

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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

June 30, 2009

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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VILLAGE OF BOSQUE FARMS, NEW MEXICO

List of Principal Officials

June 30, 2009

Elected Officials

Wayne Ake	Mayor
Robert G. Knowlton	Mayor Pro-Tem
William Kennedy	Councilor
Dolly Wallace	Councilor
Virgil Proctor	Councilor

Administrative Officials

Gayle Jones	Administrator
Deborah Kelly	Treasurer

Independent Auditors' Report

Mr. Hector H. Balderas, Auditor and
Mr. Wayne Ake, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison of the general, of the Village of Bosque Farms (Village), as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparison statements for the capital projects fund and nonmajor governmental funds as of and for the year ended June 30, 2009, 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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the capital projects fund and nonmajor governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and
Mr. Wayne Ake, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 2009 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

For the year ended June 30, 2009, the Village has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

Perch & Associates LLC

Albuquerque, New Mexico
November 18, 2009

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,183,641	1,267,688	2,451,329
Receivables			
Taxes			
Gross receipts	151,696	-	151,696
Gasoline	9,744	-	9,744
Motor vehicle	5,116	-	5,116
Property	3,219	-	3,219
Franchise	31,041	-	31,041
Cigarette	230	-	230
Grants	56,556	-	56,556
Accounts receivable, net of allowance	-	127,492	127,492
Restricted cash	-	196,983	196,983
Capital assets, not depreciated	323,168	1,543,336	1,866,504
Capital assets, net of accumulated depreciation	3,860,250	11,425,262	15,285,512
Total assets	5,624,661	14,560,761	20,185,422
LIABILITIES			
Accounts payable	5,349	2,654	8,003
Accrued compensation and benefits	5,308	868	6,176
Interest payable	-	17,931	17,931
Excess cash in water deposits	-	9,460	9,460
Deposits payable	-	42,650	42,650
Noncurrent liabilities:			
Compensated absences, due in one year	39,696	1,892	41,588
Long-term liabilities, due in one year	37,564	113,154	150,718
Long-term liabilities, due in more than one year	33,177	1,431,962	1,465,139
Total liabilities	121,094	1,620,571	1,741,665
NET ASSETS			
Invested in capital assets, net of related debt	4,112,677	11,628,598	15,741,275
Restricted for debt service	-	196,983	196,983
Unrestricted	1,390,890	1,114,609	2,505,499
Total net assets	\$ 5,503,567	12,940,190	18,443,757

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 469,445	18,633	69,664	139,220	(241,928)	-	(241,928)
Public safety	1,480,087	136,057	168,899	153,372	(1,021,759)	-	(1,021,759)
Highways and streets	266,163	-	-	677,347	411,184	-	411,184
Culture and recreation	146,654	-	-	13,113	(133,541)	-	(133,541)
Debt service - interest	189	-	-	-	(189)	-	(189)
Total governmental activities	2,362,538	154,690	238,563	983,052	(986,233)	-	(986,233)
Business-type activities							
Waste Water	884,038	441,602	-	-	-	(442,436)	(442,436)
Water	344,956	478,848	-	-	-	133,892	133,892
Total business-type activities	1,228,994	920,450	-	-	-	(308,544)	(308,544)
Total primary government	\$ 3,591,532	1,075,140	238,563	983,052	(986,233)	(308,544)	(1,294,777)
General Revenues							
Franchise taxes					86,486	-	86,486
Gasoline taxes					57,720	-	57,720
Gross receipts taxes					912,673	125,820	1,038,493
Property taxes					121,963	-	121,963
Cigarette taxes					1,744	-	1,744
Motor vehicle registrations					29,830	-	29,830
Other					19,545	-	19,545
Interest					19,082	36,292	55,374
Transfers					(166,404)	169,335	2,931
Total general revenues and transfers					1,082,639	331,447	1,414,086
Change in net assets					96,406	22,903	119,309
Net assets, beginning of year					5,407,161	12,917,287	18,324,448
Net assets, end of year					\$ 5,503,567	12,940,190	18,443,757

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 838,132	63,985	281,524	1,183,641
Receivables				
Taxes				
Gross receipts	148,031	-	3,665	151,696
Gasoline	-	-	9,744	9,744
Motor vehicle	5,116	-	-	5,116
Property	3,219	-	-	3,219
Franchise	31,041	-	-	31,041
Cigarette	153	-	77	230
Grants	6,611	21,778	28,167	56,556
Total assets	\$ 1,032,303	85,763	323,177	1,441,243
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	-	5,349	5,349
Accrued compensation and benefits	5,308	-	-	5,308
Deferred revenue	4,500	50,703	-	55,203
Total liabilities	9,808	50,703	5,349	65,860
FUND BALANCES				
Unreserved, undesignated reported in:				
General fund	1,022,495	-	-	1,022,495
Special revenue funds	-	-	317,828	317,828
Capital projects funds	-	35,060	-	35,060
Total fund balances	1,022,495	35,060	317,828	1,375,383
Total liabilities and fund balances	\$ 1,032,303	85,763	323,177	1,441,243

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

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

Total fund balance - governmental funds	\$ 1,375,383
Accrued compensated absences not payable from current revenues.	(39,696)
Deferred revenue is recorded as income under the accrual method, and not the modified accrual method.	55,203
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,183,418
Long-term liabilities, including capital leases payable, are not and payable in the current period and, therefore are not reported in the governmental fund.	<u>(70,741)</u>
Net assets - governmental activities	<u><u>\$ 5,503,567</u></u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 1,129,240	-	81,176	1,210,416
Licenses, permits, fees and fines	98,557	-	56,133	154,690
From federal sources:				
Grants	73,854	-	-	73,854
From non-federal sources:				
Grants	352,654	519,346	253,046	1,125,046
Interest	13,850	-	5,695	19,545
Other	19,082	-	-	19,082
Total revenues	1,687,237	519,346	396,050	2,602,633
Expenditures				
Current				
General government	433,151	-	277	433,428
Public safety	1,044,639	-	133,271	1,177,910
Highways and streets	161,539	-	18,663	180,202
Culture and recreation	117,569	-	1,502	119,071
Debt service - principal	-	-	16,913	16,913
Debt service - interest	-	-	189	189
Capital outlay	76,295	152,596	181,207	410,098
Total expenditures	1,833,193	152,596	352,022	2,337,811
Excess (deficiency) of revenues over expenditures before other financings sources	(145,956)	366,750	44,028	264,822
Other Financing Sources (Uses)				
Operating transfers in	322,587	3,732	-	326,319
Operating transfers out	(59,141)	(413,582)	(20,000)	(492,723)
Total other financing sources (uses)	263,446	(409,850)	(20,000)	(166,404)
Net change in fund balances	117,490	(43,100)	24,028	98,418
Fund balance, beginning of year	905,005	78,160	293,800	1,276,965
Fund balance, end of year	\$ 1,022,495	35,060	317,828	1,375,383

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

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

Net changes in fund balances - governmental funds \$ 98,418

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

Depreciation expense	(391,613)	
Capital outlay	345,261	
Excess of capital outlay over depreciation expense	(46,352)	(46,352)

The repayment of the principal of capital loans consumes the current financial resources of governmental funds, but has no effect on net assets.	24,991
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Deferred revenue is recorded as income under the accrual method, and not the modified accrual method	22,715
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.	(3,366)
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Change in net assets - governmental activities \$ 96,406

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 1,149,390	1,149,390	1,169,877	20,487
Licenses, permits, fees and fines	147,650	147,650	98,557	(49,093)
Grants	305,884	305,884	431,008	125,124
Interest	13,000	13,000	13,850	850
Other	28,350	28,350	19,082	(9,268)
Total revenues	1,644,274	1,644,274	1,732,374	88,100
Expenditures				
General government	458,768	472,888	427,260	45,628
Public safety	1,098,252	1,108,816	1,044,639	64,177
Highways and streets	167,091	167,091	161,539	5,552
Culture and recreation	116,514	121,905	117,569	4,336
Capital outlay	82,178	82,178	76,295	5,883
Total expenditures	1,922,803	1,952,878	1,827,302	125,576
(Deficiency) excess of revenues over expenditures	(278,529)	(308,604)	(94,928)	213,676
Other financing sources (uses)				
Operating transfers in	342,050	342,050	319,656	(22,394)
Operating transfers out	(56,989)	(56,989)	(59,141)	(2,152)
Total other financing sources (uses)	285,061	285,061	260,515	(24,546)
Net change in fund balance	6,532	(23,543)	165,587	189,130
Fund balance, beginning of year	905,005	905,005	905,005	-
Fund balance, end of year	\$ 911,537	881,462	1,070,592	189,130
Non-GAAP change in fund balance			\$ 165,587	
Change in:				
Accounts receivable			(40,637)	
Accrued compensation and benefits			2,960	
Deferred revenue			4,500	
GAAP change in fund balance			\$ 117,490	

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2009

	Waste Water	Water	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 819,552	448,136	1,267,688
Accounts receivable, net of allowance	75,186	52,306	127,492
Restricted cash	153,808	43,175	196,983
Total current assets	1,048,546	543,617	1,592,163
Capital Assets			
Land and water rights	1,154,573	388,763	1,543,336
Plant and equipment	14,207,981	2,116,553	16,324,534
Accumulated depreciation	(4,234,952)	(664,320)	(4,899,272)
Total capital assets, net of accumulated depreciation	11,127,602	1,840,996	12,968,598
Total assets	\$ 12,176,148	2,384,613	14,560,761
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ -	2,654	2,654
Accrued compensation and benefits	430	438	868
Interest payable	14,318	3,613	17,931
Excess cash in water deposits	-	9,460	9,460
Deposits payable	-	42,650	42,650
Compensated absences	1,576	316	1,892
Loans payable - current	-	93,154	93,154
Bonds payable - current	20,000	-	20,000
Total current liabilities	36,324	152,285	188,609
Noncurrent Liabilities			
Loans payable	-	111,962	111,962
Bonds payable	1,320,000	-	1,320,000
Total noncurrent liabilities	1,320,000	111,962	1,431,962
Total liabilities	1,356,324	264,247	1,620,571
Net Assets			
Invested in capital assets, net of related debt	9,787,602	1,840,996	11,628,598
Restricted for debt service	153,808	43,175	196,983
Unrestricted	878,414	236,195	1,114,609
Total net assets	10,819,824	2,120,366	12,940,190
Total liabilities and net assets	\$ 12,176,148	2,384,613	14,560,761

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Waste Water	Water	Total
Operating Revenues			
Sales and services	\$ 441,602	478,848	920,450
Operating expenses	424,521	259,653	684,174
Depreciation	391,731	77,717	469,448
Total operating expenses	816,252	337,370	1,153,622
Operating (Loss) Income	(374,650)	141,478	(233,172)
Nonoperating Revenues (Expenses)			
Gross receipts tax	125,820	-	125,820
Interest income	24,122	12,170	36,292
Interest expense	(67,786)	(7,586)	(75,372)
Transfers in	54,564	351,196	405,760
Transfers (out)	(105,782)	(130,643)	(236,425)
Total nonoperating revenues (expenses)	30,938	225,137	256,075
Net (loss) income	(343,712)	366,615	22,903
Net assets, beginning of year	11,163,536	1,753,751	12,917,287
Net assets, end of year	\$ 10,819,824	2,120,366	12,940,190

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Waste Water	Water	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 434,325	469,700	904,025
Cash payments to vendors and employees	(423,793)	(261,954)	(685,747)
Net cash provided by operating activities	<u>10,532</u>	<u>207,746</u>	<u>218,278</u>
Cash Flows From Noncapital and Related Financing Activities			
Gross receipts tax revenue	125,820	-	125,820
Operating transfers in	54,564	351,196	405,760
Operating transfers out	(105,782)	(130,643)	(236,425)
Net cash provided by noncapital financing activities	<u>74,602</u>	<u>220,553</u>	<u>295,155</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(19,564)	(353,858)	(373,422)
Principle payment on bonds	(20,000)	-	(20,000)
Interest payment on bonds	(67,786)	-	(67,786)
Principle payment on loans	-	(90,440)	(90,440)
Interest payment on loans	-	(7,586)	(7,586)
Net cash used by capital and related financing activities	<u>(107,350)</u>	<u>(451,884)</u>	<u>(559,234)</u>
Cash Flows From Investing Activities			
Interest income	24,122	12,170	36,292
Net cash provided by investing activities	<u>24,122</u>	<u>12,170</u>	<u>36,292</u>
Net increase (decrease) in cash	1,906	(11,415)	(9,509)
Cash, beginning of year	971,454	502,726	1,474,180
Cash, end of year	<u>\$ 973,360</u>	<u>491,311</u>	<u>1,464,671</u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2009

	Waste Water	Water	Total
Operating (loss) income	\$ (374,650)	141,478	(233,172)
Adjustments to reconcile operating income to net cash flows:			
Depreciation expense	391,731	77,717	469,448
Changes in assets and liabilities:			
Accounts receivable	(7,277)	(9,323)	(16,600)
Accrued expenses	728	(2,301)	(1,573)
Deposits payable	-	175	175
Net cash provided by operating activities	\$ 10,532	207,746	218,278

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
June 30, 2009

ASSETS

Cash	\$ 17,168
Accounts receivable	1,866
Total assets	<u><u>\$ 19,034</u></u>

LIABILITIES

Due to other entities	\$ 19,034
Total liabilities	<u><u>\$ 19,034</u></u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity. The Village of Bosque Farms (Village) was incorporated in 1974 under the laws of the State of New Mexico. The Village operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, education, public improvements, and general administrative services.

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

A. Financial Reporting Entity

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2009.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

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

Governmental financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

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

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

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

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

The Village reports the following major governmental funds:

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

Capital Projects Fund. To account for revenues and expenses related to capital projects. Authority is by Village Ordinance.

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Village reports the following major proprietary funds:

Waste Water. To account for the provision of waste water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance billing, and collection.

Water. To account for the provisions of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund. Financing is provided through charges to customers for service.

B. Cash and Cash Equivalents

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

C. Capital Assets

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

Governmental Accounting Standards Board (GASB) 34 *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* allows phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Village has elected not retroactively record infrastructure assets.

Assets are recorded at historical cost or estimated historical cost if purchased or construction. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Capital Assets (Continued)

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

Improvements other than buildings	10 - 50 years
Buildings and structures	30 years
Machinery and equipment	5 - 50 years
Furniture and fixtures	5 - 30 years
Infrastructure	5 - 50 years

Capital Assets in proprietary funds are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and other improvements	25 - 33 years
Water and sewer system	20 - 50 years
Machinery and equipment	5 - 10 years

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

D. Accrued Employee Benefits

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave for proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

E. Fund Equity

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

Debt Service - Amounts legally restricted for the payment of long-term debt.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Fund Equity (Continued)

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

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

G. Interfund Transactions

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

H. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents.

I. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, capital projects and enterprise funds.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The Village follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Administrator submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects fund and enterprise funds.
4. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Implementation of New Accounting Standards

During the year ended June 30, 2009, the Village adopted Government Accounting Standards Board Statement (GASB) No. 52, *Land and Other Real Estate Held as Investments by Endowments* (GASB 52). GASB 52 will not have a material impact on the Village's financial statements.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2. CASH

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2009, the Village's bank balance total of \$2,741,950 was exposed to credit risk in the amount of \$2,334,259 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 1,194,311</u>
Uninsured and uncollateralized	<u>\$ 1,139,948</u>

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

The total balance in any single financial institution may at times exceed the \$100,000 in FDIC coverage available to individual depositors. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS

Accounts receivable represents billings for water and waste water fees. It is management's policy to cut off water and waste water services for non-payment. A lien is placed on the properties which have outstanding water bills. Management has not provided an allowance for doubtful accounts because it believes that the balance of the receivables is collectable.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not depreciated:					
Land	\$ 295,000	-	-	-	295,000
Construction in process	921,100	14,479	(221,852)	(685,559)	28,168
Total, not depreciated	\$ 1,216,100	14,479	(221,852)	(685,559)	323,168
Capital assets, depreciated:					
Buildings and improvements	\$ 2,665,667	133,357	-	93,428	2,892,452
Vehicles	923,794	87,353	-	-	1,011,147
Machinery, equipment and furniture	905,312	177,125	(58,912)	142,194	1,165,719
Infrastructure	854,775	154,799	-	449,937	1,459,511
Total, depreciated	5,349,548	552,634	(58,912)	685,559	6,528,829
Accumulated depreciation for:					
Buildings and improvements	846,664	110,360	-	-	957,024
Vehicles	580,243	100,897	-	-	681,140
Machinery, equipment and furniture	672,211	93,957	(58,912)	-	707,256
Infrastructure	236,760	86,399	-	-	323,159
Total accumulated depreciation	2,335,878	391,613	(58,912)	-	2,668,579
Total capital assets, depreciated, net	\$ 3,013,670	161,021	-	685,559	3,860,250
Total capital assets, net	\$ 4,229,770	175,500	(221,852)	-	4,183,418

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

Governmental activities

General government	\$ 32,651
Public safety	245,418
Highways and streets	85,961
Culture and recreation	27,583
Total depreciation expense	\$ 391,613

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type Activities					
Capital assets, not depreciated:					
Land - Waste Water	\$ 1,154,573	-	-	-	1,154,573
Land - Water	14,137	-	-	-	14,137
Water rights	374,626	-	-	-	374,626
Total, not depreciated	\$ 1,543,336	-	-	-	1,543,336
Capital assets, depreciated:					
Waste Water:					
Buildings and improvements	\$ 13,540,508	-	-	-	13,540,508
Vehicles	285,059	19,564	-	-	304,623
Machinery and equipment	362,850	-	-	-	362,850
Water:					
Buildings and improvements	1,725,259	127,007	-	221,852	2,074,118
Vehicles	37,435	-	-	-	37,435
Machinery and equipment	-	5,000	-	-	5,000
Total, depreciated	15,951,111	151,571	-	221,852	16,324,534
Accumulated depreciation for:					
Waste Water	3,843,221	391,731	-	-	4,234,952
Water	586,603	77,717	-	-	664,320
Total accumulated depreciation	4,429,824	469,448	-	-	4,899,272
Total capital assets, depreciated, net	\$ 11,521,287	(317,877)	-	221,852	11,425,262
Total capital assets, net	\$ 13,064,623	(317,877)	-	221,852	12,968,598

The transfer above is a fixed asset transfer to the enterprise fund from the capital projects fund.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2009, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Capital lease payable	\$ 95,732	-	(24,991)	70,741	37,564
Compensated absences	36,330	116,298	(112,932)	39,696	39,696
Total	\$ 132,062	116,298	(137,923)	110,437	77,260

Capital Lease Payable. During the year ended June 30, 2006, the Village entered into a lease purchase agreement for three police vehicles. The purchase price of the vehicles was \$61,872 and they are carried in capital assets at this value. The lease is payable in four yearly installments commencing July 1, 2006.

During the year ending June 30, 2008, the Village entered into a lease purchase agreement for police vehicles. The purchase price of the vehicles was \$83,972 and they are carried in capital assets at this value. The lease is payable in four annual installments commencing in 2008.

The future requirements for the capital leases are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 37,564	3,408	40,972
2011	33,177	1,014	34,191
	\$ 70,741	4,422	75,163

Accrued Compensated Absences. Employees accrue either eight or ten hours per pay period depending on if the employee has been with the village less than or more than ten years, respectively. The maximum number of annual leave hours which may be accrued is 120 hours. Compensated absence balances have been liquidated with general fund money in prior years. Village employees accrue vacation leave as follows:

Total Years of Village Service	Yearly Accumulation
0-10 (inclusive)	96 hours
11 - or more	120 hours

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 2,396	34,411	(34,915)	1,892	1,892
Loans payable	295,556	-	(90,440)	205,116	93,154
Bonds payable	<u>1,360,000</u>	-	(20,000)	1,340,000	20,000
Total	<u>\$ 1,657,952</u>	34,411	(145,355)	<u>1,547,008</u>	115,046

Notes Payable. The Village financed the construction of the water plat and distribution system with notes payable to the New Mexico Environmental Department. The following notes are outstanding at June 30, 2009:

Water supply construction loan for \$171,057, interest at 3%, payments of \$21,970 annually in January, maturing January 11, 2010	\$ 21,330
Rural Infrastructure loan for \$185,884, interest at 3%, payments of \$21,906 annually in December, maturing December 19, 2010	41,583
Rural Infrastructure loan for \$185,884, interest at 5%, payments of \$24,073 annually in September, maturing September 28, 2010	41,917
Rural Infrastructure loan for \$118,315, interest at 3%, payments of \$13,850 annually in April, maturing April 10, 2011	26,502
Rural Infrastructure loan for \$197,586, interest at 3%, payments of \$19,850 annually in November, maturing November 17, 2012	<u>73,784</u>
Total loans payable	<u>\$ 205,116</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 93,154	6,154	99,308
2011	73,979	3,359	77,338
2012	18,710	1,140	19,850
2013	19,273	578	19,851
	<u>\$ 205,116</u>	<u>11,231</u>	<u>216,347</u>

Bonds Payable. Pursuant to ordinance 99-2, in April 1999 the Village issued \$1,500,000 in Sewer System Improvement Revenue Bonds, Series 1999. The bonds carry a 5% interest rate and are payable solely from pledged net revenue of the sewer system. Principal plus accrued interest is paid annually in April of each year. Annual principal payments range from \$10,000 to \$80,000. The bonds mature in April 2039. Bonds held by the United States Government are redeemable at the option of the Village at par. Bonds held by other parties are redeemable by the Village at par commencing January 1, 2006. As of June 30, 2005, all of the bonds were held by the United States Government. The bonds require a monthly reserve deposit of \$721. The reserve may be used for preventing deficiencies in the payment of principal and interest as well as for certain repairs or improvements of the sewer system upon approval of the bond holder. The Village is also required to set aside one-twelfth of the next year's principal and interest payment every month. The cash reserves are shown under the caption "Restricted Cash" in the Sewer enterprise fund.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 20,000	67,000	87,000
2011	20,000	66,000	86,000
2012	25,000	65,000	90,000
2013	25,000	63,750	88,750
2014	25,000	62,500	87,500
2015 to 2019	145,000	292,250	437,250
2020 to 2024	185,000	252,250	437,250
2025 to 2029	235,000	201,000	436,000
2030 to 2034	295,000	137,750	431,750
2035 to 2039	365,000	55,250	420,250
	<u>\$ 1,340,000</u>	<u>1,261,750</u>	<u>2,601,750</u>

NOTE 7. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Transfers to the general fund from:

Waste water	81,000
Water	118,524
Capital projects	64,723
Agency fund	2,931
General fund – Interfund transfer	55,409
	<u>\$ 322,587</u>

Transfers to the capital projects fund from:

General fund	<u>\$ 3,732</u>
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Transfers from the general fund to:

Capital projects	3,732
General fund – Interfund transfer	55,409
	<u>\$ 59,141</u>

Transfers from the capital projects fund to:

Water fund	348,859
General fund	64,723
	<u>\$ 413,582</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 7. INTERFUND TRANSFERS (CONTINUED)

Transfers to the waste water enterprise fund from:

Nonmajor funds	20,000
Water fund	9,782
Waste Water – Interfund transfer	<u>24,782</u>
	<u>\$ 54,564</u>

Transfers to the water enterprise fund from:

Capital projects fund	348,859
Water – Interfund transfer	<u>2,337</u>
	<u>\$ 351,196</u>

Transfers from the waste water enterprise fund to:

General	81,000
Waste water – Interfund transfer	<u>24,782</u>
	<u>\$ 105,782</u>

Transfers from the water enterprise fund to:

General	118,524
Waste water	9,782
Water – Interfund transfer	<u>2,337</u>
	<u>\$ 130,643</u>

Transfers from nonmajor funds to:

Waste water	<u>\$ 20,000</u>
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The primary purpose of the transfers was to fund temporary operating shortfalls.

NOTE 8. PERA PENSION PLAN

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 8. PERA PENSION PLAN (CONTINUED)

Funding Policy. Plan members are required to contribute 7.00% (for police and fire personnel) to 9.15% (for regular members) of their gross salary and the Village is required to make a matching contribution of 9.15% for regular members, 15% for police personnel, and 18% for fire personnel. The contribution requirements of plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$121,995, \$118,046, and, \$95,327, respectively, equal to the amount of the required contributions for each year.

NOTE 9. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents, with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, the Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retirement Health Care Act on the person's behalf unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the time between the employer's effective date and the date of retirement; (2) Retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 9. POST-EMPLOYMENT BENEFITS (CONTINUED)

Fund Contributions: Each participating employer makes contributions to the fund in the amount of 7.675% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to 9.4% of the employee's annual salary. Employer and employee contributions will increase annually through the year 2011. Each participating retiree pays a monthly premium of \$94.08 for the basic single plan and an additional \$5.00 if eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that included post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also included the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd N.E., Suite 104, Albuquerque, New Mexico 87109.

For the fiscal years ended June 30, 2009, 2008 and 2007, the Village remitted \$11,198, \$11,185, and \$9,913, respectively, in employer contributions to the Retiree Health Care Authority.

NOTE 10. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims and employers' liability insurance including general, auto, uninsured motorist, law enforcement, and public official's errors and omissions liabilities. The policy limits for workers' compensation is unlimited and \$1,050,000 per occurrence for employer's liability. There is no deductible. Liability policy limits range from \$100,000 to \$750,000 per occurrence, with a \$4,000,000 annual aggregate per policy. Deductibles range from \$500 to \$5,000.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 10. RISK MANAGEMENT (CONTINUED)

In addition, the Village has obtained insurance through a commercial carrier operating as a common risk management and insurance program for buildings, personal property, employee dishonesty, theft, burglar, fraud, terrorism, fine arts, and equipment breakdown. Limits range from \$10,000 to \$948,491, and deductibles range from \$500 to \$1,000.

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

NOTE 11. DEFICIT FUND BALANCE

The Village had a deficit fund balance \$2,491 in the Traffic Safety fund. The cause of the deficit accounts payable accrued at yearend. The deficit will be covered by subsequent year's revenue which will be used to pay the accounts payable balance.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NONMAJOR FUNDS
June 30, 2009

SPECIAL REVENUE FUNDS

Corrections. To establish an additional sources of funds for municipalities to offset the costs of corrections. The source of funds is a five-dollar fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 33-9-3.

Environmental Gross Receipts Tax. To account for the revenue received from the State through gross receipts and subsequently given to the Otero/Lincoln County Regional Landfill in accordance with a joint powers agreement. Authority is by Joint Powers Agreement.

Emergency Medical Services. To account for funds available for emergency medical equipment and supplies attributable to such services. Financing is provided by the State of New Mexico. Authority is the Emergency Medical Services Fund Act, NMSA 24-10A.

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

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

Streets. To account for funds used to maintain roads for which the Village is responsible. Funding is provided by the gas tax. Expenditures are restricted to the construction and maintenance of Village roads. Authority is NMSA 7-1-6.27.

Recreation. To account for revenues and expenditures relating to village recreational facilities and programs. Financing is provided by the State. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

Traffic Safety. To account for revenues and expenditures of funds collected for the purchase and maintenance of traffic safety equipment. Authority is Village Ordinance No. 97-10 and No. 2000-02.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS - SPECIAL REVENUE
 June 30, 2009**

	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
ASSETS			
Cash and cash equivalents	\$ 100,553	75,327	6,010
Receivables			
Taxes			
Gross receipts	-	3,665	-
Gasoline	-	-	-
Cigarette	-	-	-
Grants	-	-	-
Total assets	\$ 100,553	78,992	6,010
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Total liabilities	-	-	-
FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	100,553	78,992	6,010
Total liabilities and fund balances	\$ 100,553	78,992	6,010

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS - SPECIAL REVENUE
 June 30, 2009**

	Fire Protection	Law Enforcement Protection	Streets
ASSETS			
Cash and cash equivalents	\$ 37,956	39	49,742
Receivables			
Taxes			
Gross receipts	-	-	-
Gasoline	-	-	9,744
Cigarette	-	-	-
Grants	-	-	28,167
Total assets	<u>\$ 37,956</u>	<u>39</u>	<u>87,653</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	<u>37,956</u>	<u>39</u>	<u>87,653</u>
Total liabilities and fund balances	<u>\$ 37,956</u>	<u>39</u>	<u>87,653</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS - SPECIAL REVENUE
June 30, 2009

	Recreation	Traffic Safety	Total Nonmajor
ASSETS			
Cash and cash equivalents	\$ 9,039	2,858	281,524
Receivables			
Taxes			
Gross receipts	-	-	3,665
Gasoline	-	-	9,744
Cigarette	77	-	77
Grants	-	-	28,167
Total assets	<u>\$ 9,116</u>	<u>2,858</u>	<u>323,177</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	5,349	5,349
Total liabilities	<u>-</u>	<u>5,349</u>	<u>5,349</u>
 FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	9,116	(2,491)	317,828
Total liabilities and fund balances	<u>\$ 9,116</u>	<u>2,858</u>	<u>323,177</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2009

	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues			
Taxes	\$ -	22,873	-
Licenses, permits, fees and fines	31,368	-	-
From non-federal sources			
Grants	-	-	4,500
Interest	1,977	1,488	195
Total revenues	33,345	24,361	4,695
Expenditures			
Current			
General government	-	277	-
Public safety	31,853	-	3,216
Highways and streets	-	-	-
Culture and recreation	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
Capital outlay	-	-	-
Total expenditures	31,853	277	3,216
Excess of revenues over expenditures before other financing sources	1,492	24,084	1,479
Other financing uses			
Operating transfers out	-	(20,000)	-
Net change in fund balances	1,492	4,084	1,479
Fund balance, beginning of year	99,061	74,908	4,531
Fund balance, end of year	\$ 100,553	78,992	6,010

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2009

	Fire Protection	Law Enforcement Protection	Streets
Revenues			
Taxes	\$ -	-	57,720
Licenses, permits, fees and fines From non-federal sources	-	-	-
Grants	63,945	26,600	158,001
Interest	1,147	-	626
	<hr/>		
Total revenues	65,092	26,600	216,347
	<hr/>		
Expenditures			
Current			
General government	-	-	-
Public safety	47,789	9,628	-
Highways and streets	-	-	18,663
Culture and recreation	-	-	-
Debt service - principal	-	16,913	-
Debt service - interest	-	189	-
Capital outlay	5,661	-	169,106
	<hr/>		
Total expenditures	53,450	26,730	187,769
	<hr/>		
Excess of revenues over expenditures before other financing sources	11,642	(130)	28,578
	<hr/>		
Other financing uses			
Operating transfers out	-	-	-
	<hr/>		
Net change in fund balances	11,642	(130)	28,578
	<hr/>		
Fund balance, beginning of year	26,314	169	59,075
	<hr/>		
Fund balance, end of year	\$ 37,956	39	87,653
	<hr/> <hr/>		

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2009

	Recreation	Traffic Safety	Total Non-major
Revenues			
Taxes	\$ 583	-	81,176
Licenses, permits, fees and fines	-	24,765	56,133
From non-federal sources			
Grants	-	-	253,046
Interest	-	262	5,695
	<hr/>		
Total revenues	583	25,027	396,050
	<hr/>		
Expenditures			
Current			
General government	-	-	277
Public safety	-	40,785	133,271
Highways and streets	-	-	18,663
Culture and recreation	1,502	-	1,502
Debt service - principal	-	-	16,913
Debt service - interest	-	-	189
Capital outlay	-	6,440	181,207
	<hr/>		
Total expenditures	1,502	47,225	352,022
	<hr/>		
Excess of revenues over expenditures before other financing sources	(919)	(22,198)	44,028
	<hr/>		
Other financing uses			
Operating transfers out	-	-	(20,000)
	<hr/>		
Net change in fund balances	(919)	(22,198)	24,028
	<hr/>		
Fund balance, beginning of year	10,035	19,707	293,800
	<hr/>		
Fund balance, end of year	\$ 9,116	(2,491)	317,828
	<hr/> <hr/>		

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 45,144	45,144	34,916	(10,228)
Interest	2,400	2,400	1,977	(423)
Total revenues	47,544	47,544	36,893	(10,651)
Expenditures				
Public safety	42,660	43,310	31,853	11,457
Total expenditures	42,660	43,310	31,853	11,457
Net change in fund balance	4,884	4,234	5,040	806
Fund balance, beginning of year	99,061	99,061	99,061	-
Fund balance, end of year	\$ 103,945	103,295	104,101	806
Non-GAAP change in fund balance			5,040	
Change in:				
Accounts receivable			(3,548)	
GAAP change in fund balance			<u>\$ 1,492</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL GROSS RECEIPTS TAX
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Municipal taxes	\$ 23,750	23,750	23,437	(313)
Interest	1,300	1,300	1,488	188
Total revenues	25,050	25,050	24,925	(125)
Expenditures				
General government	1,675	1,675	277	1,398
Total expenditures	1,675	1,675	277	1,398
Excess of revenues over expenditures	23,375	23,375	24,648	1,273
Other financing uses				
Operating transfers out	(20,000)	(20,000)	(20,000)	-
Net change in fund balance	3,375	3,375	4,648	1,273
Fund balance, beginning of year	74,908	74,908	74,908	-
Fund balance, end of year	\$ 78,283	78,283	79,556	1,273
Non-GAAP change in fund balance			4,648	
Change in:				
Accounts receivable			(564)	
GAAP change in fund balance			<u>\$ 4,084</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	1,500	4,500	4,500	10,500
Interest	336	336	195	(141)
Total revenues	1,836	4,836	4,695	10,359
Expenditures				
Public safety	6,367	9,367	3,216	6,151
Total expenditures	6,367	9,367	3,216	6,151
Net change in fund balance	(4,531)	(4,531)	1,479	16,510
Fund balance, beginning of year	4,531	4,531	4,531	-
Fund balance, end of year	\$ -	-	6,010	16,510

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Grants	\$ 63,945	63,945	63,945	-
Interest	1,100	1,100	1,147	47
Total revenues	65,045	65,045	65,092	47
Expenditures				
Public safety	60,107	59,107	47,789	11,318
Capital outlay	4,938	5,938	5,661	277
Total expenditures	65,045	65,045	53,450	11,595
Net change in fund balance	-	-	11,642	11,642
Fund balance, beginning of year	26,314	26,314	26,314	-
Fund balance, end of year	\$ 26,314	26,314	37,956	11,642

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Grants	\$ 26,600	26,600	26,600	-
Interest	144	144	-	(144)
Total revenues	26,744	26,744	26,600	(144)
Expenditures				
Public safety	9,810	9,810	9,628	182
Debt service - principal	16,913	16,913	16,913	-
Debt service - interest	190	190	189	1
Total expenditures	26,913	26,913	26,730	183
Net change in fund balance	(169)	(169)	(130)	39
Fund balance, beginning of year	169	169	169	-
Fund balance, end of year	\$ -	-	39	39

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
STREETS
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 69,000	69,000	57,720	(11,280)
Grants	607,105	607,105	564,145	(42,960)
Other	3,000	3,000	626	(2,374)
Total revenues	679,105	679,105	622,491	(56,614)
Expenditures				
Highways and streets	23,350	23,350	18,663	4,687
Capital outlay	628,685	638,119	600,441	37,678
Total expenditures	652,035	661,469	619,104	42,365
Excess of revenues over expenditures	27,070	17,636	3,387	(14,249)
Other financing sources (uses)				
Operating transfers out	(13,000)	(13,000)	-	13,000
Total other financing uses	(13,000)	(13,000)	-	13,000
Net change in fund balance	14,070	4,636	3,387	(1,249)
Fund balance, beginning of year	59,075	59,075	59,075	-
Fund balance, end of year	\$ 73,145	63,711	62,462	(1,249)
Non-GAAP change in fund balance			\$ 3,387	
Change in:				
Accounts receivable			(406,144)	
Accounts payable			(431,335)	
GAAP change in fund balance			<u>\$ 28,578</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,000	4,000	615	(3,385)
Interest	300	300	-	(300)
Total revenues	4,300	4,300	615	(3,685)
Expenditures				
Culture and recreation	1,800	1,800	1,502	298
Total expenditures	1,800	1,800	1,502	298
Net change in fund balance	2,500	2,500	(887)	(3,387)
Fund balance, beginning of year	10,035	10,035	10,035	-
Fund balance, end of year	\$ 12,535	12,535	9,148	(3,387)
Non-GAAP change in fund balance			(887)	
Change in:				
Accounts receivable			(32)	
GAAP change in fund balance			<u>\$ (919)</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
TRAFFIC SAFETY
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Fines and forfeitures	\$ 62,000	62,000	28,226	(33,774)
Interest	900	900	262	(638)
Total revenues	62,900	62,900	28,488	(34,412)
Expenditures				
Public safety	37,300	47,180	42,047	5,133
Capital outlay	26,547	26,547	6,440	20,107
Total expenditures	63,847	73,727	48,487	25,240
Excess of revenues over expenditures	(947)	(10,827)	(19,999)	(9,172)
Other financing uses				
Operating transfers out	(10,000)	(10,000)	-	10,000
Net change in fund balance	(10,947)	(20,827)	(19,999)	828
Fund balance, beginning of year	19,707	19,707	19,707	-
Fund balance, end of year	\$ 8,760	(1,120)	(292)	828
Prior year cash appropriated		1,120	292	
		-	-	
Non-GAAP change in fund balance			\$ (292)	
Change in:				
Accounts receivable			(3,461)	
Accounts payable			(1,262)	
GAAP change in fund balance			\$ (2,491)	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Grants	\$ 932,439	932,439	565,881	(366,558)
Expenditures				
Capital outlay	960,721	961,068	185,084	775,984
Excess of revenues over expenditures	(28,282)	(28,629)	380,797	409,426
Other financing sources (uses)				
Operating transfers in	3,971	3,971	3,732	(239)
Operating transfers out	-	-	(413,582)	(413,582)
Total other financing sources (uses)	3,971	3,971	(409,850)	(413,821)
Net change in fund balance	(24,311)	(24,658)	(29,053)	(4,395)
Fund balance, beginning of year	78,160	78,160	78,160	-
Fund balance, end of year	\$ 53,849	53,502	49,107	(4,395)
Non-GAAP change in fund balance			\$ (29,053)	
Change in:				
Receivables			(28,320)	
Accounts payable			(32,488)	
Deferred revenue			18,215	
GAAP change in fund balance			<u>\$ (43,100)</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WASTE WATER ENTERPRISE FUND
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 428,752	428,752	434,325	5,573
Gross receipts tax	118,800	118,800	125,820	7,020
Interest	30,200	30,200	24,122	(6,078)
Total revenues	577,752	577,752	584,267	6,515
Expenses				
Operating	273,336	273,336	425,249	(151,913)
Capital outlay	188,450	188,450	19,564	168,886
Debt service	88,000	88,000	87,786	214
Total expenditures	549,786	549,786	532,599	17,187
Excess of revenues over expenditures	27,966	27,966	51,668	23,702
Other financing sources (uses)				
Operating transfers in	123,000	123,000	54,564	(68,436)
Operating transfers out	(221,000)	(221,000)	(105,782)	115,218
Total other financing sources (uses)	(98,000)	(98,000)	(51,218)	46,782
Net change in net assets	(70,034)	(70,034)	450	70,484
Net assets, beginning of year	11,163,536	11,163,536	11,163,536	-
Net assets, end of year	\$ 11,093,502	11,093,502	11,163,986	70,484
Non-GAAP change in fund balance			\$ 450	
Change in:				
Receivables			7,277	
Accounts payable			-	
Other accrued expenses			(728)	
Non-budgeted items				
Capitalized purchases			19,564	
Debt service - principal			20,000	
Depreciation			(391,731)	
GAAP change in net assets			<u>\$ (343,712)</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE FUND
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 470,552	470,552	469,525	(1,027)
Fines and forfeitures	600	600	-	(600)
Interest	16,800	16,800	12,170	(4,630)
Miscellaneous	4,050	4,050	-	(4,050)
Total revenues	492,002	492,002	481,695	(10,307)
Expenses				
Operating	293,143	293,143	261,953	31,190
Capital outlay	22,500	22,500	5,000	17,500
Debt service	99,308	99,308	98,027	1,281
Total expenditures	414,951	414,951	364,980	49,971
Excess of revenues over expenditures	77,051	77,051	116,715	39,664
Other financing sources (uses)				
Operating transfers in	99,308	99,308	351,196	251,888
Operating transfers out	(287,340)	(287,340)	(130,643)	156,697
Total other financing sources (uses)	(188,032)	(188,032)	220,553	156,697
Net change in net assets	(110,981)	(110,981)	337,268	196,361
Net assets, beginning of year	1,753,751	1,753,751	1,753,751	-
Net assets, end of year	\$ 1,642,770	1,642,770	2,091,019	196,361
Non-GAAP change in fund balance			\$ 337,268	
Change in:				
Receivables			9,323	
Other accrued expenses			(2,300)	
Non-budgeted items				
Capitalized purchases			5,000	
Debt service - principal			90,441	
Depreciation			(77,717)	
GAAP change in net assets			\$ 366,615	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
AGENCY FUNDS
June 30, 2009

Municipal Judge's Fund. To account for the receipt and disbursement of money collected through the Municipal Judicial System and held for payment to various other state and local governmental agencies.

Municipal Judge's Bond Fund. To account for the receipt and disbursement of bond funds collected through the Municipal Judicial System and held for refund or conversion to pay fines and fees.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
MUNICIPAL JUDGE'S FUND				
ASSETS				
Cash	\$ 18,909	17,733	24,143	12,499
Due to other funds	2,115	(249)	-	1,866
Total assets	\$ 21,024	17,484	24,143	14,365
LIABILITIES				
Due to other entities	\$ 21,024	17,484	24,143	14,365
Total liabilities	\$ 21,024	17,484	24,143	14,365
MUNICIPAL JUDGE'S BOND FUND				
ASSETS				
Cash	\$ 8,674	5,877	9,882	4,669
Total assets	\$ 8,674	5,877	9,882	4,669
LIABILITIES				
Due to other entities	\$ 8,674	5,877	9,882	4,669
Total liabilities	\$ 8,674	5,877	9,882	4,669
TOTAL				
ASSETS				
Cash	\$ 27,583	23,610	34,025	17,168
Due from other funds	2,115	(249)	-	1,866
Total assets	\$ 29,698	23,361	34,025	19,034
LIABILITIES				
Due to other entities	\$ 29,698	23,361	34,025	19,034
Total liabilities	\$ 29,698	23,361	34,025	19,034

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2009

Depository	Account Name	Type	Depository Balance	Reconciled Balance
First Community Bank	General Pooled Cash	Checking	\$ 334,528	324,436
First Community Bank	Special Revenue Pooled Cash	Checking	38,602	31,703
First Community Bank	Utility Enterprise Account	Checking	158,319	136,426
First Community Bank	Payroll Account	Checking	27,605	-
First Community Bank	Capital Project Account	Checking	76,483	63,985
First Community Bank	Money Market - High Wealth	Money Mkt	513,496	513,496
First Community Bank	Money Market - High Wealth	Money Mkt	249,821	249,821
First Community Bank	Money Market - High Wealth	Money Mkt	328,095	328,095
First Community Bank	Utility Enterprise - CD	CD	1,000,000	1,000,000
Cash and cash equivalents			<u>2,726,949</u>	<u>2,647,962</u>
Petty cash	Village Clerk's petty cash - General		-	200
Petty cash	Water Department's petty cash		-	150
Total cash and cash equivalents - non-agency funds			<u><u>\$ 2,726,949</u></u>	<u><u>2,648,312</u></u>
Agency funds cash accounts				
First Community Bank	Municipal Court Pooled Cash		<u>\$ 15,001</u>	<u>17,168</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2009

	First Community Bank
Deposits at June 30, 2009	\$ 2,741,950
Less: FDIC coverage	407,691
Uninsured public funds	<u>2,334,259</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	1,194,311
Uninsured and uncollateralized	<u>\$ 1,139,948</u>
50% pledged collateral requirement per statute	\$ 1,167,130
Total pledged collateral	1,194,311
Pledged collateral under the requirement	<u>\$ (27,181)</u>

Pledged collateral at June 30, 2009 consists of the following:

Security	CUSIP	Maturity	Market Value
FNR Bond 2001-71 QE	31392AXR4	12/25/2016	1,042,845
FHR Bond 1768 GH	31394TA54	3/15/1934	57,832
FHR Bond 2857 AH	31395FS70	12/15/2023	8,634
Columbia Met Dist Bond - FSA INSD	197805CN2	12/1/2015	85,000
			<u>\$ 1,194,311</u>

The custodian of the pledged securities for First Community Bank is the Federal Home Loan Bank in Dallas, Texas.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2009

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Prisoner Housing	Valencia County Village of Bosque Farms	Valencia County	To provide housing of municipal prisoners arrested by the Village and confined in the Valencia County Detention Center	12/04 to 12/09	\$61.17 per inmate	\$ 31,559	Valencia County	Valencia County
Animal Control	Valencia County Animal Control Center Village of Bosque Farms	Valencia County Animal Control Center	Collect and keep custody of animals	07/02 to indefinite	\$18 per hour with a two hour minimum. \$202 per month for custody of dogs and cats.	\$ 4,983	Valencia County	Valencia County
Wildfire Protection Activities	State of New Mexico Energy, Minerals and Natural Resources Department Village of Bosque Farms	State of New Mexico Energy, Minerals and Natural Resources Department	To provide a cooperative fire protection system covering any or all private, County, non-municipal, and State lands within or adjacent to the Village	Indefinite	Payments are on a reimbursement basis	\$ -	State of New Mexico Energy, Minerals and Natural Resources Department	State of New Mexico Energy, Minerals and Natural Resources Department
Local Building Permit Review and Inspection Services	City of Belen Village of Los Lunas County of Valencia Village of Bosque Farms	Joint	Provision of local building permit review and inspection services	Indefinite	The Village pays its own inspectors	\$ -	Joint	Joint
Emergency 911 Regional Emergency Communications Center	City of Belen Village of Los Lunas Village of Bosque Farms	Village of Los Lunas	Provision of enhanced emergency 911 services; establishment of the Valencia Regional Emergency Communications Center	Indefinite	\$32,500 per year	\$ 32,500	Village of Los Lunas	Village of Los Lunas

**VILLAGE OF BOSQUE FARMS
SCHEDULE OF APPROPRIATIONS
JUNE 30, 2009**

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining	Funds Encumbered
06-L-G-1975	2006	06/30/2008	20,000	20,000	-	-
06-L-A-1970	2006	06/30/2010	75,000	75,000	-	-
07-L-G-5637	2007	06/30/2011	230,000	227,700	2,300	-
07-L-G-5638	2007	06/30/2009	150,000	145,308	4,692	-
07-L-G-5639	2007	06/30/2009	166,000	166,000	-	-
08-L-G-3278	2008	06/30/2012	260,000	-	260,000	16,081
08-L-G-4556	2008	06/30/2010	17,000	16,240	760	-
08-L-G-4558	2008	06/30/2010	30,000	30,000	-	-
08-L-G-4555	2008	06/30/2010	20,000	15,113	4,887	4,200
08-L-G-4561	2008	06/30/2012	20,000	19,562	438	251
08-L-G-4557	2008	06/30/2010	50,000	50,000	-	-
08-L-G-4560	2008	06/30/2012	25,000	25,000	-	-
09-L-G-3708	2009	06/30/2013	30,000	-	30,000	22,459
SAP 02-L-G-931	2002	06/30/2010	55,000	55,000	-	-
SAP 06-1269-GF	2006	06/30/2010	100,000	67,776	32,224	7,405
SAP 07-4607-GF	2007	06/30/2011	200,000	177,928	22,072	-
SAP 08-3944-GF	2008	06/30/2012	15,000	-	15,000	-
Total			1,463,000	1,090,627	372,373	50,396

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
3915 CARLISLE BLVD NE
ALBUQUERQUE, NM 87107

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

Mr. Hector H. Balderas, State Auditor and
Mr. Wayne Ake, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and budgetary comparisons of the general of the Village of Bosque Farms (Village), as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 18, 2009. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparisons of the capital projects fund and nonmajor funds, as of and for the year ended June 30, 2009, as listed in the table of contents. 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 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting 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.

Mr. Hector H. Balderas, State Auditor and
Mr. Wayne Ake, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

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 combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings, recommendations and responses to be significant deficiencies in internal control over financial reporting: 07-1 and 08-1.

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 entity'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 the 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 is a material weakness.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and are described in the accompanying schedule of findings and recommendations as item 09-1.

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

Mr. Hector H. Balderas, State Auditor and
Mr. Wayne Ake, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

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

Perch & Associates LLC

Albuquerque, New Mexico
November 18, 2009

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

07-1	Preparation of Financial Statements (Significant Deficiency)	Modified and repeated
08-1	Capital Assets	Modified and repeated
08-2	Excess of Expenditures Over Authorized Budget	Resolved

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009**

FINDINGS – FINANCIAL STATEMENTS AUDIT

07-1 Preparation of Financial Statements (Significant Deficiency)

CONDITION

The Auditing Standards Board has issued *Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit* (SAS 112). The new standard provides guidance to auditors on communicating matters related to an entity's internal control over financial reporting identified in an audit of financial statements. The standard requires the auditor to evaluate identified control deficiencies and determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses.

SAS 112 provides examples of circumstances that may be control deficiencies, significant deficiencies or material weaknesses (these terms are defined in the report on internal control above). One of the examples provided by SAS 112 is:

Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

The auditor prepares the financial statements for the Village because Village staff does not have the training or experience to prepare financial statements.

CRITERIA

The Village's accounting staff should have the training and experience necessary to prepare the Village's financial statements. SAS 112 indicates that a lack of qualifications to prepare the financial statements is a control deficiency.

CAUSE

The Village's accounting staff has not been trained on Governmental Accounting Standards and the related procedures to prepare financial statements.

EFFECT

The Village's management and accounting staff may not be able to detect errors in reporting or financial presentation if they exist. Management may not be qualified to review the financial statements prepared by the auditor.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

07-1 Preparation of Financial Statements (Significant Deficiency) (Continued)

RECOMMENDATION

We recommend that Village employees who participate in the accounting function obtain training in governmental accounting and the preparation of financial statements.

MANAGEMENT RESPONSE

The Clerk/Administrator has had conversation with the State Auditor regarding this finding. There will be a meeting with several other small municipalities and the State Auditor in the near future regarding this finding and the hardship it places on small municipalities.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

08-1 Capital Assets

CONDITION

As part of our audit we tested capital assets. We noted the following:

- The Village is not performing an annual inventory of capital assets.
- The Village uses the Incode Capital Asset Software to track inventory and capital assets. In order to produce a capital asset report, the Village generates a report of all items in the listing over \$5,000. This does not allow the Village to produce a report that will track individual items less than \$5,000 that contribute to a project that will amount to more than \$5,000 upon completion. In addition, items capitalized in prior years under a lower threshold will not be included.
- The Village is not reconciling capital asset additions to the capital expense accounts on the general ledger accounts.
- The Village disposed of tangible personal property from the capital asset listing and did not notify the state auditor thirty days prior to disposal. Current year disposals not reported total \$24,423.

CRITERIA

Governmental Accounting Standards No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, details the requirements to track and report capital assets. The Village should be tracking capital assets.

Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency’s auditors.

Section 13-6-1, NMSA 1978, requires the Village to give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

08-1 Capital Assets (Continued)

EFFECT

The Village's capital asset listing and deprecation expenses were misstated before adjustment.

CAUSE

The Village does not have a mechanism to track capital asset additions and deletions. Also the Village is not taking a physical inventory of all capital assets at year end.

RECOMMENDATION

The Village should consider developing a policy that requires the tracking of additions and deletions to capital assets. The Village may consider using the services of a CPA to assist in the tracking and recording of capital assets. The Village could also consider reconciling capital assets on a monthly basis from the general ledger accounts to the capital asset listing. This will ensure that the Village is able to produce a capital asset listing in future years if the capital asset threshold for the Village changes. This will also help the Village to track work in progress that is under the capital asset threshold in beginning years, but that will become a capital asset when the project is complete.

MANAGEMENT RESPONSE

The Village is trying to perform an annual inventory of capital assets; however, not all departments are participating at this time. The Village does have a policy in place for tracking fixed asset additions and deletion, however not all departments are following the policy. We are working on correcting this problem.

The Village is not able to reconcile the capital asset additions to the capital expense accounts on the general ledger due to the lack of participation from some of the departments. We are working on this problem, but we are not sure what to do to correct it.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009**

FINDINGS – FINANCIAL STATEMENTS AUDIT (CONTINUED)

09-1 Internal Control over Travel and Per Diem

CONDITION

As part of our audit we tested internal controls over twenty-two travel and per diem disbursements. We noted the following:

- For one of the items tested no receipts were turned in for actual meal expenses. The total of the disbursements was \$135. In addition, for this item the Village paid three days of overnight travel when only two days of overnight travel and one partial day of per diem should have been paid. The amount of the overpayment was \$15.
- For one of the items tested the Village paid for local travel when the employee traveling did not travel more than 35 miles from the Village's main office. The total of the disbursement was \$170.

CRITERIA

NMAC 2.42.2.9 states that the public officer or employee must submit receipts for actual expenses to be reimbursed. If a receipt is lost an affidavit may be filled out and attached to the travel voucher attesting to the expenditures. The last day of travel should be calculated with a maximum possible amount to be paid of \$30.00, not \$45.00. Actual expenses will not be paid in lieu of partial day per diem rates on the day the employee returns from travel.

NMAC 2.42.2.7 states that for per diem purposes, the area within a 35-mile radius of the place of legal residence is exempt from paying per diem rates. Per diem is applicable for distances greater than 35 miles away from the Villages home office.

EFFECT

The Village may have overpaid employees for travel and per diem. Expenses may be over or understated or misclassified in inappropriate expense accounts.

CAUSE

Inadequate review and approval of travel vouchers and payment processing.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2009**

FINDINGS – FINANCIAL STATEMENTS AUDIT (CONTINUED)

09-1 Internal Control over Travel and Per Diem (Continued)

RECOMMENDATION

The Village should consider reviewing travel and per diem processing more thoroughly to ensure that errors are caught and corrected before final checks are processed. When receipts are not provided for reimbursement of actual expenses, payment should not be made.

MANAGEMENT RESPONSE

Travel and Pre Diem vouchers are reviewed. The problem is that the majority of our employees cannot afford to travel without 80% advanced per diem. In this instance, payment is made prior to travel. We try to get receipts, but that doesn't always happen.

We will try to review travel requests and disbursements more closely.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2009

An exit conference was held on November 20, 2009, and attended by the following:

Village of Bosque Farms, New Mexico

Wayne Ake, Mayor
Robert G. Knowlton, Mayor Pro-Tem
Gayle Jones, Village Administrator

Porch & Associates LLC

Thad Porch, Partner

* * * * *

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