

# **PORCH & ASSOCIATES LLC**

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF BOSQUE FARMS, NEW MEXICO

Financial Statements, Supplementary Information  
and  
Independent Auditors' Report

June 30, 2011

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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**VILLAGE OF BOSQUE FARMS, NEW MEXICO**

**List of Principal Officials**

**June 30, 2011**

**Elected Officials**

Wayne Ake	Mayor
Robert G. Knowlton	Mayor Pro-Tem
William Kennedy	Councilor
Dolly Wallace	Councilor
Russell Walkup	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 fund, of the Village of Bosque Farms (Village), as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the nonmajor governmental funds and the major enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village, and the respective changes in financial position, thereof and the respective budgetary comparisons for the nonmajor governmental funds 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 our report dated October 21, 2011 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

For the year ended June 30, 2011, 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 fund financial statements and budgetary comparisons of the Village. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Porch & Associates LLC*

Albuquerque, New Mexico  
October 21, 2011

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,571,775	1,186,110	2,757,885
Receivables			
Taxes			
Gross receipts	174,367	-	174,367
Gasoline	8,772	-	8,772
Motor vehicle	4,154	-	4,154
Property	3,466	-	3,466
Franchise	26,274	-	26,274
Grants	15,990	-	15,990
Accrued interest	3,053		3,053
Accounts receivable, net of allowance	-	156,134	156,134
Restricted cash	-	370,086	370,086
Capital assets, not depreciated	323,110	1,543,336	1,866,446
Capital assets, net of accumulated depreciation	3,713,353	10,509,420	14,222,773
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>5,844,314</b>	<b>13,765,086</b>	<b>19,609,400</b>
<b>LIABILITIES</b>			
Accounts payable	4,574	2,655	7,229
Accrued compensation and benefits	11,785	2,087	13,872
Interest payable	-	14,819	14,819
Deposits payable	-	44,375	44,375
Noncurrent liabilities:			
Compensated absences, due in one year	60,883	4,064	64,947
Long-term liabilities, due in one year	-	43,710	43,710
Long-term liabilities, due in more than one year	-	1,294,272	1,294,272
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>77,242</b>	<b>1,405,982</b>	<b>1,483,224</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,036,463	10,714,774	14,751,237
Restricted for debt service	-	370,086	370,086
Unrestricted	1,730,609	1,274,244	3,004,853
	<hr/>	<hr/>	<hr/>
<b>Total net assets</b>	<b>\$ 5,767,072</b>	<b>12,359,104</b>	<b>18,126,176</b>

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



**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2011**

<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	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government</b>							
Governmental activities							
General government	\$ 469,821	22,725	179,710	-	(267,386)	-	(267,386)
Public safety	1,493,374	123,725	162,303	-	(1,207,346)	-	(1,207,346)
Highways and streets	273,881	-	-	-	(273,881)	-	(273,881)
Culture and recreation	150,885	-	5,765	-	(145,120)	-	(145,120)
Debt service - interest	2,627	-	-	-	(2,627)	-	(2,627)
<b>Total governmental activities</b>	<b>2,390,588</b>	<b>146,450</b>	<b>347,778</b>	<b>-</b>	<b>(1,896,360)</b>	<b>-</b>	<b>(1,896,360)</b>
Business-type activities							
Waste Water	886,445	475,298	-	-	-	(411,147)	(411,147)
Water	350,821	541,270	-	-	-	190,449	190,449
<b>Total business-type activities</b>	<b>1,237,266</b>	<b>1,016,568</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(220,698)</b>	<b>(220,698)</b>
<b>Total primary government</b>	<b>\$ 3,627,854</b>	<b>1,163,018</b>	<b>347,778</b>	<b>-</b>	<b>(1,896,360)</b>	<b>(220,698)</b>	<b>(2,117,058)</b>
General Revenues							
Franchise taxes					80,718	-	80,718
Gasoline taxes					47,927	-	47,927
Gross receipts taxes					1,131,302	152,772	1,284,074
Property taxes					159,462	-	159,462
Motor vehicle registrations					27,054	-	27,054
Other					19,429	9,311	28,740
Interest					4,157	11,428	15,585
Loss on the disposal of assets					(13,232)	-	(13,232)
Joint power agreement payments					163,593	-	163,593
Transfer in - General Obligation					16,625	-	16,625
Transfers					246,032	(246,032)	-
<b>Total general revenues and transfers</b>					<b>1,883,067</b>	<b>(72,521)</b>	<b>1,810,546</b>
<b>Change in net assets</b>					<b>(13,293)</b>	<b>(293,219)</b>	<b>(306,512)</b>
Net assets, beginning of year					5,780,365	12,652,323	18,432,688
<b>Net assets, end of year</b>					<b>\$ 5,767,072</b>	<b>12,359,104</b>	<b>18,126,176</b>

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**June 30, 2011**

	General	Nonmajor Governmental Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,154,063	417,712	1,571,775
Receivables			
Taxes			
Gross receipts	164,224	10,143	174,367
Gasoline	-	8,772	8,772
Motor vehicle	4,154	-	4,154
Property	3,466	-	3,466
Franchise	26,274	-	26,274
Grants	15,990	-	15,990
Accrued interest	1,172	1,881	3,053
	<hr/>		
<b>Total assets</b>	<b>\$ 1,369,343</b>	<b>438,508</b>	<b>1,807,851</b>
	<hr/> <hr/>		
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,574	-	4,574
Accrued compensation and benefits	11,785	-	11,785
Deferred revenue	-	32,414	32,414
	<hr/>		
<b>Total liabilities</b>	<b>16,359</b>	<b>32,414</b>	<b>48,773</b>
	<hr/>		
<b>FUND BALANCES</b>			
Restricted for:			
Special revenue funds	-	247,491	247,491
Capital projects funds	-	11	11
Assigned to:			
Special revenue funds	-	158,592	158,592
Unassigned:			
General fund	1,352,984	-	1,352,984
	<hr/>		
<b>Total fund balances</b>	<b>1,352,984</b>	<b>406,094</b>	<b>1,759,078</b>
	<hr/>		
<b>Total liabilities and     fund balances</b>	<b>\$ 1,369,343</b>	<b>438,508</b>	<b>1,807,851</b>
	<hr/> <hr/>		

*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, 2011**

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

<b>Total fund balance - governmental funds</b>	\$ 1,759,078
Accrued compensated absences not payable from current revenues.	(60,883)
Deferred revenue is recorded as income under the accrual method, and not the modified accrual method.	32,414
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>4,036,463</u>
<b>Net assets - governmental activities</b>	<u><u>\$ 5,767,072</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, 2011**

	General	Nonmajor Governmental Funds	Total
<b>Revenues</b>			
Taxes	\$ 1,339,070	107,393	1,446,463
Licenses, permits, fees, and fines	106,467	39,983	146,450
From federal sources:			
Grants	34,524	-	34,524
From non-federal sources:			
Grants	213,283	116,596	329,879
Intergovernmental	150,000	13,593	163,593
Interest	2,182	1,975	4,157
Other	19,429	-	19,429
<b>Total revenues</b>	<u>1,864,955</u>	<u>279,540</u>	<u>2,144,495</u>
<b>Expenditures</b>			
Current			
General government	435,666	250	435,916
Public safety	1,121,310	94,863	1,216,173
Highways and streets	158,721	17,102	175,823
Culture and recreation	128,760	305	129,065
Debt service - principal	33,177	-	33,177
Debt service - interest	2,627	-	2,627
Capital outlay	44,468	44,939	89,407
<b>Total expenditures</b>	<u>1,924,729</u>	<u>157,459</u>	<u>2,082,188</u>
(Deficiency) excess of revenues over expenditures before other financings sources	<u>(59,774)</u>	<u>122,081</u>	<u>62,307</u>
<b>Other Financing Sources (Uses)</b>			
Transfer in - General Obligation	-	16,625	16,625
Operating transfers in	312,457	-	312,457
Operating transfers out	(20,000)	(46,425)	(66,425)
<b>Total other financing sources (uses)</b>	<u>292,457</u>	<u>(29,800)</u>	<u>262,657</u>
<b>Net change in fund balances</b>	<u>232,683</u>	<u>92,281</u>	<u>324,964</u>
Fund balance, beginning of year	<u>1,120,301</u>	<u>313,813</u>	<u>1,434,114</u>
<b>Fund balance, end of year</b>	<u>\$ 1,352,984</u>	<u>406,094</u>	<u>1,759,078</u>

*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, 2011**

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

<b>Net changes in fund balances - governmental funds</b>		<b>\$ 324,964</b>
<p>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.</p>		
Depreciation expense	(385,102)	
Capital outlay	<u>47,331</u>	
Excess of depreciation over capital outlay		(337,771)
The loss on disposal of assets is not recorded in the governmental financial statements, but is recorded on the entity wide statements.		(13,232)
The repayment of the principal of capital loans consumes the current financial resources of governmental funds, but has no effect on net assets.		33,177
Deferred revenue is recorded as income under the accrual method, and not the modified accrual method		(16,625)
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		<u>(3,806)</u>
<b>Change in net assets - governmental activities</b>		<b><u><u>\$ (13,293)</u></u></b>

*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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,244,078	1,244,078	1,634,396	390,318
Licenses, permits, fees, and fines	90,270	90,270	133,520	43,250
Grants	245,714	245,714	243,905	(1,809)
Intergovernmental	150,000	150,000	150,000	-
Interest	5,949	5,949	1,010	(4,939)
Other	23,800	24,600	19,429	(5,171)
<b>Total revenues</b>	<b>1,759,811</b>	<b>1,760,611</b>	<b>2,182,260</b>	<b>421,649</b>
<b>Expenditures</b>				
General government	471,230	472,486	432,669	39,817
Public safety	1,115,238	1,121,064	1,121,310	(246)
Highways and streets	172,597	172,597	158,721	13,876
Culture and recreation	129,947	131,876	128,760	3,116
Debt service	-	-	35,804	(35,804)
Capital outlay	82,407	82,407	44,468	37,939
<b>Total expenditures</b>	<b>1,971,419</b>	<b>1,980,430</b>	<b>1,921,732</b>	<b>58,698</b>
(Deficiency) excess of revenues over expenditures	(211,608)	(219,819)	260,528	480,347
<b>Other financing sources (uses)</b>				
Operating transfers in	266,032	288,427	312,457	24,030
Operating transfers out	-	-	(20,000)	(20,000)
<b>Total other financing sources (uses)</b>	<b>266,032</b>	<b>288,427</b>	<b>292,457</b>	<b>4,030</b>
<b>Net change in fund balance</b>	<b>54,424</b>	<b>68,608</b>	<b>552,985</b>	<b>484,377</b>
Fund balance, beginning of year	1,120,301	1,120,301	1,120,301	-
<b>Fund balance, end of year</b>	<b>\$ 1,174,725</b>	<b>1,188,909</b>	<b>1,673,286</b>	<b>484,377</b>
Non-GAAP change in fund balance			\$ 552,985	
Change in:				
Taxes receivable			(322,379)	
Grants receivable			3,902	
Accrued interest receivable			1,172	
Accounts payable			841	
Accrued compensation and benefits			(3,838)	
<b>GAAP change in fund balance</b>			<b>\$ 232,683</b>	

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**BALANCE SHEET -**  
**PROPRIETARY FUNDS**  
**June 30, 2011**

	Waste Water	Water	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 733,897	452,213	1,186,110
Accounts receivable, net of allowance	87,921	68,213	156,134
Restricted cash	325,711	44,375	370,086
<b>Total current assets</b>	<b>1,147,529</b>	<b>564,801</b>	<b>1,712,330</b>
Capital Assets			
Land and water rights	1,154,573	388,763	1,543,336
Plant and equipment	14,230,115	2,116,554	16,346,669
Accumulated depreciation	(5,003,210)	(834,039)	(5,837,249)
<b>Total capital assets, net of accumulated depreciation</b>	<b>10,381,478</b>	<b>1,671,278</b>	<b>12,052,756</b>
<b>Total assets</b>	<b>\$ 11,529,007</b>	<b>2,236,079</b>	<b>13,765,086</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ -	2,655	2,655
Accrued compensation and benefits	838	1,249	2,087
Interest payable	14,084	735	14,819
Deposits payable	-	44,375	44,375
Compensated absences	3,020	1,044	4,064
Loans payable - current	-	18,710	18,710
Bonds payable - current	25,000	-	25,000
<b>Total current liabilities</b>	<b>42,942</b>	<b>68,768</b>	<b>111,710</b>
Noncurrent Liabilities			
Loans payable	-	19,272	19,272
Bonds payable	1,275,000	-	1,275,000
<b>Total noncurrent liabilities</b>	<b>1,275,000</b>	<b>19,272</b>	<b>1,294,272</b>
<b>Total liabilities</b>	<b>1,317,942</b>	<b>88,040</b>	<b>1,405,982</b>
Net Assets			
Invested in capital assets, net of related debt	9,081,478	1,633,296	10,714,774
Restricted for debt service	325,711	44,375	370,086
Unrestricted	803,876	470,368	1,274,244
<b>Total net assets</b>	<b>10,211,065</b>	<b>2,148,039</b>	<b>12,359,104</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,529,007</b>	<b>2,236,079</b>	<b>13,765,086</b>

*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, 2011**

	Waste Water	Water	Total
Operating Revenues			
Sales and services	\$ 475,298	541,270	1,016,568
Operating expenses	445,807	263,886	709,693
Depreciation	374,659	84,858	459,517
<b>Total operating expenses</b>	<b>820,466</b>	<b>348,744</b>	<b>1,169,210</b>
Operating (Loss) Income	(345,168)	192,526	(152,642)
Nonoperating Revenues (Expenses)			
Gross receipts tax	152,772	-	152,772
Interest income	4,945	6,483	11,428
Interest expense	(65,979)	(2,077)	(68,056)
Other income	2,510	6,801	9,311
Transfers in	141,240	-	141,240
Transfers (out)	(189,240)	(198,032)	(387,272)
<b>Total nonoperating revenues</b> <b>(expenses)</b>	<b>46,248</b>	<b>(186,825)</b>	<b>(140,577)</b>
<b>Change in net assets</b>	<b>(298,920)</b>	<b>5,701</b>	<b>(293,219)</b>
Net assets, beginning of year	10,509,985	2,142,338	12,652,323
Net assets, end of year	\$ 10,211,065	2,148,039	12,359,104

*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, 2011**

	Waste Water	Water	Total
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 471,205	534,627	1,005,832
Cash payments to vendors and employees	(444,716)	(263,865)	(708,581)
<b>Net cash provided by operating activities</b>	<b>26,489</b>	<b>270,762</b>	<b>297,251</b>
<b>Cash Flows From Noncapital and Related Financing Activities</b>			
Gross receipts tax revenue	152,772	-	152,772
Other income	2,510	6,801	9,311
Operating transfers in	141,240	-	141,240
Operating transfers out	(189,240)	(198,032)	(387,272)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>107,282</b>	<b>(191,231)</b>	<b>(83,949)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchase of capital assets	(22,135)	-	(22,135)
Principle payment on bonds	(20,000)	-	(20,000)
Interest payment on bonds	(65,979)	-	(65,979)
Principle payment on loans	-	(73,979)	(73,979)
Interest payment on loans	-	(2,077)	(2,077)
<b>Net cash used by capital and related financing activities</b>	<b>(108,114)</b>	<b>(76,056)</b>	<b>(184,170)</b>
<b>Cash Flows From Investing Activities</b>			
Interest income	4,945	6,483	11,428
<b>Net cash provided by investing activities</b>	<b>4,945</b>	<b>6,483</b>	<b>11,428</b>
<b>Net change in cash and cash equivalents</b>	<b>30,602</b>	<b>9,958</b>	<b>40,560</b>
Cash, beginning of year	1,029,006	486,630	1,515,636
<b>Cash, end of year</b>	<b>\$ 1,059,608</b>	<b>496,588</b>	<b>1,556,196</b>

*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, 2011**

		Waste Water	Water	Total
Operating (loss) income	\$	(345,168)	192,526	(152,642)
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense		374,659	84,858	459,517
Changes in assets and liabilities:				
Accounts receivable		(4,093)	(7,717)	(11,810)
Accrued expenses		1,091	20	1,111
Deposits payable		-	1,075	1,075
<b>Net cash provided by     operating activities</b>	<b>\$</b>	<b>26,489</b>	<b>270,762</b>	<b>297,251</b>

*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, 2011**

**ASSETS**

Cash	\$ 15,666
Accounts receivable	1,841
<b>Total assets</b>	<u><u>\$ 17,507</u></u>

**LIABILITIES**

Due to other entities	\$ 17,507
<b>Total liabilities</b>	<u><u>\$ 17,507</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, 2011**

**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, 2011.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *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, 2011**

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

**A. Financial Reporting Entity (Continued)**

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

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 10<sup>th</sup> and May 10<sup>th</sup>. 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, 2011**

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

**A. Financial Reporting Entity (Continued)**

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

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

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

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to 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.

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, 2011**

**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.

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

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

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**B. Cash and Cash Equivalents (Continued)**

3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government investment Pool).

**C. 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 to not retroactively record infrastructure assets.

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

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



**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**C. Capital Assets (Continued)**

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**

Beginning with fiscal year 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**E. Fund Equity (Continued)**

The Village Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Village Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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

**Major Funds**

The Village had no major governmental funds restricted, committed, or assigned fund balances in the year ended June 30, 2011.

**Other Funds**

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

Corrections Fund: motor vehicle violation fee revenue of \$106,936 restricted by state statute for the costs of corrections.

Environmental Gross Receipts Tax Fund: gross receipts tax revenue of \$91,687 restricted by Joint Powers Agreement for the acquisition, construction, operation, and maintenance of wastewater and water facilities, sewer systems and related facilities.

Fire Protection Fund: annual fire grant allotment of \$48,868 restricted by state statute for the operations and maintenance of the fire department.

Capital Projects Fund: grant revenue of \$11 restricted by grant agreement for specific projects.

Assigned funds consist of \$67,378 in the Streets Fund designated for the maintenance of Village roads, \$8,706 in the Recreation fund designated for Village recreational facilities and programs, \$73,867 in the EMS Tax Fund designated for emergency equipment and supplies, and \$8,641 in the Traffic Safety Fund designated for the purchase and maintenance of traffic safety equipment.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**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.

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.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**I. Budgetary Information (Continued)**

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**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, 2011, the Village's bank balance total of \$3,310,530 was exposed to credit risk in the amount of \$1,807,871 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 1,807,871</u>
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual time deposits. 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. Demand deposit accounts have unlimited FDIC coverage.

**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, 2011**

**NOTE 4. CAPITAL ASSETS**

Governmental fund capital asset activity for the year ending June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not depreciated:					
Land	\$ 295,000	500	-	-	295,500
Construction in process	102,390	575	-	(75,355)	27,610
<b>Total, not depreciated</b>	<b>\$ 397,390</b>	<b>1,075</b>	<b>-</b>	<b>(75,355)</b>	<b>323,110</b>
Capital assets, depreciated:					
Buildings and improvements	\$ 2,892,452	-	-	-	2,892,452
Vehicles	1,037,025	38,861	-	-	1,075,886
Machinery, equipment and furniture	1,263,819	7,395	(16,540)	-	1,254,674
Infrastructure	1,834,398	-	-	75,355	1,909,753
<b>Total, depreciated</b>	<b>7,027,694</b>	<b>46,256</b>	<b>(16,540)</b>	<b>75,355</b>	<b>7,132,765</b>
Accumulated depreciation for:					
Buildings and improvements	1,067,384	110,360	-	-	1,177,744
Vehicles	759,874	83,340	-	-	843,214
Machinery, equipment and furniture	798,885	92,932	(3,308)	-	888,509
Infrastructure	411,475	98,470	-	-	509,945
<b>Total accumulated depreciation</b>	<b>3,037,618</b>	<b>385,102</b>	<b>(3,308)</b>	<b>-</b>	<b>3,419,412</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 3,990,076</b>	<b>(338,846)</b>	<b>(13,232)</b>	<b>75,355</b>	<b>3,713,353</b>
<b>Total capital assets, net</b>	<b>\$ 4,387,466</b>	<b>(337,771)</b>	<b>(13,232)</b>	<b>-</b>	<b>4,036,463</b>

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

Governmental activities

General government	\$ 30,099
Public safety	235,125
Highways and streets	98,058
Culture and recreation	21,820
<b>Total depreciation expense</b>	<b>\$ 385,102</b>

The transfers above were to move assets from construction in process to infrastructure.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

Enterprise fund capital asset activity for the year ending June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
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
<b>Total, not depreciated</b>	<b>\$ 1,543,336</b>	<b>-</b>	<b>-</b>	<b>1,543,336</b>
Capital assets, depreciated:				
Waste Water:				
Buildings and improvements	\$ 13,540,508	-	-	13,540,508
Vehicles	304,623	22,135	-	326,758
Machinery and equipment	362,850	-	-	362,850
Water:				
Buildings and improvements	2,074,118	-	-	2,074,118
Vehicles	37,435	-	-	37,435
Machinery and equipment	5,000	-	-	5,000
<b>Total, depreciated</b>	<b>16,324,534</b>	<b>22,135</b>	<b>-</b>	<b>16,346,669</b>
Accumulated depreciation for:				
Waste Water	4,628,552	374,658	-	5,003,210
Water	749,180	84,859	-	834,039
<b>Total accumulated depreciation</b>	<b>5,377,732</b>	<b>459,517</b>	<b>-</b>	<b>5,837,249</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 10,946,802</b>	<b>(437,382)</b>	<b>-</b>	<b>10,509,420</b>
<b>Total capital assets, net</b>	<b>\$ 12,490,138</b>	<b>(437,382)</b>	<b>-</b>	<b>12,052,756</b>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS**

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Capital lease payable	\$ 33,177	-	(33,177)	-	-
Compensated absences	<u>57,077</u>	<u>32,593</u>	<u>(28,787)</u>	<u>60,883</u>	<u>60,883</u>
<b>Total</b>	<u>\$ 90,254</u>	<u>32,593</u>	<u>(61,964)</u>	<u>60,883</u>	<u>60,883</u>

*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. The lease was paid off as of June 30, 2011.

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 lease was paid off as of June 30, 2011.

*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, 2011**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS**

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Compensated absences	\$ 2,432	8,544	(6,912)	<b>4,064</b>	4,064
Notes payable	111,961	-	(73,979)	<b>37,982</b>	18,710
Bonds payable	<u>1,320,000</u>	-	(20,000)	<b>1,300,000</b>	25,000
<b>Total</b>	<b>\$ 1,434,393</b>	<b>8,544</b>	<b>(100,891)</b>	<b>1,342,046</b>	<b>47,774</b>

*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, 2011:

Rural Infrastructure loan for \$197,586, interest at 3%, payments of \$19,850 annually in November, maturing November 17, 2012	<u>\$ 37,982</u>
--	------------------

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 18,710	1,139	19,849
2013	19,272	578	19,850
	<u>\$ 37,982</u>	<u>1,717</u>	<u>39,699</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, 2011**

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

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 25,000	65,000	90,000
2013	25,000	63,750	88,750
2014	25,000	62,500	87,500
2015	25,000	61,250	86,250
2016	30,000	60,000	90,000
2017 to 2021	160,000	277,250	437,250
2022 to 2026	205,000	233,250	438,250
2027 to 2031	255,000	177,000	432,000
2032 to 2036	325,000	106,500	431,500
2037 to 2039	225,000	22,250	247,250
	<u>\$ 1,300,000</u>	<u>1,128,750</u>	<u>2,428,750</u>

**NOTE 7. PROPERTY TAXES**

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

**NOTE 8. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Transfers to the general fund from:	
Waste water	\$ 108,000
Water	158,032
General fund – interfund transfers	20,000
Nonmajor funds	26,425
	<u>\$ 312,457</u>
Transfers from the general fund to:	
General fund – Interfund transfer	<u>\$ 20,000</u>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 8. INTERFUND TRANSFERS (CONTINUED)**

Transfers to the waste water fund from:

Water	\$ 40,000
Nonmajor funds	20,000
Waste water – interfund transfers	<u>81,240</u>
	<u>\$ 141,240</u>

Transfers from the waste water fund to:

General fund	\$ 108,000
Waste water – interfund transfers	<u>81,240</u>
	<u>\$ 189,240</u>

Transfers from the water fund to:

General fund	\$ 158,032
Waste water	<u>40,000</u>
	<u>\$ 198,032</u>

Transfers from the nonmajor funds to:

General fund	\$ 26,425
Waste water	<u>20,000</u>
	<u>\$ 46,425</u>

The primary purpose of the transfers was to fund temporary operating shortfalls.

**NOTE 9. PERA PENSION PLAN**

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 9. 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. The Village is required to contribute 9.15% for regular members, 15% for police personnel, and 18% for fire personnel, of their gross salary, respectively. The contribution requirements of plan members and the Village are established in State statute 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, 2011, 2010, and 2009 were \$188,684, \$188,169, and, \$121,995, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Plan Description.* The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA 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; 3) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer’s RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act [Section 10-7C-15 NMSA 1978]) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ending June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	0.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer plan 1; municipal police member plans 3, 4, and 5; municipal fire members coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the statute required each participating employer to contribute 2.084% of each participating employee’s annual salary. In the fiscal years ending June 30, 2012 and June 2013, the contribution rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of the two formulas at agreed-upon intervals.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Village's contributions to the RHCA for the fiscal years ended June 30, 2011, 2010 and 2009 were \$18,474, \$11,171, and \$11,198, respectively, which equal the required contributions for each year.

**NOTE 11. 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.

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.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 12. SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through October 21, 2011, the date the financial statements were available to be issued. Subsequent to June 30, 2011, the following major subsequent events occurred:

- The Village entered into a loan agreement on October 21, 2011 for \$101,500 with the New Mexico Finance Authority (NMFA) to finance the costs of purchasing a fire pumper truck. Principal and interest payments are due annually beginning July 2012. Payments shall be made via intercept of the Village's distribution of fire protection funds from the State Treasurer. The loan matures July 2016.
- The Village purchased the land adjacent to the recreation center on September 14, 2011 for \$213,530.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**NONMAJOR FUNDS**  
**June 30, 2011**

**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.

*EMS Tax.* 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.

*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**  
**NONMAJOR FUNDS**  
**June 30, 2011**

**CAPITAL PROJECTS FUNDS**

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2011**

	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
<b>ASSETS</b>			
Cash and cash equivalents	\$ 105,937	86,753	-
Receivables			
Taxes			
Gross receipts	-	4,052	-
Gasoline	-	-	-
Accrued interest	999	882	-
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 106,936</b>	<b>91,687</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Deferred revenue	\$ -	-	-
<b>Total liabilities</b>	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>FUND BALANCES</b>			
Restricted, special revenues	106,936	91,687	-
Restricted, capital projects	-	-	-
Assigned, special revenues	-	-	-
<b>Total fund balances</b>	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 106,936</b>	<b>91,687</b>	<b>-</b>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2011**

	Fire Protection	Law Enforcement Protection	Streets
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,868	-	58,606
Receivables			
Taxes			
Gross receipts	-	-	-
Gasoline	-	-	8,772
Accrued interest	-	-	-
	<hr/>		
<b>Total assets</b>	<b>\$ 48,868</b>	<b>-</b>	<b>67,378</b>
	<hr/> <hr/>		
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Deferred revenue	\$ -	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>		
<b>FUND BALANCES</b>			
Restricted, special revenues	48,868	-	-
Restricted, capital projects	-	-	-
Assigned, special revenues	-	-	67,378
<b>Total fund balances</b>	<b>48,868</b>	<b>-</b>	<b>67,378</b>
	<hr/> <hr/>		
<b>Total liabilities and fund balances</b>	<b>\$ 48,868</b>	<b>-</b>	<b>67,378</b>
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2011**

	Recreation	EMS Tax	Traffic Safety
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,706	67,776	8,641
Receivables			
Taxes			
Gross receipts	-	6,091	-
Gasoline	-	-	-
Accrued interest	-	-	-
	<hr/>		
<b>Total assets</b>	<b>\$ 8,706</b>	<b>73,867</b>	<b>8,641</b>
	<hr/> <hr/>		
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Deferred revenue	\$ -	-	-
	<hr/>		
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>		
<b>FUND BALANCES</b>			
Restricted, special revenues	-	-	-
Restricted, capital projects	-	-	-
Assigned, special revenues	8,706	73,867	8,641
	<hr/>		
<b>Total fund balances</b>	<b>8,706</b>	<b>73,867</b>	<b>8,641</b>
	<hr/> <hr/>		
<b>Total liabilities and fund balances</b>	<b>\$ 8,706</b>	<b>73,867</b>	<b>8,641</b>
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2011**

	Capital Projects	Total Nonmajor
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,425	417,712
Receivables		
Taxes		
Gross receipts	-	10,143
Gasoline	-	8,772
Accrued interest	-	1,881
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 32,425</b>	<b>438,508</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Deferred revenue	\$ 32,414	32,414
<b>Total liabilities</b>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
<b>FUND BALANCES</b>		
Restricted, special revenues	-	247,491
Restricted, capital projects	11	11
Assigned, special revenues	-	158,592
<b>Total fund balances</b>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 32,425</b>	<b>438,508</b>
	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2011**

	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues			
Taxes	\$ -	26,048	-
Licenses, permits, fees, and fines	20,755	-	-
From non-federal sources			
Grants	-	-	5,354
Intergovernmental	-	-	-
Interest	1,012	892	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	21,767	26,940	5,354
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	250	-
Public safety	20,182	-	5,354
Highways and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	20,182	250	5,354
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures before other financing sources	1,585	26,690	-
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfer in - General Obligation	-	-	-
Operating transfers out	-	(20,000)	-
	<hr/>	<hr/>	<hr/>
<b>Total other financing sources (uses)</b>	-	(20,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	1,585	6,690	-
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	105,351	84,997	-
	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	\$ 106,936	91,687	-
	<hr/>	<hr/>	<hr/>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2011**

	Fire Protection	Law Enforcement Protection	Streets
Revenues			
Taxes	\$ -	-	47,927
Licenses, permits, fees, and fines	-	-	-
From non-federal sources			
Grants	83,442	27,800	-
Intergovernmental	-	-	-
Interest	-	-	71
	<hr/>		
<b>Total revenues</b>	<b>83,442</b>	<b>27,800</b>	<b>47,998</b>
	<hr/>		
Expenditures			
Current			
General government	-	-	-
Public safety	44,861	-	-
Highways and streets	-	-	17,102
Culture and recreation	-	-	-
Capital outlay	-	23,770	4,400
	<hr/>		
<b>Total expenditures</b>	<b>44,861</b>	<b>23,770</b>	<b>21,502</b>
	<hr/>		
Excess (deficiency) of revenues over expenditures before other financing sources	38,581	4,030	26,496
	<hr/>		
Other financing sources (uses)			
Transfer in - General Obligation	-	-	-
Operating transfers out	-	(4,030)	-
	<hr/>		
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,030)</b>	<b>-</b>
	<hr/>		
Net change in fund balances	38,581	-	26,496
	<hr/>		
Fund balance, beginning of year	10,287	-	40,882
	<hr/>		
<b>Fund balance, end of year</b>	<b>\$ 48,868</b>	<b>-</b>	<b>67,378</b>
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2011**

	Recreation	EMS Tax	Traffic Safety
Revenues			
Taxes	\$ -	33,418	-
Licenses, permits, fees, and fines	-	-	19,228
From non-federal sources			
Grants	-	-	-
Intergovernmental	-	13,593	-
Interest	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>47,011</b>	<b>19,228</b>
Expenditures			
Current			
General government	-	-	-
Public safety	-	10,107	14,359
Highways and streets	-	-	-
Culture and recreation	305	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>305</b>	<b>10,107</b>	<b>14,359</b>
Excess (deficiency) of revenues over expenditures before other financing sources	(305)	36,904	4,869
Other financing sources (uses)			
Transfer in - General Obligation	-	-	-
Operating transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(305)	36,904	4,869
Fund balance, beginning of year	9,011	36,963	3,772
<b>Fund balance, end of year</b>	<b>\$ 8,706</b>	<b>73,867</b>	<b>8,641</b>



**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR FUNDS**  
**Year Ended June 30, 2011**

	Capital Projects	Total Non-major
Revenues		
Taxes	\$ -	107,393
Licenses, permits, fees, and fines	-	39,983
From non-federal sources		
Grants	-	116,596
Intergovernmental	-	13,593
Interest	-	1,975
	<hr/>	<hr/>
<b>Total revenues</b>	-	279,540
	<hr/>	<hr/>
Expenditures		
Current		
General government	-	250
Public safety	-	94,863
Highways and streets	-	17,102
Culture and recreation	-	305
Capital outlay	16,769	44,939
	<hr/>	<hr/>
<b>Total expenditures</b>	16,769	157,459
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures before other financing sources	(16,769)	122,081
	<hr/>	<hr/>
Other financing sources (uses)		
Transfer in - General Obligation	16,625	16,625
Operating transfers out	(22,395)	(46,425)
	<hr/>	<hr/>
<b>Total other financing sources (uses)</b>	(5,770)	(29,800)
	<hr/>	<hr/>
Net change in fund balances	(22,539)	92,281
	<hr/>	<hr/>
Fund balance, beginning of year	22,550	313,813
	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<u>\$ 11</u>	<u>406,094</u>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CORRECTIONS**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 21,000	21,000	20,755	(245)
Interest	990	990	-	(990)
<b>Total revenues</b>	<u>21,990</u>	<u>21,990</u>	<u>20,755</u>	<u>(1,235)</u>
Expenditures				
Public safety	40,650	42,480	20,182	22,298
<b>Total expenditures</b>	<u>40,650</u>	<u>42,480</u>	<u>20,182</u>	<u>22,298</u>
Net change in fund balance	(18,660)	(20,490)	573	21,063
Fund balance, beginning of year	105,351	105,351	105,351	-
<b>Fund balance, end of year</b>	<u>\$ 86,691</u>	<u>84,861</u>	<u>105,924</u>	<u>21,063</u>
Non-GAAP change in fund balance			573	
Change in:				
Accrued interest			<u>1,012</u>	
GAAP change in fund balance			<u>\$ 1,585</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, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Municipal taxes	\$ 22,900	22,900	26,480	3,580
Interest	882	882	-	(882)
<b>Total revenues</b>	<b>23,782</b>	<b>23,782</b>	<b>26,480</b>	<b>2,698</b>
Expenditures				
General government	1,675	1,675	250	1,425
<b>Total expenditures</b>	<b>1,675</b>	<b>1,675</b>	<b>250</b>	<b>1,425</b>
Excess of revenues over expenditures	22,107	22,107	26,230	4,123
Other financing uses				
Operating transfers out	(20,000)	(20,000)	(20,000)	-
Net change in fund balance	2,107	2,107	6,230	4,123
Fund balance, beginning of year	84,997	84,997	84,997	-
<b>Fund balance, end of year</b>	<b>\$ 87,104</b>	<b>87,104</b>	<b>91,227</b>	<b>4,123</b>
Non-GAAP change in fund balance			\$ 6,230	
Change in:				
Taxes receivable			(432)	
Accrued interest receivable			892	
GAAP change in fund balance			<u>\$ 6,690</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, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	5,155	5,354	5,354	-
Interest	-	-	-	-
<b>Total revenues</b>	<b>5,155</b>	<b>5,354</b>	<b>5,354</b>	<b>-</b>
Expenditures				
Public safety	5,155	5,354	5,354	-
<b>Total expenditures</b>	<b>5,155</b>	<b>5,354</b>	<b>5,354</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**FIRE PROTECTION**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 83,442	83,442	83,442	-
Interest	508	508	-	(508)
<b>Total revenues</b>	<b>83,950</b>	<b>83,950</b>	<b>83,442</b>	<b>(508)</b>
Expenditures				
Public safety	52,100	58,304	44,861	13,443
Capital outlay	31,850	31,850	-	31,850
<b>Total expenditures</b>	<b>83,950</b>	<b>90,154</b>	<b>44,861</b>	<b>45,293</b>
Net change in fund balance	-	(6,204)	38,581	44,785
Fund balance, beginning of year	10,287	10,287	10,287	-
<b>Fund balance, end of year</b>	<b>\$ 10,287</b>	<b>4,083</b>	<b>48,868</b>	<b>44,785</b>

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 27,800	27,800	27,800	-
<b>Total revenues</b>	<b>27,800</b>	<b>27,800</b>	<b>27,800</b>	<b>-</b>
Expenditures				
Capital outlay	27,800	27,800	23,770	4,030
<b>Total expenditures</b>	<b>27,800</b>	<b>27,800</b>	<b>23,770</b>	<b>4,030</b>
Excess of revenues over expenditures	-	-	4,030	4,030
Other financing uses				
Operating transfers out	-	-	(4,030)	(4,030)
<b>Total other financing         uses</b>	<b>-</b>	<b>-</b>	<b>(4,030)</b>	<b>(4,030)</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**STREETS**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 72,392	72,392	49,905	(22,487)
Grants	137,250	200,291	63,000	(137,291)
Interest	294	294	71	(223)
<b>Total revenues</b>	<b>209,936</b>	<b>272,977</b>	<b>112,976</b>	<b>(160,001)</b>
Expenditures				
Highways and streets	23,700	23,700	17,102	6,598
Capital outlay	186,000	249,041	67,441	181,600
<b>Total expenditures</b>	<b>209,700</b>	<b>272,741</b>	<b>84,543</b>	<b>188,198</b>
Net change in fund balance	236	236	28,433	28,197
Fund balance, beginning of year	40,882	40,882	40,882	-
<b>Fund balance, end of year</b>	<b>\$ 41,118</b>	<b>41,118</b>	<b>69,315</b>	<b>28,197</b>
Non-GAAP change in fund balance			\$ 28,433	
Change in:				
Taxes receivable			(1,978)	
Grants receivable			(63,000)	
Accounts payable			63,041	
GAAP change in fund balance			<u>\$ 26,496</u>	

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**RECREATION**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	65	65
<b>Total revenues</b>	-	-	65	65
Expenditures				
Culture and recreation	1,800	1,800	305	1,495
<b>Total expenditures</b>	1,800	1,800	305	1,495
Net change in fund balance	(1,800)	(1,800)	(240)	1,560
Fund balance, beginning of year	9,011	9,011	9,011	-
<b>Fund balance, end of year</b>	<b>\$ 7,211</b>	<b>7,211</b>	<b>8,771</b>	<b>1,560</b>
Non-GAAP change in fund balance			\$ (240)	
Change in:				
Accounts receivable			(65)	
GAAP change in fund balance			<u>\$ (305)</u>	



**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**EMS TAX**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 25,500	25,500	33,434	7,934
Intergovernmental	10,000	10,000	13,593	3,593
<b>Total revenues</b>	<b>35,500</b>	<b>35,500</b>	<b>47,027</b>	<b>11,527</b>
<b>Expenditures</b>				
Public safety	29,000	29,000	10,107	18,893
Capital outlay	6,500	6,500	-	6,500
<b>Total expenditures</b>	<b>35,500</b>	<b>35,500</b>	<b>10,107</b>	<b>25,393</b>
Net change in fund balance	-	-	36,920	36,920
Fund balance, beginning of year	36,963	36,963	36,963	-
<b>Fund balance, end of year</b>	<b>\$ 36,963</b>	<b>36,963</b>	<b>73,883</b>	<b>36,920</b>
Non-GAAP change in fund balance			\$ 36,920	
Change in:				
Accounts receivable			<u>(16)</u>	
GAAP change in fund balance			<u>\$ 36,904</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Fines and forfeitures	\$ 29,400	29,400	19,228	(10,172)
<b>Total revenues</b>	<b>29,400</b>	<b>29,400</b>	<b>19,228</b>	<b>(10,172)</b>
Expenditures				
Public safety	15,000	15,000	14,359	641
<b>Total expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>14,359</b>	<b>641</b>
Net change in fund balance	14,400	14,400	4,869	(9,531)
Fund balance, beginning of year	3,772	3,772	3,772	-
<b>Fund balance, end of year</b>	<b>\$ 18,172</b>	<b>18,172</b>	<b>8,641</b>	<b>(9,531)</b>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 9,538	239,903	22,395	(217,508)
Expenditures				
Capital outlay	52,784	283,293	16,769	266,524
Excess of revenues over expenditures	(43,246)	(43,390)	5,626	49,016
Other financing sources (uses)				
Transfer in - General Obligation	16,625	16,625	-	(16,625)
Operating transfers in	-	-	-	-
Operating transfers out	-	(22,395)	(22,395)	-
<b>Total other financing         sources (uses)</b>	16,625	(5,770)	(22,395)	(16,625)
Net change in fund balance	(26,621)	(49,160)	(16,769)	32,391
Fund balance, beginning of year	22,550	22,550	22,550	-
<b>Fund balance, end of year</b>	<b>(4,071)</b>	<b>(26,610)</b>	<b>5,781</b>	<b>32,391</b>
Prior year cash appropriated	4,071	26,610		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ (16,769)	
Change in:				
Grants receivable			(22,395)	
Deferred revenue			16,625	
GAAP change in fund balance			<u>\$ (22,539)</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 488,047	488,047	471,205	(16,842)
Gross receipts tax	130,000	130,000	152,772	22,772
Interest	16,050	16,050	4,945	(11,105)
Other	-	-	2,510	2,510
<b>Total revenues</b>	<b>634,097</b>	<b>634,097</b>	<b>631,432</b>	<b>(2,665)</b>
<b>Expenses</b>				
Operating	319,773	322,384	444,695	(122,311)
Capital outlay	201,617	201,617	22,135	179,482
Debt service	86,000	86,000	86,000	-
<b>Total expenditures</b>	<b>607,390</b>	<b>610,001</b>	<b>552,830</b>	<b>57,171</b>
Excess of revenues over expenditures	26,707	24,096	78,602	54,506
<b>Other financing sources (uses)</b>				
Operating transfers in	226,000	221,308	141,240	(80,068)
Operating transfers out	(274,000)	(275,000)	(189,240)	85,760
<b>Total other financing sources (uses)</b>	<b>(48,000)</b>	<b>(53,692)</b>	<b>(48,000)</b>	<b>5,692</b>
Change in net assets	(21,293)	(29,596)	30,602	60,198
Net assets, beginning of year	10,509,985	10,509,985	10,509,985	-
<b>Net assets, end of year</b>	<b>\$ 10,488,692</b>	<b>10,480,389</b>	<b>10,540,587</b>	<b>60,198</b>
Non-GAAP change in fund balance			\$ 30,602	
Change in:				
Receivables			4,093	
Other accrued expenses			(1,091)	
Non-budgeted items				
Capitalized purchases			22,135	
Debt service - principal			20,000	
Depreciation			(374,659)	
GAAP change in net assets			<u>\$ (298,920)</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, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 557,098	557,098	533,553	(23,545)
Fines and forfeitures	600	600	-	(600)
Interest	950	950	6,483	5,533
Other income	-	-	6,802	6,802
<b>Total revenues</b>	<b>558,648</b>	<b>558,648</b>	<b>546,838</b>	<b>(11,810)</b>
<b>Expenses</b>				
Operating	286,110	286,110	262,584	23,526
Capital outlay	23,000	23,000	-	23,000
Debt service	19,851	77,339	77,339	-
<b>Total expenditures</b>	<b>328,961</b>	<b>386,449</b>	<b>339,923</b>	<b>46,526</b>
Excess of revenues over expenditures	229,687	172,199	206,915	34,716
<b>Other financing sources (uses)</b>				
Operating transfers in	19,851	19,851	-	(19,851)
Operating transfers out	(217,883)	(217,883)	(198,032)	19,851
<b>Total other financing sources (uses)</b>	<b>(198,032)</b>	<b>(198,032)</b>	<b>(198,032)</b>	<b>-</b>
Change in net assets	31,655	(25,833)	8,883	34,716
Net assets, beginning of year	2,142,338	2,142,338	2,142,338	-
<b>Net assets, end of year</b>	<b>\$ 2,173,993</b>	<b>2,116,505</b>	<b>2,151,221</b>	<b>34,716</b>
Non-GAAP change in fund balance			\$ 8,883	
Change in:				
Receivables			7,717	
Other accrued expenses			(20)	
Non-budgeted items				
Debt service - principal			73,979	
Depreciation			(84,858)	
<b>GAAP change in net assets</b>			<b>\$ 5,701</b>	

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**AGENCY FUNDS**  
**June 30, 2011**

*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.

*Living Cross EMS Fund.* To account for the receipt and disbursement of money held by the Village on behalf of Living Cross EMS.

*Dispatch Records Management Fund.* To account for the receipt and disbursement of money held by the Village on behalf of the Valencia Regional E-911 Communications Center located in Los Lunas, NM.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**Year Ended June 30, 2011**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>MUNICIPAL JUDGE'S FUND</b>				
<b>ASSETS</b>				
Cash	\$ 10,151	134,580	131,321	13,410
Due from other funds	1,841	-	-	1,841
<b>Total assets</b>	<b>\$ 11,992</b>	<b>134,580</b>	<b>131,321</b>	<b>15,251</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 11,992	134,580	131,321	15,251
<b>Total liabilities</b>	<b>\$ 11,992</b>	<b>134,580</b>	<b>131,321</b>	<b>15,251</b>
<b>MUNICIPAL JUDGE'S BOND FUND</b>				
<b>ASSETS</b>				
Cash	\$ 4,607	9,074	11,425	2,256
<b>Total assets</b>	<b>\$ 4,607</b>	<b>9,074</b>	<b>11,425</b>	<b>2,256</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 4,607	9,074	11,425	2,256
<b>Total liabilities</b>	<b>\$ 4,607</b>	<b>9,074</b>	<b>11,425</b>	<b>2,256</b>
<b>LIVING CROSS EMS</b>				
<b>ASSETS</b>				
Cash	\$ 219	18,034	18,253	-
<b>Total assets</b>	<b>\$ 219</b>	<b>18,034</b>	<b>18,253</b>	<b>-</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 219	18,034	18,253	-
<b>Total liabilities</b>	<b>\$ 219</b>	<b>18,034</b>	<b>18,253</b>	<b>-</b>
<b>DISPATCH RECORDS MANAGEMENT</b>				
<b>ASSETS</b>				
Cash	\$ -	159,292	159,292	-
<b>Total assets</b>	<b>\$ -</b>	<b>159,292</b>	<b>159,292</b>	<b>-</b>
<b>LIABILITIES</b>				
Due to other entities	\$ -	159,292	159,292	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>159,292</b>	<b>159,292</b>	<b>-</b>
<b>TOTAL</b>				
<b>ASSETS</b>				
Cash	\$ 14,977	320,980	320,291	15,666
Due from other funds	1,841	-	-	1,841
<b>Total assets</b>	<b>\$ 16,818</b>	<b>320,980</b>	<b>320,291</b>	<b>17,507</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 16,818	320,980	320,291	17,507
<b>Total liabilities</b>	<b>\$ 16,818</b>	<b>320,980</b>	<b>320,291</b>	<b>17,507</b>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**SCHEDULE OF DEPOSIT ACCOUNTS**  
**June 30, 2011**

Depository	Account Name	Type	Depository Balance	Reconciled Balance
First Community Bank	General Pooled Cash	Checking	\$ 658,141	635,625
First Community Bank	Special Revenue Pooled Cash	Checking	185,832	180,385
First Community Bank	Utility Enterprise Account	Checking	243,545	221,315
First Community Bank	Payroll Account	Checking	33,833	-
First Community Bank	Capital Project Account	Checking	117,271	32,425
First Community Bank	Money Market - High Wealth	Money Mkt	520,871	520,871
First Community Bank	Certificate of Deposit	CD	537,000	537,000
First Community Bank	Certificate of Deposit	CD	1,000,000	1,000,000
Cash and cash equivalents			3,296,493	3,127,621
Petty cash	Village Clerk's petty cash - General		-	200
Petty cash	Water Department's petty cash		-	150
<b>Total cash and cash equivalents - non-agency funds</b>			<b>\$ 3,296,493</b>	<b>3,127,971</b>
Agency funds cash accounts				
First Community Bank	Municipal Court Pooled Cash		\$ 14,037	15,666
First Community Bank	Cash held for Living Cross EMS		-	-
			<b>\$ 14,037</b>	<b>15,666</b>



**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2011**

	First Community Bank
Deposits at June 30, 2011	\$ 3,310,530
Less: FDIC coverage	1,502,659
Uninsured public funds	<u>1,807,871</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	<u>2,134,363</u>
Uninsured and uncollateralized	<u>\$ -</u>
50% pledged collateral requirement per statute	\$ 903,936
Total pledged collateral	<u>2,134,363</u>
Pledged collateral over the requirement	<u>\$ (1,230,428)</u>

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

Security	CUSIP	Maturity	Market Value
MBS GNMA I 781651 15-YR	36225BZQ4	9/15/2018	\$ 61,014
MBS GNMA I Platinum	36241KWU8	11/15/2023	125,889
GNR Bond 2003-97 LC	3834EXN2	4/20/2033	725,425
GNR Bond 2009-42 MA	38374UWL1	1/20/2036	351,016
GNR Bond 2009-61 BA	38376FBB7	12/20/2028	622,671
GNR Bond 2009-87 CA	38376KNR8	1/20/2033	248,348
			<u>\$ 2,134,363</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, 2011

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
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 indefinite	\$65 per inmate	\$ 18,671	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. \$453 per month for custody of dogs and cats.	\$ 5,436	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	Operating expenses of the Communications Center based on the proportion of calls generated in the respective jurisdictions	\$ 21,508	Village of Los Lunas	Village of Los Lunas
Medical Director for EMS Services	Valencia County Village of Bosque Farms	Valencia County	Provision of medical direction as necessary for the fire medical rescue services of the Village of Bosque Farms	Indefinite	\$4,200 per year	\$ 4,200	Valencia County	Valencia County
Police Services	Town of Peralta Village of Bosque Farms	Village of Bosque Farms	Provision of police services by the Village of Bosque Farms to the Town of Peralta	July 1, 2010 to June 30, 2011	\$150,000 per year paid to the Village of Bosque Farms by the Town of Peralta	\$ -	Village of Bosque Farms	Village of Bosque Farms
Emergency Medical Services	Town of Peralta Village of Bosque Farms	Village of Bosque Farms	Provision of EMS by the Village of Bosque Farms to the Town of Peralta	July 1, 2010 to June 30, 2011	60% of Peralta's share of the Valencia County EMS tax paid to the Village of Bosque Farms from the Town of Peralta	\$ -	Village of Bosque Farms	Village of Bosque Farms

**VILLAGE OF BOSQUE FARMS**  
**SCHEDULE OF APPROPRIATIONS**  
**June 30, 2011**

<u>Appropriation</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>
08-L-G-3278	2008	06/30/2012	248,560	18,195	230,365
08-L-G-4557	2008	06/30/2010	50,000	50,000	-
<b>Total</b>			<b>298,560</b>	<b>68,195</b>	<b>230,365</b>

Unexpended balances will be earned when all grant requirements have been met.

The funds remaining are encumbered.

# PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS  
10612 ROYAL BIRKDALE NE  
ALBUQUERQUE, NM 87111

## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *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 financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Bosque Farms, New Mexico (Village), as of and for the year ended June 30, 2011, and have issued our report thereon dated October 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting: 07-1. As *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

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

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

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  
October 21, 2011

**VILLAGE OF BOSQUE FARMS, NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2011**

07-1	Preparation of Financial Statements (Significant Deficiency)	Modified and repeated
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**VILLAGE OF BOSQUE FARMS, NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2011**

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

**07-1 Preparation of Financial Statements - Significant Deficiency**

**CONDITION**

The Auditing Standards Board has issued *Statement on Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in and Audit* (SAS 115). 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 115 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 115 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 115 indicates that a lack of qualifications to prepare the financial statements is a control deficiency.

**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.

**CAUSE**

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2011**

**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**

Management understands the finding, but does not agree with the finding because there is not a standard for all municipalities regarding this rule. It appears that there is not a standard resolution to this finding, nor is there a standard training regarding this rule. It appears that there needs to be a standard statewide training for Clerks and Treasurers. In these economic times and this economic climate, spending money on an outside CPA firm is not cost effective for the smaller municipalities.

Our DFA Budget Analyst has suggested that a meeting be held with the State Auditor to discuss and possibly develop training that will help resolve this finding. We are in the process of trying to set this meeting.



**VILLAGE OF BOSQUE FARMS, NEW MEXICO**  
**EXIT CONFERENCE**  
**Year Ended June 30, 2011**

An exit conference was held on November 8, 2011, and attended by the following:

Village of Bosque Farms, New Mexico

Wayne Ake, Mayor  
William Kennedy, Councilor  
Gayle Jones, Village Administrator  
Debra Kelly, Treasurer

Porch & Associates LLC

Thad Porch, Managing Principal

\* \* \* \* \*

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.