

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF BOSQUE FARMS, NEW MEXICO

Financial Statements, Supplementary Information
and
Independent Auditors' Report

June 30, 2012

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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VILLAGE OF BOSQUE FARMS, NEW MEXICO

List of Principal Officials

June 30, 2012

Elected Officials

Robert G. Knowlton	Mayor
Wayne Ake	Mayor Pro-Tem
William Kennedy	Councilor
Dolly Wallace	Councilor
Russell Walkup	Councilor

Administrative Officials

Gayle Jones	Clerk/Administrator
Deborah Kelly	Treasurer

Independent Auditors' Report

Mr. Hector H. Balderas, Auditor and
Mr. Robert G. Knowlton, 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, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all nonmajor governmental funds and the major enterprise funds presented as supplementary information in the accompanying combined and individual fund financial statements as of and for the year ended June 30, 2012, 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, 2012, 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 all 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. Robert G. Knowlton, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

For the year ended June 30, 2012, the Village has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Mr. Hector H. Balderas, State Auditor and
Mr. Robert G. Knowlton, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Pech & Associates LLC

Albuquerque, New Mexico
November 13, 2012

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,546,025	1,022,958	2,568,983
Receivables:			
Taxes:			
Gross receipts	204,917	-	204,917
Gasoline	4,248	-	4,248
Motor vehicle	4,728	-	4,728
Property	4,697	-	4,697
Franchise	27,698	-	27,698
Grants	24,897	-	24,897
Accrued interest	142	744	886
Accounts receivable, net of allowance	-	116,477	116,477
Restricted cash	-	455,436	455,436
Capital assets, not depreciated	547,722	1,543,336	2,091,058
Capital assets, net of accumulated depreciation	4,177,631	10,258,346	14,435,977
	<hr/>	<hr/>	<hr/>
Total assets	6,542,705	13,397,297	19,940,002
LIABILITIES			
Accounts payable	30,687	4,390	35,077
Accrued compensation and benefits	20,551	3,940	24,491
Interest payable	-	10,851	10,851
Deposits payable	-	44,725	44,725
Noncurrent liabilities:			
Compensated absences, due in one year	35,000	2,630	37,630
Compensated absences, due in more than one year	29,046	-	29,046
Long-term liabilities, due in one year	21,460	44,272	65,732
Long-term liabilities, due in more than one year	80,040	1,250,000	1,330,040
	<hr/>	<hr/>	<hr/>
Total liabilities	216,784	1,360,808	1,577,592
NET ASSETS			
Invested in capital assets, net of related debt	4,623,853	10,507,410	15,131,263
Restricted for debt service	-	410,711	410,711
Unrestricted	1,702,068	1,118,368	2,820,436
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 6,325,921	12,036,489	18,362,410

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 520,843	22,492	204,483	-	(293,868)	-	(293,868)
Public safety	1,729,783	104,390	157,171	238,939	(1,229,283)	-	(1,229,283)
Highways and streets	282,911	-	-	169,450	(113,461)	-	(113,461)
Culture and recreation	153,508	-	18,870	256,441	121,803	-	121,803
Total governmental activities	<u>2,687,045</u>	<u>126,882</u>	<u>380,524</u>	<u>664,830</u>	<u>(1,514,809)</u>	<u>-</u>	<u>(1,514,809)</u>
Business-type activities							
Waste Water	744,081	505,047	-	-	-	(239,034)	(239,034)
Water	363,865	540,335	-	-	-	176,470	176,470
Total business-type activities	<u>1,107,946</u>	<u>1,045,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,564)</u>	<u>(62,564)</u>
Total primary government	<u>\$ 3,794,991</u>	<u>1,172,264</u>	<u>380,524</u>	<u>664,830</u>	<u>(1,514,809)</u>	<u>(62,564)</u>	<u>(1,577,373)</u>
General Revenues:							
Franchise taxes					127,506	-	127,506
Gasoline taxes					29,397	-	29,397
Gross receipts taxes					1,198,507	-	1,198,507
Property taxes					168,128	-	168,128
Motor vehicle registrations					28,635	-	28,635
Other					82,557	1,157	83,714
Interest					2,589	9,210	11,799
Joint power agreement payments					165,921	-	165,921
Transfers					270,418	(270,418)	-
Total general revenues and transfers					<u>2,073,658</u>	<u>(260,051)</u>	<u>1,813,607</u>
Change in net assets					<u>558,849</u>	<u>(322,615)</u>	<u>236,234</u>
Net assets, beginning of year					<u>5,767,072</u>	<u>12,359,104</u>	<u>18,126,176</u>
Net assets, end of year					<u>\$ 6,325,921</u>	<u>12,036,489</u>	<u>18,362,410</u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2012

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 1,156,249	389,776	1,546,025
Receivables:			
Taxes:			
Gross receipts	195,836	9,081	204,917
Gasoline	-	4,248	4,248
Motor vehicle	4,728	-	4,728
Property	4,697	-	4,697
Franchise	27,698	-	27,698
Grants	11,015	13,882	24,897
Accrued interest	61	81	142
	<hr/>		
Total assets	\$ 1,400,284	417,068	1,817,352
	<hr/> <hr/>		
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 9,224	21,463	30,687
Accrued compensation and benefits	20,551	-	20,551
Deferred revenue	-	32,414	32,414
	<hr/>		
Total liabilities	29,775	53,877	83,652
	<hr/>		
FUND BALANCES			
Restricted for:			
Special revenue funds	-	223,386	223,386
Committed reported in:			
General fund	123,885	-	123,885
Assigned to:			
Special revenue funds	-	139,805	139,805
Unassigned:			
General fund	1,246,624	-	1,246,624
	<hr/>		
Total fund balances	1,370,509	363,191	1,733,700
	<hr/>		
Total liabilities and fund balances	\$ 1,400,284	417,068	1,817,352
	<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, 2012

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

Total fund balance - governmental funds	\$ 1,733,700
Accrued compensated absences not payable from current revenues.	(64,046)
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.	4,725,353
Long-term liabilities, including capital leases payable, are not and payable in the current period and, therefore are not reported in the governmental fund.	<u>(101,500)</u>
Net assets - governmental activities	<u><u>\$ 6,325,921</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, 2012**

	General	Nonmajor Governmental Funds	Total
Revenues			
Taxes	\$ 1,470,940	81,233	1,552,173
Licenses, permits, fees, and fines	97,003	29,879	126,882
From federal sources:			
Grants	27,144	495,380	522,524
From non-federal sources:			
Grants	239,159	283,671	522,830
Intergovernmental	150,000	15,921	165,921
Interest	1,376	1,213	2,589
Other	82,557	-	82,557
Total revenues	<u>2,068,179</u>	<u>907,297</u>	<u>2,975,476</u>
Expenditures			
Current			
General government	498,174	821	498,995
Public safety	1,170,941	368,335	1,539,276
Highways and streets	162,890	17,194	180,084
Culture and recreation	134,607	-	134,607
Capital outlay	373,860	645,950	1,019,810
Total expenditures	<u>2,340,472</u>	<u>1,032,300</u>	<u>3,372,772</u>
Deficiency of revenues over expenditures before other financings sources	<u>(272,293)</u>	<u>(125,003)</u>	<u>(397,296)</u>
Other Financing Sources (Uses)			
Proceeds for the issuance of debt	-	101,500	101,500
Operating transfers in	360,418	600	361,018
Operating transfers out	(70,600)	(20,000)	(90,600)
Total other financing sources (uses)	<u>289,818</u>	<u>82,100</u>	<u>371,918</u>
Net change in fund balances	17,525	(42,903)	(25,378)
Fund balance, beginning of year	<u>1,352,984</u>	<u>406,094</u>	<u>1,759,078</u>
Fund balance, end of year	<u>\$ 1,370,509</u>	<u>363,191</u>	<u>1,733,700</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, 2012

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

Net changes in fund balances - governmental funds **\$ (25,378)**

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

Depreciation expense	(330,920)	
Capital outlay	1,019,810	
	688,890	688,890

The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, but has no effect on net assets. (101,500)

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. (3,163)

Change in net assets - governmental activities **\$ 558,849**

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget-
				Positive
				(Negative)
Revenues				
Taxes	\$ 1,353,910	1,353,910	1,435,829	81,919
Licenses, permits, fees, and fines	112,525	112,525	97,003	(15,522)
Grants	238,420	244,025	271,278	27,253
Intergovernmental	150,000	150,000	150,000	-
Interest	6,000	6,000	2,487	(3,513)
Other	19,948	95,311	82,557	(12,754)
Total revenues	1,880,803	1,961,771	2,039,154	77,383
Expenditures				
General government	517,347	548,301	484,758	63,543
Public safety	1,224,510	1,252,343	1,170,941	81,402
Highways and streets	168,782	176,348	162,890	13,458
Culture and recreation	137,336	202,670	134,607	68,063
Capital outlay	320,240	320,240	373,860	(53,620)
Total expenditures	2,368,215	2,499,902	2,327,056	172,846
Deficiency of revenues over expenditures	(487,412)	(538,131)	(287,902)	250,229
Other financing sources (uses)				
Operating transfers in	266,032	266,032	360,418	94,386
Operating transfers out	(70,600)	(600)	(70,600)	(70,000)
Total other financing sources (uses)	195,432	265,432	289,818	24,386
Net change in fund balance	(291,980)	(272,699)	1,916	274,615
Fund balance, beginning of year	1,352,984	1,352,984	1,352,984	-
Fund balance, end of year	\$ 1,061,004	1,080,285	1,354,900	274,615
Non-GAAP change in fund balance			\$ 1,916	
Change in:				
Taxes receivable			35,111	
Grants receivable			(4,975)	
Accrued interest receivable			(1,111)	
Accounts payable			(4,650)	
Accrued compensation and benefits			(8,766)	
GAAP change in fund balance			<u>\$ 17,525</u>	

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2012

	Waste Water	Water	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 518,815	504,143	1,022,958
Accounts receivable, net of allowance	65,865	50,612	116,477
Accrued interest receivable	392	352	744
Restricted cash	410,711	44,725	455,436
Total current assets	995,783	599,832	1,595,615
Capital Assets			
Land and water rights	1,154,573	388,763	1,543,336
Plant and equipment	14,405,638	2,132,488	16,538,126
Accumulated depreciation	(5,358,987)	(920,793)	(6,279,780)
Total capital assets, net of accumulated depreciation	10,201,224	1,600,458	11,801,682
Total assets	\$ 11,197,007	2,200,290	13,397,297
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 939	3,451	4,390
Accrued compensation and benefits	1,700	2,240	3,940
Interest payable	10,480	371	10,851
Deposits payable	-	44,725	44,725
Compensated absences	1,681	949	2,630
Loans payable - current	-	19,272	19,272
Bonds payable - current	25,000	-	25,000
Total current liabilities	39,800	71,008	110,808
Noncurrent Liabilities			
Bonds payable	1,250,000	-	1,250,000
Total noncurrent liabilities	1,250,000	-	1,250,000
Total liabilities	1,289,800	71,008	1,360,808
Net Assets			
Invested in capital assets, net of related debt	8,926,224	1,581,186	10,507,410
Restricted for debt service	410,711	-	410,711
Unrestricted	570,272	548,096	1,118,368
Total net assets	9,907,207	2,129,282	12,036,489
Total liabilities and net assets	\$ 11,197,007	2,200,290	13,397,297

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, 2012

	Waste Water	Water	Total
Operating Revenues			
Sales and services	\$ 505,047	540,335	1,045,382
Operating expenses	306,645	276,335	582,980
Depreciation	376,040	86,755	462,795
Total operating expenses	682,685	363,090	1,045,775
Operating (Loss) Income	(177,638)	177,245	(393)
Nonoperating Revenues (Expenses)			
Interest income	4,935	4,275	9,210
Interest expense	(61,396)	(775)	(62,171)
Other income	127	1,030	1,157
Transfers in	340,786	-	340,786
Transfers (out)	(410,672)	(200,532)	(611,204)
Total nonoperating revenues (expenses)	(126,220)	(196,002)	(322,222)
Change in net assets	(303,858)	(18,757)	(322,615)
Net assets, beginning of year	10,211,065	2,148,039	12,359,104
Net assets, end of year	\$ 9,907,207	2,129,282	12,036,489

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, 2012

	Waste Water	Water	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 522,664	551,692	1,074,356
Cash payments to vendors and employees	(306,183)	(274,293)	(580,476)
Net cash provided by operating activities	<u>216,481</u>	<u>277,399</u>	<u>493,880</u>
Cash Flows From Noncapital and Related Financing Activities			
Other income	126	1,030	1,156
Operating transfers in	340,786	-	340,786
Operating transfers out	(410,671)	(200,532)	(611,203)
Net cash used by noncapital financing activities	<u>(69,759)</u>	<u>(199,502)</u>	<u>(269,261)</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(195,786)	(15,935)	(211,721)
Principle payment on bonds	(25,000)	-	(25,000)
Interest payment on bonds	(65,000)	-	(65,000)
Principle payment on loans	-	(18,710)	(18,710)
Interest payment on loans	-	(1,139)	(1,139)
Net cash used by capital and related financing activities	<u>(285,786)</u>	<u>(35,784)</u>	<u>(321,570)</u>
Cash Flows From Investing Activities			
Interest income	8,982	10,167	19,149
Net cash provided by investing activities	<u>8,982</u>	<u>10,167</u>	<u>19,149</u>
Net change in cash and cash equivalents	(130,082)	52,280	(77,802)
Cash, beginning of year	<u>1,059,608</u>	<u>496,588</u>	<u>1,556,196</u>
Cash, end of year	<u>\$ 929,526</u>	<u>548,868</u>	<u>1,478,394</u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2012

	Waste Water	Water	Total
Operating (loss) income	\$ (177,638)	177,245	(393)
Adjustments to reconcile operating income to net cash flows:			
Depreciation expense	376,040	86,755	462,795
Changes in assets and liabilities:			
Accounts receivable	17,617	11,357	28,974
Accounts payable	939	796	1,735
Accrued expenses	(477)	896	419
Deposits payable	-	350	350
Net cash provided by operating activities	<u>\$ 216,481</u>	<u>277,399</u>	<u>493,880</u>

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, 2012

ASSETS

Cash	\$ 13,494
Accounts receivable	<u>1,841</u>
Total assets	<u><u>\$ 15,335</u></u>

LIABILITIES

Due to other entities	\$ 15,335
Total liabilities	<u><u>\$ 15,335</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, 2012

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, 2012.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *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, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

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

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

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

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to 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, 2012

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, 2012

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, 2012

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, 2012

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's general fund had restricted balances at June 30, 2012 in the amount of \$123,885, which costs of \$26,401 for unapplied reserve, \$46,876 for land, and reserves of \$25,000 for streets, \$608 for fire, and \$25,000 for police.

Other Funds

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

Corrections Fund: motor vehicle violation fee revenue of \$97,379 restricted by state statute for the costs of corrections.

Environmental Gross Receipts Tax Fund: gross receipts tax revenue of \$95,725 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 \$30,282 restricted by state statute for the operations and maintenance of the fire department.

Assigned funds consist of \$35,053 in the Streets Fund designated for the maintenance of Village roads, \$9,306 in the Recreation fund designated for Village recreational facilities and programs, \$79,588 in the EMS Tax Fund designated for emergency equipment and supplies, and \$15,858 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, 2012

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 considers checking accounts, money market accounts, certificates of deposit, and 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, 2012

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, 2012, the Village adopted Government Accounting Standards Board Statement (GASB) No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The statement will not have a material impact on the Village's financial statements.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the Village's bank balance total of \$3,074,163 was exposed to credit risk in the amount of \$1,632,820 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 1,632,820</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 federally insured balances at each financial institution.

The total balance in any single financial institution may at times exceed the 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. Non-interest bearing 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, 2012

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments & Transfers	Ending Balance
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 295,500	225,187	-	-	520,687
Construction in process	27,610	-	-	(575)	27,035
Total, not depreciated	\$ 323,110	225,187	-	(575)	547,722
Capital assets, depreciated					
Buildings and improvements	\$ 2,892,452	301,804	-	-	3,194,256
Vehicles	1,075,886	263,465	(67,847)	15,444	1,286,948
Machinery, equipment and furniture	1,254,674	15,309	(18,822)	-	1,251,161
Infrastructure	1,909,753	214,044	-	575	2,124,372
Total, depreciated	7,132,765	794,622	(86,669)	16,019	7,856,737
Accumulated depreciation for					
Buildings and improvements	1,177,744	111,198	-	-	1,288,942
Vehicles	843,214	68,925	(67,847)	15,444	859,736
Machinery, equipment and furniture	888,509	50,697	(18,822)	-	920,384
Infrastructure	509,945	100,099	-	-	610,044
Total accumulated depreciation	3,419,412	330,919	(86,669)	15,444	3,679,106
Total capital assets, depreciated, net	\$ 3,713,353	463,703	-	575	4,177,631
Total capital assets, net	\$ 4,036,463	688,890	-	-	4,725,353

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

General government	\$ 18,684
Public safety	190,507
Highways and streets	102,827
Culture and recreation	18,901
Total depreciation expense	\$ 330,919

The transfers above were to move assets from construction in process to infrastructure. An adjustment of \$15,444 has been made to put a vehicle back on the books that was reported as disposed of in a prior year. The vehicle has not been disposed.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2012 was as follows:

	Beginning			Ending
	Balance	Additions	Deletions	Balance
Business-type Activities				
Capital assets, not depreciated:				
Land - Waste Water	\$ 1,154,573	-	-	1,154,573
Land - Water	14,137	-	-	14,137
Water rights	374,626	-	-	374,626
Total, not depreciated	\$ 1,543,336	-	-	1,543,336
Capital assets, depreciated:				
Waste Water:				
Buildings and improvements	\$ 13,540,508	-	-	13,540,508
Vehicles	326,758	-	(20,264)	306,494
Machinery and equipment	362,850	195,786	-	558,636
Water:				
Buildings and improvements	2,074,118	-	-	2,074,118
Vehicles	37,435	-	-	37,435
Machinery and equipment	5,000	15,935	-	20,935
Total, depreciated	16,346,669	211,721	(20,264)	16,538,126
Accumulated depreciation for:				
Waste Water	5,003,210	376,040	(20,264)	5,358,986
Water	834,039	86,755	-	920,794
Total accumulated depreciation	5,837,249	462,795	(20,264)	6,279,780
Total capital assets, depreciated, net	\$ 10,509,420	(251,074)	-	10,258,346
Total capital assets, net	\$ 12,052,756	(251,074)	-	11,801,682

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 60,883	35,584	(32,421)	64,046	35,000
Notes payable	-	101,500	-	101,500	21,460
Total	<u>\$ 60,883</u>	<u>137,084</u>	<u>(32,421)</u>	<u>165,546</u>	<u>56,460</u>

Notes Payable. The Village financed the purchase of a fire pumper with a note payable to the New Mexico Finance Authority. The annual State Fire Protection fund disbursement revenues are pledged for repayment of the loan in accordance with an Intercept Agreement. The following note is outstanding at June 30, 2012:

NMFA intercept loan for \$101,500, interest at 1.07%, payments of \$20,970 annually in May, maturing May 1, 2017	<u>\$ 101,500</u>
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The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 20,042	1,418	21,460
2014	20,125	845	20,970
2015	20,239	731	20,970
2016	20,425	545	20,970
2017	20,669	301	20,970
	<u>\$ 101,500</u>	<u>3,840</u>	<u>105,340</u>

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, 2012

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 4,064	8,164	(9,598)	2,630	2,630
Notes payable	37,982	-	(18,710)	19,272	19,272
Bonds payable	<u>1,300,000</u>	-	(25,000)	1,275,000	25,000
Total	<u>\$ 1,342,046</u>	<u>8,164</u>	<u>(53,308)</u>	1,296,902	<u>46,902</u>

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>\$ 19,272</u>
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The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2013	<u>\$ 19,272</u>	<u>578</u>	<u>19,850</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, 2012

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

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	30,000	58,500	88,500
2018 to 2022	165,000	269,250	434,250
2023 to 2027	215,000	223,000	438,000
2028 to 2032	270,000	164,250	434,250
2033 to 2037	340,000	90,250	430,250
2038 to 2039	150,000	11,000	161,000
	<u>\$ 1,275,000</u>	<u>1,063,750</u>	<u>2,338,750</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, 2012 consisted of the following:

Transfers to the general fund from:

Waste water	\$ 132,386
Water	158,032
General fund – interfund transfers	<u>70,000</u>
	<u>\$ 360,418</u>

Transfers from the general fund to:

Nonmajor funds	\$ 600
General fund – interfund transfers	<u>70,000</u>
	<u>\$ 70,600</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 8. INTERFUND TRANSFERS (CONTINUED)

Transfers to the waste water fund from:	
Water	\$ 42,500
Nonmajor funds	20,000
Waste water – interfund transfers	<u>278,286</u>
	<u>\$ 340,786</u>
Transfers from the waste water fund to:	
General fund	\$ 132,386
Waste water – interfund transfers	<u>278,286</u>
	<u>\$ 410,672</u>
Transfers from the water fund to:	
General fund	\$ 158,032
Waste water	<u>42,500</u>
	<u>\$ 200,532</u>
Transfers to the nonmajor funds from:	
General fund	<u>\$ 600</u>
Transfers from the nonmajor funds to:	
Waste water	<u>\$ 20,000</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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, 2011, and 2010 were \$198,547, \$188,684, and, \$188,169, 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, 2012

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.

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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>
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 2.292%; of each participating employee’s annual salary; each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending 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>
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, 2012

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, 2012, 2011 and 2010 were \$20,296, \$18,474, and \$11,171, 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 \$6,881,617, and deductibles range from \$2,500 to \$10,000.

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, 2012

NOTE 12. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through November 13, 2012, the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2012.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NONMAJOR FUNDS
June 30, 2012

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, 2012

CAPITAL PROJECTS FUNDS

E-911 Records Management System. To account for revenues and expenditures related to a U.S. Department of Justice grant.

CDBG Senior Center Upgrades. To account for revenues and expenditures related to a U.S. Department of Housing and Urban Development grant for improvements to the senior center.

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, 2012**

	<u>Special Revenue</u>		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
ASSETS			
Cash and cash equivalents	\$ 104,109	91,487	-
Receivables:			
Taxes:			
Gross receipts	-	4,200	-
Gasoline	-	-	-
Grants	-	-	-
Accrued interest	43	38	-
	<hr/>		
Total assets	\$ 104,152	95,725	-
<hr/>			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,773	-	-
Deferred revenue	-	-	-
Total liabilities	6,773	-	-
<hr/>			
FUND BALANCES			
Restricted, special revenues	97,379	95,725	-
Restricted, capital projects	-	-	-
Assigned, special revenues	-	-	-
Total fund balances	97,379	95,725	-
<hr/>			
Total liabilities and fund balances	\$ 104,152	95,725	-
<hr/>			

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2012

	Special Revenue		
	Fire Protection	Law Enforcement Protection	Streets
ASSETS			
Cash and cash equivalents	\$ 30,395	-	31,500
Receivables:			
Taxes:			
Gross receipts	-	-	-
Gasoline	-	-	4,248
Grants	-	-	-
Accrued interest	-	-	-
	<hr/>		
Total assets	\$ 30,395	-	35,748
<hr/>			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 113	-	695
Deferred revenue	-	-	-
	<hr/>		
Total liabilities	113	-	695
<hr/>			
FUND BALANCES			
Restricted, special revenues	30,282	-	-
Restricted, capital projects	-	-	-
Assigned, special revenues	-	-	35,053
	<hr/>		
Total fund balances	30,282	-	35,053
<hr/>			
Total liabilities and fund balances	\$ 30,395	-	35,748
<hr/>			

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2012

	Special Revenue		
	Recreation	EMS Tax	Traffic Safety
ASSETS			
Cash and cash equivalents	\$ 9,306	74,707	15,858
Receivables:			
Taxes:			
Gross receipts	-	4,881	-
Gasoline	-	-	-
Grants	-	-	-
Accrued interest	-	-	-
Total assets	\$ 9,306	79,588	15,858
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
FUND BALANCES			
Restricted, special revenues	-	-	-
Restricted, capital projects	-	-	-
Assigned, special revenues	9,306	79,588	15,858
Total fund balances	9,306	79,588	15,858
Total liabilities and fund balances	\$ 9,306	79,588	15,858

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2012

	Capital Projects		
	E-911 Records Management System	CDBG Senior Center Upgrades	Capital Projects
ASSETS			
Cash and cash equivalents	\$ -	-	32,414
Receivables:			
Taxes:			
Gross receipts	-	-	-
Gasoline	-	-	-
Grants	-	13,882	
Accrued interest	-	-	-
Total assets	\$ -	13,882	32,414
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	13,882	
Deferred revenue	-	-	32,414
Total liabilities	-	13,882	32,414
FUND BALANCES			
Restricted, special revenues	-	-	-
Restricted, capital projects	-	-	-
Assigned, special revenues	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ -	13,882	32,414

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2012

	Total Nonmajor
ASSETS	
Cash and cash equivalents	\$ 389,776
Receivables:	
Taxes:	
Gross receipts	9,081
Gasoline	4,248
Grants	13,882
Accrued interest	81
	<hr/>
Total assets	\$ 417,068
	<hr/> <hr/>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 21,463
Deferred revenue	32,414
	<hr/>
Total liabilities	53,877
	<hr/> <hr/>
 FUND BALANCES	
Restricted, special revenues	223,386
Restricted, capital projects	-
Assigned, special revenues	139,805
	<hr/>
Total fund balances	363,191
	<hr/> <hr/>
Total liabilities and fund balances	\$ 417,068
	<hr/> <hr/>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2012

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues			
Taxes	\$ -	24,309	-
Licenses, permits, fees, and fines	17,582	-	-
From federal sources			
Grants	-	-	-
From non-federal sources			
Grants	-	-	5,247
Intergovernmental	-	-	-
Interest	608	539	-
	<hr/>	<hr/>	<hr/>
Total revenues	18,190	24,848	5,247
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	810	-
Public safety	27,747	-	5,247
Highways and streets	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	27,747	810	5,247
	<hr/>	<hr/>	<hr/>
Deficiency excess of revenues over expenditures before other financing sources	(9,557)	24,038	-
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Loan proceeds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	(20,000)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(20,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(9,557)	4,038	-
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	106,936	91,687	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 97,379	95,725	-
	<hr/> <hr/>	<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, 2012

	Special Revenue		
	Fire Protection	Law Enforcement Protection	Streets
Revenues			
Taxes	\$ -	-	29,397
Licenses, permits, fees, and fines	-	-	-
From federal sources			
Grants	-	-	-
From non-federal sources			
Grants	81,774	27,200	169,450
Intergovernmental	-	-	-
Interest	-	-	66
	<hr/>		
Total revenues	81,774	27,200	198,913
	<hr/>		
Expenditures			
Current			
General government	-	-	-
Public safety	26,395	27,200	-
Highways and streets	-	-	17,194
Capital outlay	175,465	-	214,044
	<hr/>		
Total expenditures	201,860	27,200	231,238
	<hr/>		
Deficiency excess of revenues over expenditures before other financing sources	(120,086)	-	(32,325)
	<hr/>		
Other financing sources (uses)			
Loan proceeds	101,500	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>		
Total other financing sources (uses)	101,500	-	-
	<hr/>		
Net change in fund balances	(18,586)	-	(32,325)
	<hr/>		
Fund balance, beginning of year	48,868	-	67,378
	<hr/>		
Fund balance, end of year	\$ 30,282	-	35,053
	<hr/> <hr/>		

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2012

	Special Revenue		
	Recreation	EMS Tax	Traffic Safety
Revenues			
Taxes	\$ -	27,527	-
Licenses, permits, fees, and fines	-	-	12,297
From federal sources			
Grants	-	-	-
From non-federal sources			
Grants	-	-	-
Intergovernmental	-	15,921	-
Interest	-	-	-
	<hr/>		
Total revenues	-	43,448	12,297
	<hr/>		
Expenditures			
Current			
General government	-	-	-
Public safety	-	37,727	5,080
Highways and streets	-	-	-
Capital outlay	-	-	-
	<hr/>		
Total expenditures	-	37,727	5,080
	<hr/>		
Deficiency excess of revenues over expenditures before other financing sources	-	5,721	7,217
	<hr/>		
Other financing sources (uses)			
Loan proceeds	-	-	-
Operating transfers in	600	-	-
Operating transfers out	-	-	-
	<hr/>		
Total other financing sources (uses)	600	-	-
	<hr/>		
Net change in fund balances	600	5,721	7,217
	<hr/>		
Fund balance, beginning of year	8,706	73,867	8,641
	<hr/>		
Fund balance, end of year	\$ 9,306	79,588	15,858
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2012**

	Capital Projects		
	E-911 Records Management System	CDBG Senior Center Upgrades	Capital Projects
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees, and fines	-	-	-
From federal sources			
Grants	238,939	256,441	-
From non-federal sources			
Grants	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
	<hr/>		
Total revenues	238,939	256,441	-
	<hr/>		
Expenditures			
Current			
General government	-	-	11
Public safety	238,939	-	-
Highways and streets	-	-	-
Capital outlay	-	256,441	-
	<hr/>		
Total expenditures	238,939	256,441	11
	<hr/>		
Deficiency excess of revenues over expenditures before other financing sources	-	-	(11)
	<hr/>		
Other financing sources (uses)			
Loan proceeds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>		
Total other financing sources (uses)	-	-	-
	<hr/>		
Net change in fund balances	-	-	(11)
	<hr/>		
Fund balance, beginning of year	-	-	11
	<hr/>		
Fund balance, end of year	\$ -	-	-
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2012**

	Total Non-major
Revenues	
Taxes	\$ 81,233
Licenses, permits, fees, and fines	29,879
From federal sources	
Grants	495,380
From non-federal sources	
Grants	283,671
Intergovernmental	15,921
Interest	1,213
	<hr/>
Total revenues	907,297
	<hr/>
Expenditures	
Current	
General government	821
Public safety	368,335
Highways and streets	17,194
Capital outlay	645,950
	<hr/>
Total expenditures	1,032,300
	<hr/>
Deficiency excess of revenues over expenditures before other financing sources	(125,003)
	<hr/>
Other financing sources (uses)	
Loan proceeds	101,500
Operating transfers in	600
Operating transfers out	(20,000)
	<hr/>
Total other financing sources (uses)	82,100
	<hr/>
Net change in fund balances	(42,903)
	<hr/>
Fund balance, beginning of year	406,094
	<hr/>
Fund balance, end of year	\$ 363,191
	<hr/> <hr/>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 21,700	21,700	17,582	(4,118)
Interest	-	-	1,564	1,564
Total revenues	21,700	21,700	19,146	(2,554)
Expenditures				
Public safety	23,100	23,100	20,974	2,126
Total expenditures	23,100	23,100	20,974	2,126
Net change in fund balance	(1,400)	(1,400)	(1,828)	(428)
Fund balance, beginning of year	106,936	106,936	106,936	-
Fund balance, end of year	\$ 105,536	105,536	105,108	(428)
Non-GAAP change in fund balance			(1,828)	
Change in:				
Accrued interest			(956)	
Accounts payable			(6,773)	
GAAP change in fund balance			<u>\$ (9,557)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Municipal taxes	\$ 22,900	22,900	24,161	1,261
Interest	-	-	1,383	1,383
Total revenues	22,900	22,900	25,544	2,644
Expenditures				
General government	1,675	1,675	810	865
Total expenditures	1,675	1,675	810	865
Excess of revenues over expenditures	21,225	21,225	24,734	3,509
Other financing uses				
Operating transfers out	(20,000)	(20,000)	(20,000)	-
Net change in fund balance	1,225	1,225	4,734	3,509
Fund balance, beginning of year	91,687	91,687	91,687	-
Fund balance, end of year	\$ 92,912	92,912	96,421	3,509
Non-GAAP change in fund balance			\$ 4,734	
Change in:				
Taxes receivable			148	
Accrued interest receivable			(844)	
GAAP change in fund balance			\$ 4,038	

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, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Grants	5,354	5,354	5,247	(107)
Interest	-	-	-	-
Total revenues	5,354	5,354	5,247	(107)
Expenditures				
Public safety	5,354	5,354	5,247	107
Total expenditures	5,354	5,354	5,247	107
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	-	-	-

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 64,751	81,774	81,774	-
Interest	-	-	-	-
Total revenues	64,751	81,774	81,774	-
Expenditures				
Public safety	43,445	43,445	26,282	17,163
Capital outlay	154,504	190,830	175,465	15,365
Total expenditures	197,949	234,275	201,747	32,528
Excess of revenues over expenditures	(133,198)	(152,501)	(119,973)	32,528
Other financing sources				
Loan proceeds	100,000	100,000	101,500	1,500
Total other financing sources	100,000	100,000	101,500	1,500
Net change in fund balance	(33,198)	(52,501)	(18,473)	34,028
Fund balance, beginning of year	48,868	48,868	48,868	-
Fund balance, end of year	<u>\$ 15,670</u>	<u>(3,633)</u>	<u>30,395</u>	<u>34,028</u>
Prior year cash appropriated		<u>3,633</u>		
		<u>-</u>		
Non-GAAP change in fund balance			\$ (18,473)	
Change in:				
Accounts payable			<u>(113)</u>	
GAAP change in fund balance			<u>\$ (18,586)</u>	

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 27,200	27,200	27,200	-
Total revenues	27,200	27,200	27,200	-
Expenditures				
Public safety	27,200	27,200	27,200	-
Total expenditures	27,200	27,200	27,200	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	-	-	-

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
STREETS
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 52,900	52,900	33,921	(18,979)
Grants	195,117	195,117	169,450	(25,667)
Interest	-	-	66	66
Total revenues	248,017	248,017	203,437	(44,580)
Expenditures				
Highways and streets	23,700	23,700	16,499	7,201
Capital outlay	228,934	228,934	214,044	14,890
Total expenditures	252,634	252,634	230,543	22,091
Net change in fund balance	(4,617)	(4,617)	(27,106)	(22,489)
Fund balance, beginning of year	67,378	67,378	67,378	-
Fund balance, end of year	\$ 62,761	62,761	40,272	(22,489)
Non-GAAP change in fund balance			\$ (27,106)	
Change in:				
Taxes receivable			(4,524)	
Accounts payable			(695)	
GAAP change in fund balance			\$ (32,325)	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Culture and recreation	550	550	-	550
Total expenditures	550	550	-	550
Excess of revenues over expenditures	(550)	(550)	-	550
Other financing sources				
Transfers in	600	600	600	-
Total other financing sources	600	600	600	-
Net change in fund balance	50	50	600	550
Fund balance, beginning of year	8,706	8,706	8,706	-
Fund balance, end of year	\$ 8,756	8,756	9,306	550

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMS TAX
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 28,000	28,000	28,737	737
Intergovernmental	10,000	10,000	15,921	5,921
Total revenues	38,000	38,000	44,658	6,658
Expenditures				
Public safety	29,000	57,000	37,727	19,273
Capital outlay	6,500	6,500	-	6,500
Total expenditures	35,500	63,500	37,727	25,773
Net change in fund balance	2,500	(25,500)	6,931	32,431
Fund balance, beginning of year	73,867	73,867	73,867	-
Fund balance, end of year	<u>\$ 76,367</u>	<u>48,367</u>	<u>80,798</u>	<u>32,431</u>
Non-GAAP change in fund balance			\$ 6,931	
Change in:				
Taxes receivable			<u>(1,210)</u>	
GAAP change in fund balance			<u>\$ 5,721</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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Fines and forfeitures	\$ 29,400	29,400	12,297	(17,103)
Total revenues	29,400	29,400	12,297	(17,103)
Expenditures				
Public safety	15,000	15,000	5,080	9,920
Total expenditures	15,000	15,000	5,080	9,920
Net change in fund balance	14,400	14,400	7,217	(7,183)
Fund balance, beginning of year	8,641	8,641	8,641	-
Fund balance, end of year	\$ 23,041	23,041	15,858	(7,183)

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
E911 RECORDS MANAGEMENT SYSTEM
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Grants	\$ 240,708	304,149	238,939	(65,210)
Expenditures				
Public Safety	240,708	304,149	238,939	65,210
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	-	-	-	-

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CDBG SENIOR CENTER UPGRADES
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 256,694	256,694	242,559	(14,135)
Expenditures				
Capital outlay	256,694	256,694	242,559	14,135
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	-	-	-	-
Non-GAAP change in fund balance			\$ -	
Change in:				
Grants receivable			13,882	
Deferred revenue			(13,882)	
GAAP change in fund balance			\$ -	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 230,365	230,365	-	(230,365)
Expenditures				
General government	11	11	11	-
Capital outlay	262,779	262,779	-	262,779
Total expenditures	262,790	262,790	11	262,779
Net change in fund balance	(32,425)	(32,425)	(11)	32,414
Fund balance, beginning of year	11	11	11	-
Fund balance, end of year	(32,414)	(32,414)	-	32,414
Prior year cash appropriated	32,414	32,414		
	\$ -	-		

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 502,060	502,060	522,664	20,604
Interest	133	133	8,982	8,849
Other	-	-	126	126
Total revenues	502,193	502,193	531,772	29,579
Expenses				
Operating	329,515	329,618	306,183	23,435
Capital outlay	219,750	240,751	195,786	44,965
Debt service	90,000	90,000	90,000	-
Total expenditures	639,265	660,369	591,969	68,400
Excess of expenses over revenues	(137,072)	(158,176)	(60,197)	97,979
Other financing sources (uses)				
Operating transfers in	140,000	140,000	340,786	200,786
Operating transfers out	(280,500)	(280,500)	(410,671)	(130,171)
Total other financing sources (uses)	(140,500)	(140,500)	(69,885)	70,615
Change in net assets	(277,572)	(298,676)	(130,082)	168,594
Net assets, beginning of year	10,211,065	10,211,065	10,211,065	-
Net assets, end of year	\$ 9,933,493	9,912,389	10,080,983	168,594
Non-GAAP change in fund balance			\$ (130,082)	
Change in:				
Receivables			(17,617)	
Accrued interest receivable			(4,047)	
Accounts payable			(939)	
Other accrued expenses			477	
Accrued interest payable			3,604	
Non-budgeted items:				
Capitalized purchases			195,786	
Debt service - principal			25,000	
Depreciation			(376,040)	
GAAP change in net assets			\$ (303,858)	

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 570,700	570,700	551,692	(19,008)
Fines and forfeitures	700	700	-	(700)
Interest	35	125	10,871	10,746
Other income	-	-	1,030	1,030
Total revenues	571,435	571,525	563,593	(7,932)
Expenses				
Operating	310,111	318,131	274,643	43,488
Capital outlay	26,500	26,500	15,935	10,565
Debt service	19,851	19,851	19,849	2
Total expenditures	356,462	364,482	310,427	54,055
Excess of revenues over expenditures	214,973	207,043	253,166	46,123
Other financing sources (uses)				
Operating transfers in	19,851	19,851	-	(19,851)
Operating transfers out	(220,383)	(177,883)	(200,532)	(22,649)
Total other financing sources (uses)	(200,532)	(158,032)	(200,532)	(42,500)
Change in net assets	14,441	49,011	52,634	3,623
Net assets, beginning of year	2,148,039	2,148,039	2,148,039	-
Net assets, end of year	\$ 2,162,480	2,197,050	2,200,673	3,623
Non-GAAP change in fund balance			\$ 52,634	
Change in:				
Receivables			(11,357)	
Accrued interest receivable			(6,596)	
Accounts payable			(796)	
Other accrued expenses			(896)	
Accrued interest payable			364	
Non-budgeted items:				
Capitalized purchases			15,935	
Debt service - principal			18,710	
Depreciation			(86,755)	
GAAP change in net assets			\$ (18,757)	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
AGENCY FUNDS
June 30, 2012

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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
MUNICIPAL JUDGE'S FUND				
ASSETS				
Cash	\$ 13,410	106,839	112,063	8,186
Due from other funds	1,841	-	-	1,841
Total assets	\$ 15,251	106,839	112,063	10,027
LIABILITIES				
Due to other entities	\$ 15,251	106,839	112,063	10,027
Total liabilities	\$ 15,251	106,839	112,063	10,027
MUNICIPAL JUDGE'S BOND FUND				
ASSETS				
Cash	\$ 2,256	17,957	14,905	5,308
Total assets	\$ 2,256	17,957	14,905	5,308
LIABILITIES				
Due to other entities	\$ 2,256	17,957	14,905	5,308
Total liabilities	\$ 2,256	17,957	14,905	5,308
LIVING CROSS EMS				
ASSETS				
Cash	\$ -	22,829	22,829	-
Total assets	\$ -	22,829	22,829	-
LIABILITIES				
Due to other entities	\$ -	22,829	22,829	-
Total liabilities	\$ -	22,829	22,829	-
TOTAL				
ASSETS				
Cash	\$ 15,666	147,625	149,797	13,494
Due from other funds	1,841	-	-	1,841
Total assets	\$ 17,507	147,625	149,797	15,335
LIABILITIES				
Due to other entities	\$ 17,507	147,625	149,797	15,335
Total liabilities	\$ 17,507	147,625	149,797	15,335

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2012

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Non-Int bearing checking	US Bank	General Pooled Cash	\$ 856,621	847,323
Non-Int bearing checking	US Bank	Special Revenue Pooled Cash	152,064	149,446
Non-Int bearing checking	US Bank	Utility Enterprise Account	124,498	124,364
Non-Int bearing checking	US Bank	Payroll Account	25,746	-
Non-Int bearing checking	US Bank	Capital Project Account	32,414	32,414
Money market	US Bank	Money Market - High Wealth	309,693	309,693
CD	US Bank	Certificate of Deposit	543,286	543,286
CD	US Bank	Certificate of Deposit	1,017,543	1,017,543
Cash and cash equivalents - non-agency funds			3,061,865	3,024,069
Petty cash		Village Clerk's petty cash - General	-	200
Petty cash		Water Department's petty cash	-	150
Total cash and cash equivalents - non-agency fund:			\$3,061,865	3,024,419
Agency funds cash accounts:				
	US Bank	Municipal Court Pooled Cash	\$ 12,298	13,494

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2012

	<u>First Community Bank</u>
Deposits at June 30, 2012	\$ 3,074,163
Less: FDIC coverage	1,441,343
Uninsured public funds	<u>1,632,820</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	1,801,157
Uninsured and uncollateralized	<u>\$ -</u>
50% pledged collateral requirement per statute	\$ 816,410
Total pledged collateral	<u>1,801,157</u>
Pledged collateral over the requirement	<u>\$ (984,747)</u>

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

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Market Value</u>
FNMA Pool 890193	31410K7E8	8/1/2025	\$ 453,457
GNMA REMIC 2011-80 CF	38376LTH2	7/20/1939	1,347,700
			<u>\$ 1,801,157</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, 2012

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
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	\$70 per inmate	\$ 27,135	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, and equitable proportion of loan payments for capital outlay	\$ 47,432	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

**VILLAGE OF BOSQUE FARMS
 SCHEDULE OF APPROPRIATIONS
 June 30, 2012**

<u>Appropriation</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>
08-L-G-3278	2008	06/30/2012	\$ 248,560	18,195	230,365

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

The funds remaining are encumbered.

VILLAGE OF BOSQUE FARMS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

Grantor Agency and Grant Title	Federal CFDA Number	State Pass-through Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development pass through from the New Mexico Department of Finance and Administration			
Community Development Block Grant	14.218	10-C-NR-I-03-G-05	\$ 256,441
U.S. Department of Justice			
ARRA - Public Safety Partnership and Community Policing Grants	16.710	NA	238,939
Bulletproof Vest Partnership Program	16.607	NA	2,265
Total U.S. Department of Justice			<u>241,204</u>
U.S. Department of Transportation pass through from the New Mexico Department of Transportation, Programs Division, Traffic Safety Division			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	12-AR-64-011	20,920
State and Community Highway Safety	20.600	11-RF-DS-011	2,007
Occupant Protection Incentive Grants	20.602	12-OP-RF-011	1,952
Total U.S. Department of Transportation			<u>24,879</u>
Total expenditures of federal awards			<u>\$ 522,524</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
June 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Village. The schedule is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*.

NOTE 2. SUBRECIPIENTS

The Village received \$238,939 from the Public Safety Partnership and Community Policing Grant. This money was passed through to the Valencia Regional Emergency Communications Center for the purchase of dispatch radio communications equipment and services.

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. Robert G. Knowlton, 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, 2012, and have issued our report thereon dated November 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Mr. Hector H. Balderas, State Auditor and
Mr. Robert G. Knowlton, 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Village's management, the Department of Finance and Administration, the U.S. Department of Agriculture, the New Mexico State Legislature, the Office of the State Auditor and the Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Albuquerque, New Mexico
November 13, 2012

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Mr. Hector H. Balderas, State Auditor and
Mr. Robert G. Knowlton, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

Compliance

We have audited the Village of Bosque Farms, New Mexico's (Village) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2012. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2.

Mr. Hector H. Balderas, State Auditor and
Mr. Robert G. Knowlton, Mayor and
The Village Council
Village of Bosque Farms, New Mexico

Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of the Village's management, the Department of Finance and Administration, the U.S. Department of Agriculture, the New Mexico State Legislature, the Office of the State Auditor and the Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Perch & Associates LLC

Albuquerque, New Mexico
November 13, 2012

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

07-1	Preparation of Financial Statements (Significant Deficiency)	Resolved
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**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Village.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statement of the Village were disclosed during the audit.
4. No deficiencies were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Village expresses an unqualified opinion.
6. There were two audit findings relative to the major federal award programs for the Village.
7. The programs tested as major programs included:

	CFDA Number
Community Oriented Policing Services	16.710
Community Development Block Grants	14.218
8. The dollar threshold used for distinguishing between Type A and B programs of the Village was \$300,000.
9. The Village was determined to be a high risk auditee.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

C. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2012-01 Grant Reporting (Significant Deficiency)

Federal Program Information:

Funding agency	U.S. Department of Justice (DOJ)
Title:	Community Oriented Policing Services
CFDA number:	16.710
Award year and number	2009, 210CKWX0324

CONDITION

The Community Oriented Policing Services grant is an American Recovery and Reinvestment Act (ARRA) grant. This grant is subject to Section 1512 ARRA grant requirements. The Village did not determine and comply with the Section 1512 requirements.

CRITERIA

Office of Management and Budget (OMB) Memorandum M-09-21 Supplement #1 details which grants are subject to Section 1512 reporting. CFDA number 16.710 is one of the grants that must follow Section 1512 requirements.

QUESTIONED COSTS

None

EFFECT

The Village is not in compliance with ARRA reporting requirements.

CAUSE

The Village was not aware of the ARRA reporting requirements.

RECOMMENDATION

The Village should consider developing a system to research and track all associated reporting requirements for Federal grants.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

**C. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

2012-01 Grant Reporting (Significant Deficiency) (Continued)

MANAGEMENT RESPONSE

This grant was administered by the Police Chief and was a grant for E-911 Dispatch and all police agencies in Valencia County. The DOJ auditors conducted a site visit in April and found no compliance issues with the grant.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

**C. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

2012-02 Grant Compliance (Significant Deficiency)

Federal Program Information:

Funding agency	U.S. Department of Housing and Urban Development (HUD)
Pass-through agency	New Mexico Department of Finance and Administration (DFA)
Title:	Community Development Block Grants (CDBG)
CFDA number:	14.218
Award year and number	2010, 10-C-NR-I-03-G-05

CONDITION

As part of our audit we tested grant compliance and tracking. We noted the following:

- For two of the five grant reimbursement requests made by the Village, the Village did not pay invoices within 3 days of deposit of reimbursed funds
- For seven of the nine invoices paid the Village did not pay the invoices within 45 days of the date invoiced
- Requests for proposal were not approved by DFA or the Professional Technical Advisory Board (PTAB) before the contract was awarded

CRITERIA

Per HUD guidelines over cash management, disbursement of requested funds must occur in a timely manner. HUD's general rule is that payments should be made within 3 business days of deposit of CDBG Funds

Sections 57-28-1 through 5728-11 of NMSA 1978 (2001 Cum. Supp.) states that an agreement between the grantee and contractor exist to outline "Notice of Extended Payment Provision". This grant agreement outlined a timeframe of 45 days after a submission of undisputed invoice. Therefore, invoices must be paid within 45 days of receipt.

The grant agreement required the Village to get prior approval from DFA or PTAB before awarding a RFP contract. This was a special provision under Article IX section E of the grant agreement.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

**C. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

2012-02 Grant Compliance (Significant Deficiency) (Continued)

QUESTIONED COSTS

None

EFFECT

The Village is not in compliance with grant requirements.

CAUSE

The Village is not tracking invoice dates, dates of deposit, and reporting deadlines sufficiently.

RECOMMENDATION

The Village should consider developing a method to track deposits, invoices, and report deadline dates to adhere to granting requirements.

MANAGEMENT RESPONSE

The checks were not written until the Treasurer did a check run which was not always within the three days.

The Village did not always have the money readily available to pay the invoices up front. It took DFA well over the forty-five days to pay the Village for pay requests.

The Clerk/Administrator spoke to the DFA project manager regarding the RFP and was told to use the standard state RFP form, which was used. She did not mention sending it to her prior to advertising or consulting the PTAB.

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2012**

An exit conference was held on November 15, 2012, and attended by the following:

Village of Bosque Farms, New Mexico

Robert G. Knowlton, Mayor
Wayne Ake, Councilor
Gayle Jones, Village Administrator
Debra Kelly, Treasurer

Porch & Associates LLC

Thad Porch, Managing Principal

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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.