

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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

June 30, 2013

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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VILLAGE OF BOSQUE FARMS, NEW MEXICO

List of Principal Officials

June 30, 2013

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 Auditor's Report

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis, that accounting principles generally accepted in the United States of America require 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government auditing standards*, we have also issued our report dated November 15, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Porch & Associates LLC

Albuquerque, New Mexico
November 15, 2013

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,496,110	719,410	2,215,520
Receivables:			
Taxes:			
Gross receipts	204,401	-	204,401
Gasoline	6,633	-	6,633
Motor vehicle	4,740	-	4,740
Property	49,411	-	49,411
Franchise	39,177	-	39,177
Grants	12,291	-	12,291
Interest receivable	-	3,090	3,090
Accounts receivable, net of allowance	-	126,053	126,053
Restricted cash	-	676,224	676,224
Capital assets, not depreciated	527,070	1,543,336	2,070,406
Capital assets, net of accumulated depreciation	4,320,813	9,993,684	14,314,497
	<hr/>	<hr/>	<hr/>
Total assets	6,660,646	13,061,797	19,722,443
LIABILITIES			
Accounts payable	16,056	4,398	20,454
Accrued compensation and benefits	19,152	3,856	23,008
Interest payable	-	10,275	10,275
Deposits payable	-	45,075	45,075
Compensated absences, due in one year	39,729	6,592	46,321
Long-term liabilities, due in one year	-	25,000	25,000
Long-term liabilities, due in more than one year	-	1,225,000	1,225,000
	<hr/>	<hr/>	<hr/>
Total liabilities	74,937	1,320,196	1,395,133
NET POSITION			
Net investment in capital assets	4,847,883	10,287,020	15,134,903
Restricted for debt service	-	588,528	588,528
Unrestricted	1,737,826	866,053	2,603,879
	<hr/>	<hr/>	<hr/>
Total net position	\$ 6,585,709	11,741,601	18,327,310

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
General government	\$ 531,062	77,953	138,660	28,951	(285,498)	-	(285,498)
Public safety	1,616,111	30,278	152,292	-	(1,433,541)	-	(1,433,541)
Highways and streets	288,905	-	-	-	(288,905)	-	(288,905)
Culture and recreation	193,142	-	-	-	(193,142)	-	(193,142)
Total governmental activities	2,629,220	108,231	290,952	28,951	(2,201,086)	-	(2,201,086)
Business-type activities							
Waste Water	761,465	528,930	-	-	-	(232,535)	(232,535)
Water	376,764	558,137	-	-	-	181,373	181,373
Total business-type activities	1,138,229	1,087,067	-	-	-	(51,162)	(51,162)
Total primary government	\$ 3,767,449	1,195,298	290,952	28,951	(2,201,086)	(51,162)	(2,252,248)
General Revenues:							
Franchise taxes					106,215	-	106,215
Gasoline taxes					52,410	-	52,410
Gross receipts taxes					1,235,028	-	1,235,028
Property taxes					172,605	-	172,605
Motor vehicle registrations					26,856	-	26,856
Other					35,650	121	35,771
Interest					4,100	2,185	6,285
Joint power agreement payments					190,500	-	190,500
Severance tax appropriations					391,478	-	391,478
Transfers					246,032	(246,032)	-
Total general revenues and transfers					2,460,874	(243,726)	2,217,148
Change in net position					259,788	(294,888)	(35,100)
Net position, beginning of year					6,325,921	12,036,489	18,362,410
Net position, end of year					\$ 6,585,709	11,741,601	18,327,310

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2013

	General	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,148,856	-	347,254	1,496,110
Receivables:				
Taxes:				
Gross receipts	195,033	-	9,368	204,401
Gasoline	-	-	6,633	6,633
Motor vehicle	4,740	-	-	4,740
Property	49,411	-	-	49,411
Franchise	39,177	-	-	39,177
Grants	12,291	-	-	12,291
Total assets	\$ 1,449,508	-	363,255	1,812,763
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 14,719	-	1,337	16,056
Accrued compensation and benefits	19,152	-	-	19,152
Total liabilities	33,871	-	1,337	35,208
FUND BALANCES				
Restricted for:				
Special revenue funds	-	-	204,872	204,872
Committed reported in:				
General fund	162,753	-	-	162,753
Assigned to:				
Special revenue funds	-	-	157,046	157,046
Unassigned:				
General fund	1,252,884	-	-	1,252,884
Total fund balances	1,415,637	-	361,918	1,777,555
Total liabilities and fund balances	\$ 1,449,508	-	363,255	1,812,763

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 POSITION
June 30, 2013

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

Total fund balance - governmental funds	\$ 1,777,555
Accrued compensated absences not payable from current revenues.	(39,729)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>4,847,883</u>
Net position - governmental activities	<u><u>\$ 6,585,709</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, 2013

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 1,484,553	-	108,561	1,593,114
Licenses, permits, fees, and fines	79,884	-	28,347	108,231
From federal sources:				
Grants	37,196	-	-	37,196
From non-federal sources:				
Grants	31,419	-	112,628	144,047
Intergovernmental	361,574	-	-	361,574
Interest	1,934	-	2,166	4,100
Other	33,150	-	2,500	35,650
Total revenues	<u>2,029,710</u>	<u>-</u>	<u>254,202</u>	<u>2,283,912</u>
Expenditures				
Current				
General government	534,609	-	793	535,402
Public safety	1,271,329	-	139,555	1,410,884
Highways and streets	157,396	-	11,824	169,220
Culture and recreation	172,080	-	854	172,934
Debt service - principal	-	-	101,500	101,500
Debt service - interest	-	-	877	877
Capital outlay	33,683	391,478	61,589	486,750
Total expenditures	<u>2,169,097</u>	<u>391,478</u>	<u>316,992</u>	<u>2,877,567</u>
Deficiency of revenues over expenditures before other financings sources	<u>(139,387)</u>	<u>(391,478)</u>	<u>(62,790)</u>	<u>(593,655)</u>
Other Financing Sources (Uses)				
Severance tax appropriation	-	391,478	-	391,478
Operating transfers in	419,454	-	81,517	500,971
Operating transfers out	(234,939)	-	(20,000)	(254,939)
Total other financing sources (uses)	<u>184,515</u>	<u>391,478</u>	<u>61,517</u>	<u>637,510</u>
Net change in fund balances	45,128	-	(1,273)	43,855
Fund balance, beginning of year	1,370,509	-	363,191	1,733,700
Fund balance, end of year	<u>\$ 1,415,637</u>	<u>-</u>	<u>361,918</u>	<u>1,777,555</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, 2013

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

Net changes in fund balances - governmental funds **\$ 43,855**

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	(354,471)	
Capital outlay	477,001	
Excess of depreciation over capital outlay		122,530

The repayment of the principal of capital loans consumes the current financial resources of governmental funds, but has no effect on net position.		101,500
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Deferred revenue is recorded as income under the accrual method, and not the modified accrual method		(32,414)
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		24,317

Change in net position - governmental activities **\$ 259,788**

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 1,396,710	1,396,710	1,539,955	143,245
Licenses, permits, fees, and fines	140,875	140,875	79,884	(60,991)
Grants	81,281	81,281	69,891	(11,390)
Intergovernmental	381,000	381,000	361,574	(19,426)
Interest	-	-	1,934	1,934
Other	32,011	32,622	33,150	528
Total revenues	2,031,877	2,032,488	2,086,388	53,900
Expenditures				
General government	445,311	468,599	538,705	(70,106)
Public safety	1,424,130	1,446,170	1,271,329	174,841
Highways and streets	178,031	178,031	157,396	20,635
Culture and recreation	162,606	167,187	172,080	(4,893)
Capital outlay	157,071	157,071	33,683	123,388
Total expenditures	2,367,149	2,417,058	2,173,193	243,865
Deficiency of revenues over expenditures	(335,272)	(384,570)	(86,805)	297,765
Other financing sources (uses)				
Operating transfers in	419,454	419,454	419,454	-
Operating transfers out	(163,277)	(163,277)	(234,939)	(71,662)
Total other financing sources (uses)	256,177	256,177	184,515	(71,662)
Net change in fund balance	(79,095)	(128,393)	97,710	226,103
Prior year cash appropriated	79,095	128,393		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 97,710	
Change from:				
Taxes receivable			(55,402)	
Grants receivable			(1,276)	
Accounts payable			5,495	
Accrued compensation and benefits			(1,399)	
GAAP change in fund balance			<u>\$ 45,128</u>	

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2013

	Waste Water	Water	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 239,111	480,299	719,410
Accounts receivable, net of allowance	65,841	60,212	126,053
Interest receivable	-	3,090	3,090
Restricted cash	588,528	87,696	676,224
Total current assets	893,480	631,297	1,524,777
Capital Assets			
Land and water rights	1,154,573	388,763	1,543,336
Plant and equipment	14,622,972	2,153,217	16,776,189
Accumulated depreciation	(5,776,339)	(1,006,166)	(6,782,505)
Total capital assets, net of accumulated depreciation	10,001,206	1,535,814	11,537,020
Total assets	\$ 10,894,686	2,167,111	13,061,797
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 1,557	2,841	4,398
Accrued compensation and benefits	1,689	2,167	3,856
Interest payable	10,275	-	10,275
Deposits payable	-	45,075	45,075
Compensated absences	3,453	3,139	6,592
Bonds payable - current	25,000	-	25,000
Total current liabilities	41,974	53,222	95,196
Noncurrent Liabilities			
Bonds payable	1,225,000	-	1,225,000
Total noncurrent liabilities	1,225,000	-	1,225,000
Total liabilities	1,266,974	53,222	1,320,196
Net Position			
Net investments in capital assets	8,751,206	1,535,814	10,287,020
Restricted for debt service	588,528	-	588,528
Unrestricted	287,978	578,075	866,053
Total net position	9,627,712	2,113,889	11,741,601
Total liabilities and net position	\$ 10,894,686	2,167,111	13,061,797

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 POSITION -
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Waste Water	Water	Total
Operating Revenues			
Sales and services	\$ 528,930	558,137	1,087,067
Operating expenses	280,478	291,184	571,662
Depreciation	417,442	85,373	502,815
Total operating expenses	697,920	376,557	1,074,477
Operating (Loss) Income	(168,990)	181,580	12,590
Nonoperating Revenues (Expenses)			
Interest income	919	1,266	2,185
Interest expense	(63,545)	(207)	(63,752)
Other income	121	-	121
Transfers in	115,000	-	115,000
Transfers (out)	(163,000)	(198,032)	(361,032)
Total nonoperating revenues (expenses)	(110,505)	(196,973)	(307,478)
Change in net position	(279,495)	(15,393)	(294,888)
Net position, beginning of year	9,907,207	2,129,282	12,036,489
Net position, end of year	\$ 9,627,712	2,113,889	11,741,601

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, 2013

	Waste Water	Water	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 528,954	548,537	1,077,491
Cash payments to vendors and employees	(278,189)	(289,327)	(567,516)
Net cash provided by operating activities	<u>250,765</u>	<u>259,210</u>	<u>509,975</u>
Cash Flows From Noncapital and Related Financing Activities			
Other income	121	-	121
Operating transfers in	115,000	-	115,000
Operating transfers out	(163,000)	(198,032)	(361,032)
Net cash used by noncapital financing activities	<u>(47,879)</u>	<u>(198,032)</u>	<u>(245,911)</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(217,334)	(20,729)	(238,063)
Principle payment on bonds	(25,000)	-	(25,000)
Interest payment on bonds	(63,750)	-	(63,750)
Principle payment on loans	-	(19,272)	(19,272)
Interest payment on loans	-	(578)	(578)
Net cash used by capital and related financing activities	<u>(306,084)</u>	<u>(40,579)</u>	<u>(346,663)</u>
Cash Flows From Investing Activities			
Interest income	1,311	(1,472)	(161)
Net cash provided (used) by investing activities	<u>1,311</u>	<u>(1,472)</u>	<u>(161)</u>
Net change in cash and cash equivalents	(101,887)	19,127	(82,760)
Cash, beginning of year	929,526	548,868	1,478,394
Cash, end of year	<u>\$ 827,639</u>	<u>567,995</u>	<u>1,395,634</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, 2013

		Waste Water	Water	Total
Operating (loss) income	\$	(168,990)	181,580	12,590
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense		417,442	85,373	502,815
Changes in assets and liabilities:				
Accounts receivable		24	(9,600)	(9,576)
Accounts payable		528	(610)	(82)
Accrued expenses		1,761	2,117	3,878
Deposits payable		-	350	350
Net cash provided by operating activities	\$	250,765	259,210	509,975

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS
June 30, 2013

ASSETS

Cash	\$ 6,583
Accounts receivable	2,541
Total assets	<u>\$ 9,124</u>

LIABILITIES

Due to other entities	\$ 9,124
Total liabilities	<u>\$ 9,124</u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

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

The Village reports the following major governmental funds:

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

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

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013

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, 2013

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. Intangible Assets

Under Statement of ASC 350, *Intangibles - Goodwill and Other*, intangible assets with indefinite lives are no longer amortized. Indefinite lived intangible assets, such as water rights, are tested for impairment on an annual basis. There were no intangible assets at year-end.

E. 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.

F. Fund Balances

The Village follows 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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Fund Balances (Continued)

- 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.

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, 2013 in the amount of \$162,753, which costs of \$26,468 for unapplied reserve, \$47,274 for land, and reserves of \$50,000 for streets, \$12,551 for fire, and \$26,460 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 \$92,017 restricted by state statute for the costs of corrections.

Environmental Gross Receipts Tax Fund: gross receipts tax revenue of \$100,838 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 \$12,017 restricted by state statute for the operations and maintenance of the fire department.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Fund Balances (Continued)

Assigned funds consist of \$69,251 in the Streets Fund designated for the maintenance of Village roads, \$9,052 in the Recreation fund designated for Village recreational facilities and programs, \$56,226 in the EMS Tax Fund designated for emergency equipment and supplies, and \$22,517 in the Traffic Safety Fund designated for the purchase and maintenance of traffic safety equipment.

G. Net Position

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

H. 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.

I. 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.

J. Budgetary Information

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

K. Budgetary Information (Continued)

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

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

L. Use of Estimates

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

M. Implementation of New Accounting Standards

During the year ended June 30, 2013, the Village adopted Government Accounting Standards Board Statement (GASB) No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The statement will not have a material impact on the Village's financial statements.

During the year ended June 30, 2013, the Village adopted Government Accounting Standards Board Statement (GASB) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position*. The statement will not have a material impact on the Village's financial statements.

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, 2013, the Village's bank balance total of \$2,949,400 was exposed to credit risk in the amount of \$2,199,400 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 2,199,400</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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments & Transfers	Ending Balance
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 520,687	6,383	-	-	527,070
Construction in process	27,035	387,743	-	(414,778)	-
Total, not depreciated	\$ 547,722	394,126	-	(414,778)	527,070
Capital assets, depreciated					
Buildings and improvements	\$ 3,194,256	-	-	414,778	3,609,034
Vehicles	1,286,948	31,146	-	-	1,318,094
Machinery, equipment and furniture	1,251,161	51,729	-	-	1,302,890
Infrastructure	2,124,372	-	-	-	2,124,372
Total, depreciated	7,856,737	82,875	-	414,778	8,354,390
Accumulated depreciation for					
Buildings and improvements	1,288,942	127,333	-	-	1,416,275
Vehicles	859,736	81,764	-	-	941,500
Machinery, equipment and furniture	920,384	42,262	-	-	962,646
Infrastructure	610,044	103,112	-	-	713,156
Total accumulated depreciation	3,679,106	354,471	-	-	4,033,577
Total capital assets, depreciated, net	\$ 4,177,631	(271,596)	-	414,778	4,320,813
Total capital assets, net	\$ 4,725,353	122,530	-	-	4,847,883

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

General government	\$ 19,977
Public safety	204,350
Highways and streets	109,936
Culture and recreation	20,208
Total depreciation expense	\$ 354,471

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type Activities					
Capital assets, not depreciated:					
Land - Waste Water	\$ 1,154,573	-	-	-	1,154,573
Land - Water	14,137	-	-	-	14,137
Water rights	374,626	-	-	-	374,626
Total, not depreciated	\$ 1,543,336	-	-	-	1,543,336
Capital assets, depreciated:					
Waste Water:					
Buildings and improvements	\$ 13,540,508	-	-	-	13,540,508
Vehicles	306,494	-	-	-	306,494
Machinery and equipment	558,636	217,334	-	-	775,970
Water:					
Buildings and improvements	2,074,118	-	-	-	2,074,118
Vehicles	37,435	-	-	-	37,435
Machinery and equipment	20,935	20,729	-	-	41,664
Total, depreciated	16,538,126	238,063	-	-	16,776,189
Accumulated depreciation for:					
Waste Water	5,358,986	417,442	-	(90)	5,776,338
Water	920,794	85,373	-	-	1,006,167
Total accumulated depreciation	6,279,780	502,815	-	(90)	6,782,505
Total capital assets, depreciated, net	\$ 10,258,346	(264,752)	-	90	9,993,684
Total capital assets, net	\$ 11,801,682	(264,752)	-	90	11,537,020

The Village had an adjustment of \$90 to make the detailed depreciation schedules agree to the Village's financial statements.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 64,046	36,712	(61,029)	39,729	39,729
Notes payable	101,500	-	(101,500)	-	-
Total	<u>\$ 165,546</u>	<u>36,712</u>	<u>(162,529)</u>	<u>39,729</u>	<u>39,729</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 loan was paid off during the year ending June 30, 2013.

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

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 2,630	8,926	(4,964)	6,592	6,592
Notes payable	19,272	-	(19,272)	-	-
Bonds payable	1,275,000	-	(25,000)	1,250,000	25,000
Total	<u>\$ 1,296,902</u>	<u>8,926</u>	<u>(49,236)</u>	<u>1,256,592</u>	<u>31,592</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Notes Payable. The Village financed the construction of the water plat and distribution system with notes payable to the New Mexico Environmental Department. The note was paid off during the year ending June 30, 2013.

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.

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	30,000	57,000	87,000
2019 to 2023	175,000	261,000	436,000
2024 to 2028	225,000	212,250	437,250
2029 to 2033	280,000	150,750	430,750
2034 to 2038	360,000	73,250	433,250
2039	70,000	3,500	73,500
	<u>\$ 1,250,000</u>	<u>1,000,000</u>	<u>2,250,000</u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013 consisted of the following:

Transfers to the general fund from:	
Waste water	\$ 108,000
Water	158,032
General fund – interfund transfers	<u>153,422</u>
	<u>\$ 419,454</u>
Transfers from the general fund to:	
Nonmajor funds	\$ 81,517
General fund – interfund transfers	<u>153,422</u>
	<u>\$ 234,939</u>
Transfers to the waste water fund from:	
Water	\$ 40,000
Nonmajor funds	20,000
Waste water – interfund transfers	<u>55,000</u>
	<u>\$ 115,000</u>
Transfers from the waste water fund to:	
General fund	\$ 108,000
Waste water – interfund transfers	<u>55,000</u>
	<u>\$ 163,000</u>
Transfers from the water fund to:	
General fund	\$ 158,032
Waste water	<u>40,000</u>
	<u>\$ 198,032</u>
Transfers to the nonmajor funds from:	
General fund	<u>\$ 81,517</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 and fund reserve accounts.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 9. PERA PENSION PLAN

Plan Description: Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement 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.

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 adds back 75% of each employee's PERA deduction to the employees pay. The Village's contributions to PERA, including the 75% add back, for the years ending June 30, 2013, 2012, and 2011 were \$208,679, \$198,547, and, \$188,684, 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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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 legislators who served at least two years; and 4) 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.

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the fiscal years ended June 30, 2013, 2012 and 2011 were \$23,580, \$20,296, and \$18,474, respectively, which equal the required contributions for each year.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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.

NOTE 12. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through November 15, 2013, the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2013.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NONMAJOR FUNDS
June 30, 2013

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
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2013

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
ASSETS			
Cash and cash equivalents	\$ 93,172	96,659	-
Receivables:			
Taxes:			
Gross receipts	-	4,179	-
Gasoline	-	-	-
Total assets	\$ 93,172	100,838	-
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,155	-	-
Total liabilities	1,155	-	-
FUND BALANCES			
Restricted, special revenues	92,017	100,838	-
Assigned, special revenues	-	-	-
Total fund balances	92,017	100,838	-
Total liabilities and fund balances	\$ 93,172	100,838	-

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2013

	Special Revenue		
	Fire Protection	Law Enforcement Protection	Streets
ASSETS			
Cash and cash equivalents	\$ 12,199	-	62,618
Receivables:			
Taxes:			
Gross receipts	-	-	-
Gasoline	-	-	6,633
	<hr/>		
Total assets	\$ 12,199	-	69,251
	<hr/> <hr/>		
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 182	-	-
Total liabilities	182	-	-
	<hr/> <hr/>		
FUND BALANCES			
Restricted, special revenues	12,017	-	-
Assigned, special revenues	-	-	69,251
Total fund balances	12,017	-	69,251
	<hr/> <hr/>		
Total liabilities and fund balances	\$ 12,199	-	69,251
	<hr/> <hr/>		

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2013

	<u>Special Revenue</u>		
	Recreation	EMS Tax	Traffic Safety
ASSETS			
Cash and cash equivalents	\$ 9,052	51,037	22,517
Receivables:			
Taxes:			
Gross receipts	-	5,189	-
Gasoline	-	-	-
Total assets	\$ 9,052	56,226	22,517
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Total liabilities	-	-	-
FUND BALANCES			
Restricted, special revenues	-	-	-
Assigned, special revenues	9,052	56,226	22,517
Total fund balances	9,052	56,226	22,517
Total liabilities and fund balances	\$ 9,052	56,226	22,517

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2013

	Total Nonmajor
ASSETS	
Cash and cash equivalents	\$ 347,254
Receivables:	
Taxes:	
Gross receipts	9,368
Gasoline	<u>6,633</u>
Total assets	<u><u>\$ 363,255</u></u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 1,337
Total liabilities	<u>1,337</u>
 FUND BALANCES	
Restricted, special revenues	204,872
Assigned, special revenues	<u>157,046</u>
Total fund balances	<u>361,918</u>
 Total liabilities and fund balances	 <u><u>\$ 363,255</u></u>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2013**

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues			
Taxes	\$ -	24,914	-
Licenses, permits, fees, and fines	14,384	-	-
From non-federal sources			
Grants	-	-	5,063
Interest	1,119	992	-
Other	-	-	-
	<hr/>		
Total revenues	15,503	25,906	5,063
	<hr/>		
Expenditures			
Current			
General government	-	793	-
Public safety	20,865	-	5,063
Highways and streets	-	-	-
Culture and recreation	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
Capital outlay	-	-	-
	<hr/>		
Total expenditures	20,865	793	5,063
	<hr/>		
Deficiency excess of revenues over expenditures before other financing sources	(5,362)	25,113	-
	<hr/>		
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	(20,000)	-
	<hr/>		
Total other financing sources (uses)	-	(20,000)	-
	<hr/>		
Net change in fund balances	(5,362)	5,113	-
	<hr/>		
Fund balance, beginning of year	97,379	95,725	-
	<hr/>		
Fund balance, end of year	\$ 92,017	100,838	-
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2013**

	Special Revenue		
	Fire Protection	Law Enforcement Protection	Streets
Revenues			
Taxes	\$ -	-	52,410
Licenses, permits, fees, and fines	-	-	-
From non-federal sources			
Grants	80,365	27,200	-
Interest	-	-	55
Other	-	2,500	-
	<hr/>		
Total revenues	80,365	29,700	52,465
	<hr/>		
Expenditures			
Current			
General government	-	-	-
Public safety	45,801	5,923	-
Highways and streets	-	-	11,824
Culture and recreation	-	-	-
Debt service - principal	101,500	-	-
Debt service - interest	877	-	-
Capital outlay	31,369	23,777	6,443
	<hr/>		
Total expenditures	179,547	29,700	18,267
	<hr/>		
Deficiency excess of revenues over expenditures before other financing sources	(99,182)	-	34,198
	<hr/>		
Other financing sources (uses)			
Operating transfers in	80,917	-	-
Operating transfers out	-	-	-
	<hr/>		
Total other financing sources (uses)	80,917	-	-
	<hr/>		
Net change in fund balances	(18,265)	-	34,198
	<hr/>		
Fund balance, beginning of year	30,282	-	35,053
	<hr/>		
Fund balance, end of year	\$ 12,017	-	69,251
	<hr/> <hr/>		

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2013**

	Special Revenue		
	Recreation	EMS Tax	Traffic Safety
Revenues			
Taxes	\$ -	31,237	-
Licenses, permits, fees, and fines From non-federal sources	-	-	13,963
Grants	-	-	-
Interest	-	-	-
Other	-	-	-
Total revenues	-	31,237	13,963
Expenditures			
Current			
General government	-	-	-
Public safety	-	54,599	7,304
Highways and streets	-	-	-
Culture and recreation	854	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
Capital outlay	-	-	-
Total expenditures	854	54,599	7,304
Deficiency excess of revenues over expenditures before other financing sources	(854)	(23,362)	6,659
Other financing sources (uses)			
Operating transfers in	600	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	600	-	-
Net change in fund balances	(254)	(23,362)	6,659
Fund balance, beginning of year	9,306	79,588	15,858
Fund balance, end of year	\$ 9,052	56,226	22,517

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2013**

	Total Non-major
Revenues	
Taxes	\$ 108,561
Licenses, permits, fees, and fines	28,347
From non-federal sources	
Grants	112,628
Interest	2,166
Other	2,500
	<hr/>
Total revenues	254,202
	<hr/>
Expenditures	
Current	
General government	793
Public safety	139,555
Highways and streets	11,824
Culture and recreation	854
Debt service - principal	101,500
Debt service - interest	877
Capital outlay	61,589
	<hr/>
Total expenditures	316,992
	<hr/>
Deficiency excess of revenues over expenditures before other financing sources	<u>(62,790)</u>
Other financing sources (uses)	
Operating transfers in	81,517
Operating transfers out	(20,000)
	<hr/>
Total other financing sources (uses)	61,517
	<hr/>
Net change in fund balances	(1,273)
Fund balance, beginning of year	<hr/> 363,191
Fund balance, end of year	<u><u>\$ 361,918</u></u>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees, and fines	\$ 21,700	21,700	14,384	(7,316)
Interest	-	-	1,076	1,076
Total revenues	21,700	21,700	15,460	(6,240)
Expenditures				
Public safety	30,300	30,300	26,483	3,817
Total expenditures	30,300	30,300	26,483	3,817
Net change in fund balance	(8,600)	(8,600)	(11,023)	<u>(2,423)</u>
Prior year cash appropriated	8,600	8,600	11,023	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			(11,023)	
Change from:				
Accrued interest			43	
Accounts payable			5,618	
GAAP change in fund balance			<u>\$ (5,362)</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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 23,000	23,000	24,935	1,935
Interest	-	-	1,030	1,030
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>25,965</u>	<u>2,965</u>
Expenditures				
General government	1,825	18,258	793	17,465
Total expenditures	<u>1,825</u>	<u>18,258</u>	<u>793</u>	<u>17,465</u>
Excess of revenues over expenditures	<u>21,175</u>	<u>4,742</u>	<u>25,172</u>	<u>20,430</u>
Other financing uses				
Operating transfers out	(20,000)	(20,000)	(20,000)	-
Net change in fund balance	<u>\$ 1,175</u>	<u>(15,258)</u>	<u>5,172</u>	<u>20,430</u>
Prior year cash appropriated		<u>15,258</u>		
		<u>-</u>		
Non-GAAP change in fund balance			\$ 5,172	
Change from:				
Taxes receivable			(21)	
Accrued interest receivable			(38)	
GAAP change in fund balance			<u>\$ 5,113</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 5,063	5,063	5,063	-
Total revenues	5,063	5,063	5,063	-
Expenditures				
Public safety	5,063	5,063	5,063	-
Total expenditures	5,063	5,063	5,063	-
Net change in fund balance	\$ -	-	-	-

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 81,000	81,000	80,365	(635)
Total revenues	81,000	81,000	80,365	(635)
Expenditures				
Public safety	41,445	62,990	45,732	17,258
Debt service	21,460	102,918	102,377	541
Capital outlay	18,869	18,869	31,369	(12,500)
Total expenditures	81,774	184,777	179,478	5,299
Excess of revenues over expenditures	(774)	(103,777)	(99,113)	4,664
Other financing sources				
Operating transfers in	-	-	80,917	80,917
Total other financing sources	-	-	80,917	80,917
Net change in fund balance	(774)	(103,777)	(18,196)	85,581
Prior year cash appropriated	774	103,777	18,196	
	\$ -	-	-	
Non-GAAP change in fund balance			\$ (18,196)	
Change from:				
Accounts payable			(69)	
GAAP change in fund balance			\$ (18,265)	

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 27,200	27,200	27,200	-
Other	-	2,500	2,500	-
Total revenues	27,200	29,700	29,700	-
Expenditures				
Public safety	-	2,500	5,923	(3,423)
Capital outlay	27,200	27,200	23,777	3,423
Total expenditures	27,200	29,700	29,700	-
Net change in fund balance	\$ -	-	-	-

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
STREETS
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 34,970	34,970	50,025	15,055
Grants	129,000	129,000	-	(129,000)
Interest	-	-	55	55
Total revenues	163,970	163,970	50,080	(113,890)
Expenditures				
Highways and streets	13,375	13,375	12,337	1,038
Capital outlay	174,990	174,990	6,443	168,547
Total expenditures	188,365	188,365	18,780	169,585
Net change in fund balance	(24,395)	(24,395)	31,300	55,695
Prior year cash appropriated	24,395	24,395		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 31,300	
Change from:				
Taxes receivable			2,385	
Accounts payable			<u>513</u>	
GAAP change in fund balance			<u>\$ 34,198</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Culture and recreation	550	854	854	-
Total expenditures	550	854	854	-
Excess of revenues over expenditures	(550)	(854)	(854)	-
Other financing sources				
Transfers in	600	600	600	-
Total other financing sources	600	600	600	-
Net change in fund balance	<u>\$ 50</u>	<u>(254)</u>	<u>(254)</u>	<u>-</u>
Prior year cash appropriated		<u>254</u>	<u>254</u>	
		<u>-</u>	<u>-</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMS TAX
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 27,000	27,000	30,929	3,929
Intergovernmental	15,000	15,000	-	(15,000)
Total revenues	42,000	42,000	30,929	(11,071)
Expenditures				
Public safety	67,889	67,889	54,599	13,290
Capital outlay	4,500	4,500	-	4,500
Total expenditures	72,389	72,389	54,599	17,790
Net change in fund balance	(30,389)	(30,389)	(23,670)	<u>6,719</u>
Prior year cash appropriated	30,389	30,389	23,670	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (23,670)	
Change from:				
Taxes receivable			<u>308</u>	
GAAP change in fund balance			<u>\$ (23,362)</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, 2013

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Licenses, permits, fees, and fines	\$ 13,500	13,500	13,963	463
Total revenues	13,500	13,500	13,963	463
Expenditures				
Public safety	13,500	13,500	7,304	6,196
Total expenditures	13,500	13,500	7,304	6,196
Net change in fund balance	\$ -	-	6,659	6,659

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Expenditures				
General government	-	-	-	-
Capital outlay	392,779	392,779	391,478	1,301
Total expenditures	392,779	392,779	391,478	1,301
Excess of revenues over expenditures	(392,779)	(392,779)	(391,478)	1,301
Other financing sources				
Severance tax appropriations	360,365	360,365	391,478	31,113
Net change in fund balance	(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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 505,350	505,350	528,954	23,604
Interest	43	43	1,311	1,268
Other	-	-	121	121
Total revenues	505,393	505,393	530,386	24,993
Expenses				
Operating	314,348	314,348	278,099	36,249
Capital outlay	183,325	183,325	217,334	(34,009)
Debt service	108,850	108,850	88,750	20,100
Total expenditures	606,523	606,523	584,183	22,340
Excess of expenses over revenues	(101,130)	(101,130)	(53,797)	47,333
Other financing sources (uses)				
Operating transfers in	89,000	89,000	115,000	26,000
Operating transfers out	(287,000)	(287,000)	(163,000)	124,000
Total other financing sources (uses)	(198,000)	(198,000)	(48,000)	150,000
Change in net position	(299,130)	(299,130)	(101,797)	197,333
Prior year cash appropriated	139,474	139,474	101,797	
	\$ (159,656)	(159,656)	-	
Non-GAAP change in fund balance			\$ (101,797)	
Change from:				
Receivables			(24)	
Interest receivable			(392)	
Accounts payable			(618)	
Accrued compensation and benefits			11	
Interest payable			205	
Compensated absences			(1,772)	
Non-budgeted items:				
Capitalized purchases			217,334	
Debt service - principal			25,000	
Depreciation			(417,442)	
GAAP change in net position			\$ (279,495)	

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 570,400	570,400	548,887	(21,513)
Interest	-	-	1,266	1,266
Total revenues	<u>570,400</u>	<u>570,400</u>	<u>550,153</u>	<u>(20,247)</u>
Expenses				
Operating	345,985	345,985	292,415	53,570
Capital outlay	40,392	40,392	20,729	19,663
Debt service	19,850	19,850	19,850	-
Total expenditures	<u>406,227</u>	<u>406,227</u>	<u>332,994</u>	<u>73,233</u>
Excess of revenues over expenditures	<u>164,173</u>	<u>164,173</u>	<u>217,159</u>	<u>52,986</u>
Other financing sources (uses)				
Operating transfers in	19,850	19,850	-	(19,850)
Operating transfers out	(217,882)	(217,882)	(198,032)	19,850
Total other financing sources (uses)	<u>(198,032)</u>	<u>(198,032)</u>	<u>(198,032)</u>	<u>-</u>
Change in net position	<u>(33,859)</u>	<u>(33,859)</u>	<u>19,127</u>	<u>52,986</u>
Prior year cash appropriated	<u>33,859</u>	<u>33,859</u>		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 19,127	
Change from:				
Receivables			9,600	
Interest receivable			2,738	
Accounts payable			610	
Accrued compensation and benefits			73	
Interest payable			371	
Deposits payable			(350)	
Compensated absences			(2,190)	
Non-budgeted items:				
Capitalized purchases			20,729	
Debt service - principal			19,272	
Depreciation			(85,373)	
GAAP change in net position			<u>\$ (15,393)</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
AGENCY FUNDS
June 30, 2013

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, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
MUNICIPAL JUDGE'S FUND				
ASSETS				
Cash	\$ 8,186	38,148	42,234	4,100
Accounts receivable	1,841	700	-	2,541
Total assets	\$ 10,027	38,848	42,234	6,641
LIABILITIES				
Due to other entities	\$ 10,027	38,848	42,234	6,641
Total liabilities	\$ 10,027	38,848	42,234	6,641
MUNICIPAL JUDGE'S BOND FUND				
ASSETS				
Cash	\$ 5,308	14,257	17,082	2,483
Total assets	\$ 5,308	14,257	17,082	2,483
LIABILITIES				
Due to other entities	\$ 5,308	14,257	17,082	2,483
Total liabilities	\$ 5,308	14,257	17,082	2,483
LIVING CROSS EMS				
ASSETS				
Cash	\$ -	15,074	15,074	-
Total assets	\$ -	15,074	15,074	-
LIABILITIES				
Due to other entities	\$ -	15,074	15,074	-
Total liabilities	\$ -	15,074	15,074	-
TOTAL				
ASSETS				
Cash	\$ 13,494	67,479	74,390	6,583
Accounts receivable	1,841	700	-	2,541
Total assets	\$ 15,335	68,179	74,390	9,124
LIABILITIES				
Due to other entities	\$ 15,335	68,179	74,390	9,124
Total liabilities	\$ 15,335	68,179	74,390	9,124

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2013

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Non-Int bearing checking	US Bank	General Pooled Cash	\$ 851,407	837,935
Non-Int bearing checking	US Bank	Special Revenue Pooled Cash	146,563	137,091
Non-Int bearing checking	US Bank	Utility Enterprise Account	175,905	172,771
Non-Int bearing checking	US Bank	Payroll Account	26,528	-
Money market	US Bank	Money Market - High Wealth	263,622	263,622
CD	US Bank	Certificate of Deposit	1,020,733	1,020,733
CD	First American Bank	Certificate of Deposit	459,242	459,242
Cash and cash equivalents - non-agency funds			2,944,000	2,891,394
Petty cash		Village Clerk's petty cash - General	-	200
Petty cash		Water Department's petty cash	-	150
Total cash and cash equivalents - non-agency funds			\$ 2,944,000	2,891,744
Agency funds cash accounts:				
Non-Int bearing checking	US Bank	Municipal Court Pooled Cash	\$ 5,400	6,583

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2013

	US Bank	First American Bank	Total
Deposits at June 30, 2013	\$ 2,490,158	459,242	2,949,400
Less: FDIC coverage	500,000	250,000	750,000
Uninsured public funds	1,990,158	209,242	2,199,400
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	2,217,301	325,000	2,542,301
Uninsured and uncollateralized	\$ -	-	-
50% pledged collateral requirement per statute	\$ 995,079	104,621	1,099,700
Total pledged collateral	2,217,301	325,000	2,542,301
Pledged collateral over the requirement	\$ (1,222,222)	(220,379)	(1,442,601)

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

Security	CUSIP	Maturity	Market Value	Par Value	Total
FNMA Pool 890193 Bond	31410K7E8	8/1/2025	\$ 894,887	-	894,887
FNMA Pool AB4480 25DD Bond	31417A6S3	2/1/2027	1,322,414	-	1,322,414
Ruidoso NM Muni School District Bor	781338HR2	8/1/2021	-	325,000	325,000
			\$ 2,217,301	325,000	2,542,301

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

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

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2013**

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
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	\$ 14,965	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	\$453 per month for custody of dogs and cats.	\$ 4,983	Valencia County	Valencia County
Wildfire Protection Activities	State of New Mexico Energy, Minerals and Natural Resources Department Village of Bosque Farms	State of New Mexico Energy, Minerals and Natural Resources Department	To provide a cooperative fire protection system covering any or all private, County, non-municipal, and State lands within or adjacent to the Village	Indefinite	Payments are on a reimbursement basis	\$ -	State of New Mexico Energy, Minerals and Natural Resources Department	State of New Mexico Energy, Minerals and Natural Resources Department
Local Building Permit Review and Inspection Services	City of Belen Village of Los Lunas County of Valencia Village of Bosque Farms	Joint	Provision of local building permit review and inspection services	Indefinite	The Village pays its own inspectors	\$ -	Joint	Joint
Emergency 911 Regional Emergency Communications Center	City of Belen Village of Los Lunas Village of Bosque Farms	Village of Los Lunas	Provision of enhanced emergency 911 services; establishment of the Valencia Regional Emergency Communications Center	Indefinite	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	\$ 70,363	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, 2013

<u>Appropriation</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>
02-L-G-931	2002	06/30/2010	\$ 55,000	55,000	-
08-L-G-3278	2008	06/30/2012	248,560	248,560	-
12-L-G-1497	2012	06/30/2016	130,000	128,700	1,300

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

The funds remaining are encumbered.

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 of the Village of Bosque Farms (Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated November 15, 2013.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Porch & Associates LLC

Albuquerque, New Mexico
November 15, 2013

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013**

2012-01 Grant Reporting	Resolved
2012-02 Grant Compliance	Resolved

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

None

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2013**

An exit conference was held on October 31, 2013, 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.