	44,423	134,205
<b>Total Liabilities and Fund Balance</b>	<u>\$ 42,274</u>	<u>-</u>	<u>23,168</u>	<u>23,042</u>	<u>31,528</u>	<u>200</u>	<u>44,423</u>	<u>164,635</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue				Capital Funds		Total Nonmajor Governmental Funds
	206 Emergency Medical Services	209 Fire	211 Law Enforcement	290 RMP Fund	299 Other Special Fund	310 Recreational Building	
Revenues:							
Taxes	-	-	-	-	-	-	-
Intergovernmental-State	\$ 17,284	68,882	22,400	23,042	26,676	47,754	206,038
Intergovernmental-Federal	40,875	-	-	-	-	-	40,875
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	5,929	200	6,129
Total revenues	<u>58,159</u>	<u>68,882</u>	<u>22,400</u>	<u>23,042</u>	<u>32,605</u>	<u>47,954</u>	<u>253,042</u>
Expenditures:							
Current:							
General government	-	-	-	-	18,353	-	18,353
Public safety	19,563	68,882	-	-	-	-	88,445
Culture and recreation	-	-	-	-	12,755	-	12,755
Noncurrent:							
Capital outlay	-	-	21,632	-	2,094	48,354	72,080
Total Expenditures	<u>19,563</u>	<u>68,882</u>	<u>21,632</u>	<u>-</u>	<u>33,202</u>	<u>48,354</u>	<u>191,633</u>
Excess of revenues over (under) expenditures	<u>38,596</u>	<u>-</u>	<u>768</u>	<u>23,042</u>	<u>(597)</u>	<u>(400)</u>	<u>61,409</u>
Other financing sources (uses)							
Transfer in(out)	-	-	-	-	-	-	-
Net changes in fund balance	<u>38,596</u>	<u>-</u>	<u>768</u>	<u>23,042</u>	<u>(597)</u>	<u>(400)</u>	<u>61,409</u>
Fund balance - beginning of year	<u>3,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,398</u>	<u>600</u>	<u>72,796</u>
Fund balance - end of year	<u>\$ 41,971</u>	<u>-</u>	<u>768</u>	<u>23,042</u>	<u>23,801</u>	<u>200</u>	<u>134,205</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NON-MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS											
	EMS				Fire				Law Enforcement			
	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)
Revenues:												
Intergovernmental-State	\$ 58,521	58,159	58,159	-	64,375	68,882	68,882	-	22,400	22,400	44,800	22,400
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>58,521</u>	<u>58,159</u>	<u>58,159</u>	<u>-</u>	<u>64,375</u>	<u>68,882</u>	<u>68,882</u>	<u>-</u>	<u>22,400</u>	<u>22,400</u>	<u>44,800</u>	<u>22,400</u>
Expenditures:												
Current:												
Public safety	21,021	20,659	19,260	1,399	64,375	68,882	68,882	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent:												
Capital outlay	40,875	40,875	-	40,875	-	-	-	-	22,400	22,400	21,632	768
Total expenditures	<u>61,896</u>	<u>61,534</u>	<u>19,260</u>	<u>42,274</u>	<u>64,375</u>	<u>68,882</u>	<u>68,882</u>	<u>-</u>	<u>22,400</u>	<u>22,400</u>	<u>21,632</u>	<u>768</u>
Excess of revenues over (under) expenditures	<u>(3,375)</u>	<u>(3,375)</u>	<u>38,899</u>	<u>42,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,168</u>	<u>23,168</u>
Other financing sources (uses)												
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,375)</u>	<u>(3,375)</u>	<u>38,899</u>	<u>42,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,168</u>	<u>23,168</u>
Beginning cash balance	<u>\$ 3,375</u>	<u>3,375</u>										

The Accompanying Notes are an Integral Part of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NON-MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS, CONTINUED							
	RMP				Other Special Funds			
	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)
Revenues:								
Intergovernmental-State	\$ -	-	-	-	35,825	35,825	22,067	(13,758)
Other income	-	-	-	-	4,160	4,626	5,929	1,303
Total revenues	-	-	-	-	39,985	40,451	27,996	(12,455)
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	45,331	44,654	23,629	21,025
Noncurrent:								
Capital outlay	-	-	-	-	5,200	5,200	2,094	3,106
Total expenditures	-	-	-	-	50,531	49,854	25,723	24,131
Excess of revenues over (under) expenditures	-	-	-	-	(10,546)	(9,403)	2,273	11,676
Other financing sources (uses)								
Transfer in	-	-	-	-	419	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	419	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	(10,127)	(9,403)	2,273	11,676
Beginning cash balance	\$				16,404	16,404		

The Accompanying Notes are an Integral Part of These Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NON-MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	CAPITAL PROJECTS FUNDS											
	310 Recreational Facilities				399 Open Space				Total			
	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances favorable (unfavorable)
Revenues:												
Intergovernmental-State	\$ 47,754	47,754	47,754	-	-	-	-	-	228,875	233,020	241,662	8,642
Other	-	200	200	-	-	-	-	-	4,160	4,826	6,129	1,303
Total revenues	47,754	47,954	47,954	-	-	-	-	-	233,035	237,846	247,791	9,945
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	85,396	89,541	88,142	1,399
Culture and recreation	-	-	-	-	-	-	-	-	45,331	44,654	23,629	21,025
Noncurrent:												
Capital outlay	47,754	48,354	48,354	-	-	-	-	-	116,229	116,829	72,080	44,749
Total expenditures	47,754	48,354	48,354	-	-	-	-	-	246,956	251,024	183,851	67,173
Excess of revenues over (under) expenditures	-	(400)	(400)	-	-	-	-	-	(13,921)	(13,178)	63,940	77,118
Other financing sources (uses)												
Transfer in	-	-	-	-	-	-	-	-	419	-	-	-
Transfer out	-	-	-	-	-	-	-	-	419	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(400)	(400)	-	-	-	-	-	(13,502)	(13,178)	63,940	77,118
Beginning cash balance	\$ 600								19,779	20,379		

RECONCILIATION OF BUDGET TO ACTUAL NON MAJOR FUNDS ONLY

	206 Emergency Medical Services	209 Fire	211 Law Enforcement	290 RMP Fund	299 Other Special Fund	310 Recreational Building	399 Open Space	Total Nonmajor Governmental Funds
Revenues and other financing sources over (under) expenditures and other financing uses-Budget	38,899	-	23,168	-	2,273	(400)	-	63,940
Increases/decreases in assets:								
Other receivables	-	-	-	23,042	4,609	-	-	27,651
Increases/decreases in liabilities:								
Accounts payable	(303)	-	-	-	(7,479)	-	-	(7,782)
Deferred revenues	-	-	(22,400)	-	-	-	-	(22,400)
Net Changes in Fund Balance-Fund (pg 40)	38,596	-	768	23,042	(597)	(400)	-	61,409

The Accompanying Notes are an Integral Part of These Financial Statements

Village of Los Ranchos de Albuquerque  
Schedule of Capital Outlay Appropriations  
Unser Children's Discovery Center and Racing Museum  
as of June 30, 2008

	<i>Original Amount</i>	<i>Funds Expended</i>	<i>Funds Remaining</i>
<b>STATE OF NEW MEXICO</b>			
<b>SPECIAL APPROPRIATIONS PROJECT (Laws of 2004)</b>			
GF 04-L-G-746	\$ 17,743	17,743	-
GF 04-L-G-748	25,000	25,000	-
GF 04-L-G--785	200,000	200,000	-
GF 04-L-G-2215	15,000	15,000	-
GF 04-L-G-2321	20,000	20,000	-
GF 04-L-G-2398	150,000	150,000	-
GF 04-L-G-2419	15,000	15,000	-
STB 04-L-G-248	55,000	55,000	-
STB 04-L-G-249	1,000,000	1,000,000	-
STB 04-L-G-256	50,000	50,000	-
STB 04-L-G-1805	150,000	150,000	-
<b>Total Appropriations for Laws of 2004</b>	<b>1,697,743</b>	<b>1,697,743</b>	<b>-</b>
<b>SPECIAL APPROPRIATIONS PROJECT (Laws of 2005)</b>			
GF 05-L-G-1375	1,085,000	1,085,000	-
STB 05-L-G-249	275,000	275,000	-
<b>Total Appropriations for Laws of 2005</b>	<b>1,360,000</b>	<b>1,360,000</b>	<b>-</b>
<b>SPECIAL APPROPRIATIONS PROJECT (Laws of 2006)</b>			
GF 06-L-G-1453	895,000	895,000	-
STB 06-L-G-308	400,000	288,102	111,898
<b>Total Appropriations for Laws of 2006</b>	<b>1,295,000</b>	<b>1,183,102</b>	<b>111,898</b>
<b>SPECIAL APPROPRIATIONS PROJECT (Laws of 2007)</b>			
GF 07-L-G-5072	605,000	-	605,000
<b>Total Appropriations for Laws of 2007</b>	<b>605,000</b>	<b>-</b>	<b>605,000</b>
<b>Special Appropriation - 04-114-7-28</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
<b>Total Appropriations</b>	<b>\$ 4,982,743</b>	<b>4,265,845</b>	<b>716,898</b>

Note to this schedule:

The remaining grant revenue for the museum project is not recorded as a receivable since funds are not paid to the Village unless expenses have been incurred

The Accompanying Notes are an Integral Part of These Financial Statements





## OTHER REPORTS



# Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

2500 9<sup>th</sup> Street NW  
Albuquerque, New Mexico 87102  
(505) 883-8788 \* FAX (505) 883-8797

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS ON BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Hector Balderas  
State Auditor  
and  
Honorable Mayor and Members of the Village Trustees  
Village of Los Ranchos de Albuquerque  
Los Ranchos de Albuquerque, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the general and special major fund budgetary comparisons and the aggregate remaining fund information of the Village of Los Ranchos de Albuquerque, New Mexico (Village) as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 12, 2008. We have also audited the major capital project fund budgetary comparison, the combining and individual fund financial statements for the Village's divisions of the general fund budgetary comparison, the debt service fund budgetary comparison, the non-major governmental funds and respective budgetary comparisons presented as supplementary information as of and for the year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Items 08-01 and 08-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

#### 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*.

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

This report is intended solely for the information and use of management, the New Mexico State Auditor, the Department of Finance and Administration of NM, the New Mexico Legislature, the Village Trustees and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Hinkle & Landers, P.C  
November 12, 2008

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

**SECTION I SUMMARY OF FINDINGS**

**Section I- Financial Findings:**

	<b>Status of Prior Year Findings</b>
<b>Prior Years Findings:</b>	
none	n/a

**Current Year Findings:**

- 08-01 Monitoring of Accounting Functions-Bank Reconciliations
- 08-02 Monitoring of Accounting Functions-Approval for Invoices for Payment

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

**08-01 Monitoring of Accounting Functions-Bank Reconciliations**

**Statement of Condition:**

During the year it was noted that bank reconciliations prepared each month do not appear to have been looked at by a responsible official ie; the Treasurer even though the Village had stated that the bank statements were being reviewed. There were no initials or indications otherwise that the preparation of the reconciliations was being monitored.

**Criteria:**

It is considered a crucial control for a responsible official to review the bank reconciliation in a timely manner. This review should be documented by signing and dating who and when the review took place.

**Effect:**

There is a higher risk for misappropriations of cash would go undetected.

**Cause:**

The Treasurer had discontinued reviewing the bank reconciliations for the current year as had been done in prior years.

**Recommendation:**

A responsible official such as the Treasurer or the Administrator should be reviewing the bank reconciliations along with the bank statements and cancelled checks each month to ensure that control is not entirely in the hand of the accountant and such reviews should be documented through signature of the official.

**Management's Response:**

The Village Treasurer had reviewed all bank statements and cancelled checks throughout the year. Bank reconciliations were not signed off on by the Treasurer. The recommended practice has been instituted and bank statements, cancelled checks and bank reconciliations are being reviewed and signed off on by the Village Treasurer.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

**08-02 Monitoring of Accounting Functions-Approval of Invoices for Payment**

**Statement of Condition:**

During the year it was noted that in test of controls 3 out of the 25 invoices submitted for payment to the accountant did not have written evidence that the invoice had not been previously reviewed and signed off on by a responsible official.

**Criteria:**

Good accounting practices require that checks and balances be put in place and written evidence be maintained in situations where the organization has limited staff to provide for good separation of duties. A responsible official other than the accountant should be looking at each invoice to check for accuracy and approve the payment to be made for those items that do not require a purchase order.

**Effect:**

There is a higher risk that unauthorized purchases would go undetected.

**Cause:**

In transition from the previous administrator to the new administrator it was not made known to the new administrator that once the invoices were reviewed the administrator needed to sign and date the invoice which was the Village's policy.

**Recommendation:**

Policies should be put into place to ensure that newly hired employees know the procedures that the Village has implemented so that transition can go smoothly.

**Management's Response:**

All invoices had been reviewed and approved by the Administrator prior to payment. The procedure of signing, dating and providing written approval for each invoice prior to payment has been implemented. Further, a financial procedures manual is being drafted.

STATE OF NEW MEXICO  
VILLAGE OF LOS RANCHOS DE ALBUQUERQUE  
Exit Conference  
For The Year Ended June 30, 2008

An exit conference was held at the Village Hall on November 12, 2008, in a closed session, pursuant to the Open Meetings Act, NMSA chapter 10. Those in attendance were:

Representing the Village:

Larry Abraham	Mayor
Kelly Ward	Village Administrator
Nancy Haines	Village Treasurer
Gil Saavedra	Village accountant
Mary Homan	Trustee
Donald Lopez	Trustee
Timothy McDonough	Trustee
Pablo Rael	Trustee

Representing Hinkle & Landers, P.C.:

Farley Vener, CPA, CFE	Audit Partner
Odessa Hamilton	Auditor

FINANCIAL STATEMENT PREPARATION

The financial statements were primarily prepared from the original books and records of the Village as of June 30, 2008 by Hinkle & Landers PC. The financial statements are the responsibility of management.