

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF BOSQUE FARMS, NEW MEXICO

Financial Statements, Supplementary Information
and
Independent Auditors' Report

June 30, 2014

VILLAGE OF BOSQUE FARMS, NEW MEXICO

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VILLAGE OF BOSQUE FARMS, NEW MEXICO

List of Principal Officials

June 30, 2014

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, 2014, 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, 2014, 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, 2014, 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, 2014, 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, 2014, 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 13, 2014 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.



Albuquerque, New Mexico
November 13, 2014

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,723,561	658,143	2,381,704
Receivables:			
Taxes:			
Gross receipts	201,764	-	201,764
Gasoline	7,614	-	7,614
Motor vehicle	4,877	-	4,877
Property	22,168	-	22,168
Franchise	30,418	-	30,418
Grants	6,596	-	6,596
Accounts receivable, net of allowance	-	124,827	124,827
Restricted cash	-	640,578	640,578
Capital assets, not depreciated	588,964	1,732,937	2,321,901
Capital assets, net of accumulated depreciation	4,261,847	10,068,199	14,330,046
	<hr/>		
Total assets	6,847,809	13,224,684	20,072,493
	<hr/>		
LIABILITIES			
Accounts payable	6,384	4,308	10,692
Accrued compensation and benefits	25,309	5,101	30,410
Interest payable	-	10,275	10,275
Deposits payable	-	45,400	45,400
Compensated absences, due in one year	42,555	6,755	49,310
Long-term liabilities, due in one year	-	25,000	25,000
Long-term liabilities, due in more than one year	-	1,271,454	1,271,454
	<hr/>		
Total liabilities	74,248	1,368,293	1,442,541
	<hr/>		
NET POSITION			
Net investment in capital assets	4,850,811	10,504,682	15,355,493
Restricted for debt service	-	551,155	551,155
Unrestricted	1,922,750	800,554	2,723,304
	<hr/>		
Total net position	\$ 6,773,561	11,856,391	18,629,952
	<hr/> <hr/>		

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

<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	\$ 538,856	65,941	372,937	-	(99,978)	-	(99,978)
Public safety	1,708,689	19,738	162,172	-	(1,526,779)	-	(1,526,779)
Highways and streets	282,611	-	-	174,000	(108,611)	-	(108,611)
Culture and recreation	196,692	-	16,404	-	(180,288)	-	(180,288)
Total governmental activities	<u>2,726,848</u>	<u>85,679</u>	<u>551,513</u>	<u>174,000</u>	<u>(1,915,656)</u>	<u>-</u>	<u>(1,915,656)</u>
Business-type activities							
Waste Water	802,232	566,274	-	-	-	(235,958)	(235,958)
Water	346,158	547,297	-	-	-	201,139	201,139
Total business-type activities	<u>1,148,390</u>	<u>1,113,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,819)</u>	<u>(34,819)</u>
Total primary government	<u>\$ 3,875,238</u>	<u>1,199,250</u>	<u>551,513</u>	<u>174,000</u>	<u>(1,915,656)</u>	<u>(34,819)</u>	<u>(1,950,475)</u>
General Revenues:							
Franchise taxes					106,907	-	106,907
Gasoline taxes					50,176	-	50,176
Gross receipts taxes					1,194,285	-	1,194,285
Property taxes					196,858	-	196,858
Motor vehicle registrations					27,115	-	27,115
EMS taxes					34,786	-	34,786
Other					57,558	62	57,620
Interest					2,517	22,629	25,146
Loan forgiveness					-	23,818	23,818
Joint power agreement payments					180,000	-	180,000
Severance tax appropriations					356,406	-	356,406
Transfers					(103,100)	103,100	-
Total general revenues and transfers					<u>2,103,508</u>	<u>149,609</u>	<u>2,253,117</u>
Change in net position					<u>187,852</u>	<u>114,790</u>	<u>302,642</u>
Net position, beginning of year					<u>6,585,709</u>	<u>11,741,601</u>	<u>18,327,310</u>
Net position, end of year					<u>\$ 6,773,561</u>	<u>11,856,391</u>	<u>18,629,952</u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2014

	General	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,362,777	-	360,784	1,723,561
Receivables:				
Taxes:				
Gross receipts	192,318	-	9,446	201,764
Gasoline	-	-	7,614	7,614
Motor vehicle	4,877	-	-	4,877
Property	22,168	-	-	22,168
Franchise	30,418	-	-	30,418
Grants	5,725	871	-	6,596
Total assets	\$ 1,618,283	871	377,844	1,996,998
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,086	-	298	6,384
Accrued compensation and benefits	25,309	-	-	25,309
Total liabilities	31,395	-	298	31,693
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	18,045	-	-	18,045
FUND BALANCES				
Restricted for:				
Special revenue funds	-	-	243,689	243,689
Capital projects funds	-	871	-	871
Committed reported in:				
General fund	155,862	-	-	155,862
Assigned to:				
Special revenue funds	-	-	133,857	133,857
Unassigned:				
General fund	1,412,981	-	-	1,412,981
Total fund balances	1,568,843	871	377,546	1,947,260
Total liabilities and fund balances	\$ 1,618,283	871	377,844	1,996,998

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, 2014

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

Total fund balance - governmental funds	\$ 1,947,260
Accrued compensated absences not payable from current revenues.	(42,555)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	18,045
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>4,850,811</u>
Net position - governmental activities	<u><u>\$ 6,773,561</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, 2014

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 1,482,451	-	109,631	1,592,082
Licenses, permits, fees, and fines	66,809	-	18,870	85,679
From federal sources:				
Grants	32,978	-	-	32,978
From non-federal sources:				
Grants	33,624	-	285,974	319,598
Intergovernmental	552,937	-	-	552,937
Interest	1,262	-	1,255	2,517
Other	57,558	-	-	57,558
Total revenues	2,227,619	-	415,730	2,643,349
Expenditures				
Current				
General government	513,368	-	1,792	515,160
Public safety	1,353,497	-	141,705	1,495,202
Highways and streets	153,983	-	13,393	167,376
Culture and recreation	175,580	-	-	175,580
Capital outlay	73,414	56,406	243,812	373,632
Total expenditures	2,269,842	56,406	400,702	2,726,950
Deficiency of revenues over expenditures before other financings sources	(42,223)	(56,406)	15,028	(83,601)
Other Financing Sources (Uses)				
Severance tax appropriation	-	356,406	-	356,406
Operating transfers in	246,899	871	600	248,370
Operating transfers out	(51,470)	(300,000)	-	(351,470)
Total other financing sources (uses)	195,429	57,277	600	253,306
Net change in fund balances	153,206	871	15,628	169,705
Fund balance, beginning of year	1,415,637	-	361,918	1,777,555
Fund balance, end of year	\$ 1,568,843	871	377,546	1,947,260

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, 2014**

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

Net changes in fund balances - governmental funds \$ 169,705

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	(370,320)	
Capital outlay	<u>373,248</u>	
Excess of depreciation over capital outlay		2,928

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		18,045
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		<u>(2,826)</u>
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Change in net position - governmental activities \$ 187,852

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,452,760	1,472,583	1,521,031	48,448
Licenses, permits, fees, and fines	106,150	112,247	66,809	(45,438)
Grants	69,790	71,842	73,168	1,326
Intergovernmental	377,000	552,937	552,937	-
Interest	343	1,237	1,262	25
Other	36,568	44,964	57,558	12,594
Total revenues	2,042,611	2,255,810	2,272,765	16,955
Expenditures				
General government	504,982	511,910	515,844	(3,934)
Public safety	1,384,317	1,418,337	1,353,497	64,840
Highways and streets	187,910	198,269	153,983	44,286
Culture and recreation	188,680	197,525	175,580	21,945
Capital outlay	72,122	72,122	73,414	(1,292)
Total expenditures	2,338,011	2,398,163	2,272,318	125,845
Deficiency of revenues over expenditures	(295,400)	(142,353)	447	142,800
Other financing sources (uses)				
Operating transfers in	348,532	348,532	246,899	(101,633)
Operating transfers out	(50,600)	(51,470)	(51,470)	-
Total other financing sources (uses)	297,932	297,062	195,429	(101,633)
Net change in fund balance	\$ 2,532	154,709	195,876	41,167
Non-GAAP change in fund balance			\$ 195,876	
Change from:				
Taxes receivable			(38,580)	
Grants receivable			(6,566)	
Accounts payable			8,633	
Accrued compensation and benefits			(6,157)	
GAAP change in fund balance			<u>\$ 153,206</u>	

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2014

	Waste Water	Water	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 117,917	540,226	658,143
Accounts receivable, net of allowance	80,458	44,369	124,827
Restricted cash	551,155	89,423	640,578
Total current assets	749,530	674,018	1,423,548
Capital Assets			
Land, water rights, and construction in process	1,154,573	578,364	1,732,937
Plant and equipment	14,968,053	2,453,217	17,421,270
Accumulated depreciation	(6,238,024)	(1,115,047)	(7,353,071)
Total capital assets, net of accumulated depreciation	9,884,602	1,916,534	11,801,136
Total assets	\$ 10,634,132	2,590,552	13,224,684
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 992	3,316	4,308
Accrued compensation and benefits	2,097	3,004	5,101
Interest payable	10,275	-	10,275
Deposits payable	-	45,400	45,400
Compensated absences	2,851	3,904	6,755
Bonds payable - current	25,000	-	25,000
Total current liabilities	41,215	55,624	96,839
Noncurrent Liabilities			
Loans payable	-	71,454	71,454
Bonds payable	1,200,000	-	1,200,000
Total noncurrent liabilities	1,200,000	71,454	1,271,454
Total liabilities	1,241,215	127,078	1,368,293
Net Position			
Net investments in capital assets	8,659,602	1,845,080	10,504,682
Restricted for debt service	551,155	-	551,155
Unrestricted	182,160	618,394	800,554
Total net position	9,392,917	2,463,474	11,856,391
Total liabilities and net position	\$ 10,634,132	2,590,552	13,224,684

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, 2014

	Waste Water	Water	Total
Operating Revenues			
Sales and services	\$ 566,274	547,297	1,113,571
Operating expenses	278,046	236,662	514,708
Depreciation	461,686	108,880	570,566
Total operating expenses	739,732	345,542	1,085,274
Operating (Loss) Income	(173,458)	201,755	28,297
Nonoperating Revenues (Expenses)			
Interest income	15,101	7,528	22,629
Interest expense	(62,500)	(616)	(63,116)
Loan forgiveness income	-	23,818	23,818
Other income	62	-	62
Transfers in	112,985	300,616	413,601
Transfers (out)	(126,985)	(183,516)	(310,501)
Total nonoperating revenues (expenses)	(61,337)	147,830	86,493
Change in net position	(234,795)	349,585	114,790
Net position, beginning of year	9,627,712	2,113,889	11,741,601
Net position, end of year	\$ 9,392,917	2,463,474	11,856,391

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, 2014

	Waste Water	Water	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 551,657	563,140	1,114,797
Cash payments to vendors and employees	(278,806)	(234,259)	(513,065)
Net cash provided by operating activities	<u>272,851</u>	<u>328,881</u>	<u>601,732</u>
Cash Flows From Noncapital and Related Financing Activities			
Other income	62	-	62
Operating transfers in	112,985	300,616	413,601
Operating transfers out	(126,985)	(183,516)	(310,501)
Net cash (used) provided by noncapital financing activities	<u>(13,938)</u>	<u>117,100</u>	<u>103,162</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(345,081)	(489,601)	(834,682)
Principle payment on bonds	(25,000)	-	(25,000)
Interest payment on bonds	(62,500)	-	(62,500)
Proceeds from the issuance of loans	-	95,272	95,272
Interest payment on loans	-	(616)	(616)
Net cash used by capital and related financing activities	<u>(432,581)</u>	<u>(394,945)</u>	<u>(827,526)</u>
Cash Flows From Investing Activities			
Interest income	15,101	10,618	25,719
Net cash provided by investing activities	<u>15,101</u>	<u>10,618</u>	<u>25,719</u>
Net change in cash and cash equivalents	(158,567)	61,654	(96,913)
Cash, beginning of year	827,639	567,995	1,395,634
Cash, end of year	<u>\$ 669,072</u>	<u>629,649</u>	<u>1,298,721</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, 2014

	Waste Water	Water	Total
Operating (loss) income	\$ (173,458)	201,755	28,297
Adjustments to reconcile operating income to net cash flows:			
Depreciation expense	461,686	108,880	570,566
Changes in assets and liabilities:			
Accounts receivable	(14,618)	15,844	1,226
Accounts payable	(565)	475	(90)
Accrued expenses	(194)	1,162	968
Deposits payable	-	765	765
Net cash provided by operating activities	\$ 272,851	328,881	601,732

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, 2014

ASSETS

Cash	\$ 10,608
Accounts receivable	2,541
Total assets	<u><u>\$ 13,149</u></u>

LIABILITIES

Due to other entities	\$ 13,149
Total liabilities	<u><u>\$ 13,149</u></u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, financial statements are presented for the Village and its component units. A legally separate organization that does not qualify as a primary government is a potential component unit. The normal criterion for deciding whether a potential component unit is, in fact, a component unit is financial accountability. Financial accountability is determined by analyzing fiscal dependency, board appointments, financial benefit or burden relationships, or the ability of the primary government to impose its will on the potential component unit. Based on these criteria, the Village has no component units.

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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

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.

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, 2014

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, 2014

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, 2014

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, 2014

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. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. 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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. 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.
- 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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Fund Balances (Continued)

Major Funds

The Village's general fund had restricted balances at June 30, 2014 in the amount of \$155,862, which consists of \$26,520 for unapplied reserve, \$47,491 for land, and reserves of \$44,085 for streets, \$12,606 for fire, and \$25,160 for police.

Other Funds

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

Capital Projects Fund: grant money of \$871 restricted by the grant document.

Corrections Fund: motor vehicle violation fee revenue of \$73,698 restricted by state statute for the costs of corrections.

Environmental Gross Receipts Tax Fund: gross receipts tax revenue of \$124,279 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 allotment of \$41,860 restricted by state statute for the operations and maintenance of the fire department.

Law Enforcement Protection Fund: annual law enforcement allotment of \$3,852 restricted by state statute for the operations and maintenance of the fire department.

Assigned funds consist of \$55,634 in the Streets Fund designated for the maintenance of Village roads, \$9,652 in the Recreation fund designated for Village recreational facilities and programs, \$47,679 in the EMS Tax Fund designated for emergency equipment and supplies, and \$20,892 in the Traffic Safety Fund designated for the purchase and maintenance of traffic safety equipment.

H. 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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

I. 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.

J. 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.

K. Budgetary Information

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

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

1. Prior to June 1, the Village Administrator submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
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.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

K. Budgetary Information (Continued)

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.

M. Implementation of New Accounting Standards

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. The statement will not have a material impact on the Village's financial statements.

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 66, *Technical Corrections – 2012, An Amendment of GASBS Statements No. 10 and No. 62*. The statement will not have a material impact on the Village's financial statements.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014, the Village's bank balance total of \$3,088,595 was exposed to credit risk in the amount of \$2,338,595 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 2,338,595</u>
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of federally insured balances at each financial institution.

The total balance in any single financial institution may at times exceed the FDIC coverage available to individual time deposits. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account. Non-interest bearing demand deposit accounts have unlimited FDIC coverage.

NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments & Transfers	Ending Balance
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 527,070	-	-	-	527,070
Construction in process	-	61,894	-	-	61,894
Total, not depreciated	\$ 527,070	61,894	-	-	588,964
Capital assets, depreciated					
Buildings and improvements	\$ 3,609,034	-	-	-	3,609,034
Vehicles	1,318,094	72,877	(72,242)	-	1,318,729
Machinery, equipment and furniture	1,302,890	14,258	-	-	1,317,148
Infrastructure	2,124,372	224,219	-	-	2,348,591
Total, depreciated	8,354,390	311,354	(72,242)	-	8,593,502
Accumulated depreciation for					
Buildings and improvements	1,416,275	141,159	-	-	1,557,434
Vehicles	941,500	58,623	(72,242)	-	927,881
Machinery, equipment and furniture	962,646	63,846	-	-	1,026,492
Infrastructure	713,156	106,692	-	-	819,848
Total accumulated depreciation	4,033,577	370,320	(72,242)	-	4,331,655
Total capital assets, depreciated, net	\$ 4,320,813	(58,966)	-	-	4,261,847
Total capital assets, net	\$ 4,847,883	2,928	-	-	4,850,811

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

General government	\$ 20,870
Public safety	213,487
Highways and streets	114,851
Culture and recreation	21,112
Total depreciation expense	\$ 370,320

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2014 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
Construction in process - Water	-	189,601	-	-	189,601
Total, not depreciated	\$ 1,543,336	189,601	-	-	1,732,937
Capital assets, depreciated:					
Waste Water:					
Buildings and improvements	\$ 13,540,508	313,441	-	-	13,853,949
Vehicles	306,494	31,640	-	-	338,134
Machinery and equipment	775,970	-	-	-	775,970
Water:					
Buildings and improvements	2,074,118	-	-	-	2,074,118
Vehicles	37,435	-	-	-	37,435
Machinery and equipment	41,664	300,000	-	-	341,664
Total, depreciated	16,776,189	645,081	-	-	17,421,270
Accumulated depreciation for:					
Waste Water	5,776,338	461,686	-	-	6,238,024
Water	1,006,167	108,880	-	-	1,115,047
Total accumulated depreciation	6,782,505	570,566	-	-	7,353,071
Total capital assets, depreciated, net	\$ 9,993,684	74,515	-	-	10,068,199
Total capital assets, net	\$ 11,537,020	264,116	-	-	11,801,136

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2014, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 39,729	37,817	(34,991)	42,555	42,555

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, 2014, the following changes occurred:

	Beginning Balance	Additions	Deletions/ Forgiveness	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 6,592	9,420	(9,257)	6,755	6,755
Notes payable	-	95,272	(23,818)	71,454	-
Bonds payable	1,250,000	-	(25,000)	1,225,000	25,000
Total	\$ 1,256,592	104,692	(58,075)	1,303,209	31,755

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Notes Payable. During the year ended June 30, 2014, the Village entered into a loan and subsidy agreement in the amount of \$748,000. The subsidy is 25% of the loan and will be forgiven as loan funds are spent up to a maximum of \$188,870. The remaining amount is a loan in the amount of \$566,610. The proceeds were used for water infrastructure improvements. The loan is to be paid in twenty yearly principal and interest payments of \$34,652 beginning in 2016. Interest accrues on the outstanding principal at 2.0%.

The current balance on the loan is \$71,454 and will increase to \$566,610 as construction draws are processed.

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ -	11,332	11,332
2016	23,320	11,332	34,652
2017	23,786	10,866	34,652
2018	24,262	10,390	34,652
2019	24,747	9,905	34,652
2020 to 2024	131,361	41,899	173,260
2025 to 2029	145,033	28,227	173,260
2030 to 2034	160,128	13,132	173,260
2035	33,973	679	34,652
	<u>\$ 566,610</u>	<u>137,762</u>	<u>704,372</u>

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	30,000	55,500	85,500
2020 to 2024	185,000	252,250	437,250
2025 to 2029	235,000	201,000	436,000
2030 to 2034	295,000	136,750	431,750
2035 to 2039	365,000	55,250	420,250
	<u>\$ 1,225,000</u>	<u>937,500</u>	<u>2,162,500</u>

NOTE 7. PROPERTY TAXES

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Transfers to the general fund from:	
Waste water	\$ 54,000
Water	142,899
General fund – interfund transfers	<u>50,000</u>
	<u>\$ 246,899</u>
Transfers from the general fund to:	
Nonmajor funds	\$ 600
Capital projects fund	870
General fund – interfund transfers	<u>50,000</u>
	<u>\$ 51,470</u>
Transfers to the capital projects fund from:	
Water	\$ 1
General fund	<u>870</u>
	<u>\$ 871</u>
Transfers from the capital project fund to:	
Water	<u>\$ 300,000</u>
Transfers to the waste water fund from:	
Water	\$ 40,000
Waste water – interfund transfers	<u>72,985</u>
	<u>\$ 112,985</u>
Transfers from the waste water fund to:	
General fund	\$ 54,000
Waste water – interfund transfers	<u>72,985</u>
	<u>\$ 126,985</u>
Transfers to the water fund from:	
Capital projects fund	\$ 300,000
Water – interfund transfers	<u>616</u>
	<u>\$ 300,616</u>
Transfers from the water fund to:	
General fund	\$ 142,899
Capital projects fund	1
Waste water	40,000
Water – interfund transfers	<u>616</u>
	<u>\$ 183,516</u>
Transfers to the nonmajor funds from:	
General fund	<u>\$ 600</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, 2014

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 employee's pay. The Village's contributions to PERA, including the 75% add back, for the years ending June 30, 2014, 2013, and 2012 were \$220,242, \$208,679, and, \$198,547, 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, 2014

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, 2014

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, 2014, 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, 2014, 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, 2014, 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, 2014, 2013 and 2012 were \$24,203, \$23,580, and \$20,296, respectively, which equal the required contributions for each year.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 13, 2014, the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2014.

NOTE 13. MATERIAL FUTURE LIABILITY FOR PENSION OBLIGATIONS

During the year ending June 30, 2015, the Villages subsequent year-end, the Village will adopt Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Once GASB No. 68 is implemented, the Village will be required to recognize a liability for the Village's proportionate share of the unfunded net pension liability for PERA. It is expected that the liability will be material to the financial statements.

VILLAGE OF BOSQUE FARMS, NEW MEXICO
NONMAJOR FUNDS
June 30, 2014

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 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, 2014

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
ASSETS			
Cash and cash equivalents	\$ 73,698	120,169	-
Receivables:			
Taxes:			
Gross receipts	-	4,110	-
Gasoline	-	-	-
	<hr/>		
Total assets	\$ 73,698	124,279	-
<hr/>			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
<hr/>			
FUND BALANCES			
Restricted, special revenues	73,698	124,279	-
Assigned, special revenues	-	-	-
	<hr/>		
Total fund balances	73,698	124,279	-
<hr/>			
Total liabilities and fund balances	\$ 73,698	124,279	-
<hr/>			

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2014

	Special Revenue		
	Fire Protection	Law Enforcement Protection	Streets
ASSETS			
Cash and cash equivalents	\$ 42,158	3,852	48,020
Receivables:			
Taxes:			
Gross receipts	-	-	-
Gasoline	-	-	7,614
Total assets	\$ 42,158	3,852	55,634
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 298	-	-
FUND BALANCES			
Restricted, special revenues	41,860	3,852	-
Assigned, special revenues	-	-	55,634
Total fund balances	41,860	3,852	55,634
Total liabilities and fund balances	\$ 42,158	3,852	55,634

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2014

	Special Revenue		
	Recreation	EMS Tax	Traffic Safety
ASSETS			
Cash and cash equivalents	\$ 9,652	42,343	20,892
Receivables:			
Taxes:			
Gross receipts	-	5,336	-
Gasoline	-	-	-
Total assets	\$ 9,652	47,679	20,892
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
FUND BALANCES			
Restricted, special revenues	-	-	-
Assigned, special revenues	9,652	47,679	20,892
Total fund balances	9,652	47,679	20,892
Total liabilities and fund balances	\$ 9,652	47,679	20,892

VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2014

	Total Nonmajor
ASSETS	
Cash and cash equivalents	\$ 360,784
Receivables:	
Taxes:	
Gross receipts	9,446
Gasoline	7,614
	<hr/>
Total assets	\$ 377,844
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 298
	<hr/>
FUND BALANCES	
Restricted, special revenues	243,689
Assigned, special revenues	133,857
	<hr/>
Total fund balances	377,546
	<hr/> <hr/>
Total liabilities and fund balances	\$ 377,844
	<hr/> <hr/>

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2014**

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues			
Taxes	\$ -	24,669	-
Licenses, permits, fees, and fines	9,963	-	-
From non-federal sources:			
Grants	-	-	5,257
Interest	651	564	-
Total revenues	10,614	25,233	5,257
Expenditures			
Current			
General government	-	1,792	-
Public safety	28,933	-	5,257
Highways and streets	-	-	-
Capital outlay	-	-	-
Total expenditures	28,933	1,792	5,257
(Deficiency) excess of revenues over expenditures before other financing sources	(18,319)	23,441	-
Other financing sources (uses)			
Operating transfers in	-	-	-
Net change in fund balances	(18,319)	23,441	-
Fund balance, beginning of year	92,017	100,838	-
Fund balance, end of year	\$ 73,698	124,279	-

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2014**

	Special Revenue		
	Fire Protection	Law Enforcement Protection	Streets
Revenues			
Taxes	\$ -	-	50,176
Licenses, permits, fees, and fines	-	-	-
From non-federal sources:			
Grants	78,317	28,400	174,000
Interest	-	-	40
Total revenues	78,317	28,400	224,216
Expenditures			
Current			
General government	-	-	-
Public safety	47,093	6,557	-
Highways and streets	-	-	13,393
Capital outlay	1,381	17,991	224,440
Total expenditures	48,474	24,548	237,833
(Deficiency) excess of revenues over expenditures before other financing sources	29,843	3,852	(13,617)
Other financing sources (uses)			
Operating transfers in	-	-	-
Net change in fund balances	29,843	3,852	(13,617)
Fund balance, beginning of year	12,017	-	69,251
Fund balance, end of year	\$ 41,860	3,852	55,634

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2014**

	Special Revenue		
	Recreation	EMS Tax	Traffic Safety
Revenues			
Taxes	\$ -	34,786	-
Licenses, permits, fees, and fines	-	-	8,907
From non-federal sources:			
Grants	-	-	-
Interest	-	-	-
Total revenues	-	34,786	8,907
Expenditures			
Current			
General government	-	-	-
Public safety	-	43,333	10,532
Highways and streets	-	-	-
Capital outlay	-	-	-
Total expenditures	-	43,333	10,532
(Deficiency) excess of revenues over expenditures before other financing sources	-	(8,547)	(1,625)
Other financing sources (uses)			
Operating transfers in	600	-	-
Net change in fund balances	600	(8,547)	(1,625)
Fund balance, beginning of year	9,052	56,226	22,517
Fund balance, end of year	\$ 9,652	47,679	20,892

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2014**

	Total Non-major
Revenues	
Taxes	\$ 109,631
Licenses, permits, fees, and fines	18,870
From non-federal sources:	
Grants	285,974
Interest	1,255
	<hr/>
Total revenues	415,730
	<hr/>
Expenditures	
Current	
General government	1,792
Public safety	141,705
Highways and streets	13,393
Capital outlay	243,812
	<hr/>
Total expenditures	400,702
	<hr/>
(Deficiency) excess of revenues over expenditures before other financing sources	15,028
	<hr/>
Other financing sources (uses)	
Operating transfers in	600
	<hr/>
Net change in fund balances	15,628
Fund balance, beginning of year	361,918
	<hr/>
Fund balance, end of year	\$ 377,546
	<hr/> <hr/>

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees, and fines	\$ 21,700	21,700	9,963	(11,737)
Interest	-	-	651	651
Total revenues	<u>21,700</u>	<u>21,700</u>	<u>10,614</u>	<u>(11,086)</u>
Expenditures				
Public safety	<u>30,300</u>	<u>33,800</u>	<u>30,088</u>	<u>3,712</u>
Total expenditures	<u>30,300</u>	<u>33,800</u>	<u>30,088</u>	<u>3,712</u>
Net change in fund balance	(8,600)	(12,100)	(19,474)	<u>(7,374)</u>
Prior year cash appropriated	<u>8,600</u>	<u>12,100</u>	<u>19,474</u>	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (19,474)	
Change from:				
Accounts payable			<u>1,155</u>	
GAAP change in fund balance			<u>\$ (18,319)</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, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 23,000	23,000	24,738	1,738
Interest	-	-	564	564
Total revenues	23,000	23,000	25,302	2,302
Expenditures				
General government	1,825	18,258	1,792	16,466
Total expenditures	1,825	18,258	1,792	16,466
Net change in fund balance	\$ 21,175	4,742	23,510	18,768
Non-GAAP change in fund balance			\$ 23,510	
Change from:				
Taxes receivable			<u>(69)</u>	
GAAP change in fund balance			<u>\$ 23,441</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, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Grants	\$ 5,258	5,258	5,257	(1)
Total revenues	<u>5,258</u>	<u>5,258</u>	<u>5,257</u>	<u>(1)</u>
Expenditures				
Public safety	5,258	7,130	5,257	1,873
Total expenditures	<u>5,258</u>	<u>7,130</u>	<u>5,257</u>	<u>1,873</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,872)</u>	<u>-</u>	<u>1,872</u>
Prior year cash appropriated		<u>1,872</u>		
		<u>-</u>		

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 78,317	78,317	78,317	-
Total revenues	78,317	78,317	78,317	-
Expenditures				
Public safety	78,317	78,317	46,977	31,340
Capital outlay	-	-	1,381	(1,381)
Total expenditures	78,317	78,317	48,358	29,959
Net change in fund balance	\$ -	-	29,959	29,959
Non-GAAP change in fund balance			\$ 29,959	
Change from:				
Accounts payable			(116)	
GAAP change in fund balance			\$ 29,843	

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 28,400	28,400	28,400	-
Total revenues	28,400	28,400	28,400	-
Expenditures				
Public safety	9,500	9,500	6,557	2,943
Capital outlay	18,900	18,900	17,991	909
Total expenditures	28,400	28,400	24,548	3,852
Net change in fund balance	\$ -	-	3,852	3,852

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
STREETS
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 34,970	44,981	49,195	4,214
Grants	129,000	174,000	174,000	-
Interest	-	-	40	40
Total revenues	163,970	218,981	223,235	4,254
Expenditures				
Highways and streets	13,375	13,375	13,393	(18)
Capital outlay	174,990	230,263	224,440	5,823
Total expenditures	188,365	243,638	237,833	5,805
Net change in fund balance	(24,395)	(24,657)	(14,598)	<u>10,059</u>
Prior year cash appropriated	24,395	24,657	14,598	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (14,598)	
Change from:				
Taxes receivable			<u>981</u>	
GAAP change in fund balance			<u>\$ (13,617)</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2014

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

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMS TAX
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 30,000	30,000	34,639	4,639
Intergovernmental	5,000	5,000	-	(5,000)
Total revenues	35,000	35,000	34,639	(361)
Expenditures				
Public safety	61,674	61,674	43,333	18,341
Capital outlay	4,500	4,500	-	4,500
Total expenditures	66,174	66,174	43,333	22,841
Net change in fund balance	(31,174)	(31,174)	(8,694)	22,480
Prior year cash appropriated	31,174	31,174	8,694	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (8,694)	
Change from:				
Taxes receivable			<u>147</u>	
GAAP change in fund balance			<u>\$ (8,547)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees, and fines	\$ 13,500	13,500	8,907	(4,593)
Total revenues	13,500	13,500	8,907	(4,593)
Expenditures				
Public safety	17,000	17,000	10,532	6,468
Total expenditures	17,000	17,000	10,532	6,468
Net change in fund balance	(3,500)	(3,500)	(1,625)	<u>1,875</u>
Prior year cash appropriated	3,500	3,500	1,625	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Expenditures				
Capital outlay	\$ 370,000	370,000	57,277	312,723
Excess of revenues over expenditures	(370,000)	(370,000)	(57,277)	312,723
Other financing sources				
Severance tax appropriations	370,000	370,000	356,406	(13,594)
Operating transfers in	871	871	871	-
Operating transfers out	-	-	(300,000)	(300,000)
Total other financing sources (uses)	370,871	370,871	57,277	(313,594)
Net change in fund balance	\$ 871	871	-	(871)
Non-GAAP change in fund balance			\$ -	
Change from:				
Grants receivable			871	
GAAP change in fund balance			\$ 871	

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 500,500	550,626	551,657	1,031
Interest	-	9,057	15,101	6,044
Other	11,100	11,100	62	(11,038)
Total revenues	511,600	570,783	566,820	(3,963)
Expenses				
Operating	307,719	491,133	278,806	212,327
Capital outlay	286,616	286,616	345,081	(58,465)
Debt service	88,000	88,000	87,500	500
Total expenditures	682,335	865,749	711,387	154,362
Excess of expenses over revenues	(170,735)	(294,966)	(144,567)	150,399
Other financing sources (uses)				
Operating transfers in	128,000	200,985	112,985	(88,000)
Operating transfers out	(196,000)	(196,000)	(126,985)	69,015
Total other financing sources (uses)	(68,000)	4,985	(14,000)	(18,985)
Change in net position	(238,735)	(289,981)	(158,567)	131,414
Prior year cash appropriated	238,735	289,981	158,567	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (158,567)	
Change from:				
Receivables			14,617	
Accounts payable			565	
Accrued compensation and benefits			(408)	
Compensated absences			602	
Non-budgeted items:				
Capitalized purchases			345,081	
Debt service - principal			25,000	
Depreciation			(461,685)	
GAAP change in net position			<u>\$ (234,795)</u>	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 547,770	551,168	563,140	11,972
Interest income	90	90	10,618	10,528
Loan forgiveness	-	-	23,818	23,818
Other income	28,000	28,000	-	(28,000)
Grants	-	755,480	-	(755,480)
Total revenues	575,860	1,334,738	597,576	(737,162)
Expenses				
Operating	328,226	328,226	234,584	93,642
Capital outlay	14,000	794,789	489,601	305,188
Debt service	9,538	9,538	616	8,922
Total expenditures	351,764	1,132,553	724,801	407,752
Excess of revenues over expenditures	224,096	202,185	(127,225)	(329,410)
Other financing sources (uses)				
Operating transfers in	9,538	-	300,616	300,616
Operating transfers out	(240,070)	(313,056)	(183,516)	129,540
Total other financing sources (uses)	(230,532)	(313,056)	117,100	430,156
Change in net position	(6,436)	(110,871)	(10,125)	100,746
Prior year cash appropriated	6,436	110,871	10,125	
	\$ -	-	-	
Non-GAAP change in fund balance			\$ (10,125)	
Change from:				
Receivables			(15,843)	
Interest receivable			(3,090)	
Accounts payable			(475)	
Accrued compensation and benefits			(837)	
Compensated absences			(765)	
Non-budgeted items:				
Capitalized purchases			489,601	
Depreciation			(108,881)	
GAAP change in net position			\$ 349,585	

VILLAGE OF BOSQUE FARMS, NEW MEXICO
AGENCY FUNDS
June 30, 2014

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, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
MUNICIPAL JUDGE'S FUND				
ASSETS				
Cash	\$ 4,100	5,341	4,100	5,341
Accounts receivable	2,541	-	-	2,541
Total assets	\$ 6,641	5,341	4,100	7,882
LIABILITIES				
Due to other entities	\$ 6,641	5,341	4,100	7,882
Total liabilities	\$ 6,641	5,341	4,100	7,882
MUNICIPAL JUDGE'S BOND FUND				
ASSETS				
Cash	\$ 2,483	8,594	6,812	4,265
Total assets	\$ 2,483	8,594	6,812	4,265
LIABILITIES				
Due to other entities	\$ 2,483	8,594	6,812	4,265
Total liabilities	\$ 2,483	8,594	6,812	4,265
LIVING CROSS EMS				
ASSETS				
Cash	\$ -	19,682	18,680	1,002
Total assets	\$ -	19,682	18,680	1,002
LIABILITIES				
Due to other entities	\$ -	19,682	18,680	1,002
Total liabilities	\$ -	19,682	18,680	1,002
TOTAL				
ASSETS				
Cash	\$ 6,583	33,617	29,592	10,608
Accounts receivable	2,541	-	-	2,541
Total assets	\$ 9,124	33,617	29,592	13,149
LIABILITIES				
Due to other entities	\$ 9,124	33,617	29,592	13,149
Total liabilities	\$ 9,124	33,617	29,592	13,149

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2014

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Non-Int bearing checking	US Bank	General Pooled Cash	\$ 871,834	852,574
Non-Int bearing checking	US Bank	Special Revenue Pooled Cash	160,939	152,318
Non-Int bearing checking	US Bank	Utility Enterprise Account	132,871	129,724
Non-Int bearing checking	US Bank	Payroll Account	28,224	-
Money market	US Bank	Money Market - High Wealth	463,387	463,387
CD	US Bank	Certificate of Deposit	1,021,586	1,021,586
CD	First American Bank	Certificate of Deposit	402,343	402,343
Cash and cash equivalents - non-agency funds			3,081,184	3,021,932
	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			\$ 3,081,184	3,022,282
Agency funds cash accounts:				
Non-Int bearing checking	US Bank	Municipal Court Pooled Cash	\$ 7,411	10,608

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2014

	US Bank	First American Bank	Total
Deposits at June 30, 2014	\$ 2,686,252	402,343	3,088,595
Less: FDIC coverage	500,000	250,000	750,000
Uninsured public funds	2,186,252	152,343	2,338,595
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	2,531,575	325,000	2,856,575
Uninsured and uncollateralized	\$ -	-	-
50% pledged collateral requirement per statute	\$ 1,093,126	76,172	1,169,298
Total pledged collateral	2,531,575	325,000	2,856,575
Pledged collateral over the requirement	\$ (1,438,449)	(248,829)	(1,687,278)

Pledged collateral at June 30, 2014 consists of the following:

Security	CUSIP	Maturity	Market Value	Par Value	Total
FNMA Pool 890193 Bond	31410K7E8	8/1/2025	\$ 1,324,376	-	1,324,376
FNMA Pool AB4480 25DD Bond	31417A6S3	2/1/2027	1,207,199	-	1,207,199
Ruidoso NM Muni School District Bor	781338HR2	8/1/2021	-	325,000	325,000
			\$ 2,531,575	325,000	2,856,575

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, 2014

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	\$ 17,623	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	\$ 29,075	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, 2014**

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining
13-L-1807	2013	06/30/2017	\$ 70,000	56,728	13,272
13-1521-STB	2013	06/30/2014	300,000	299,678	322

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, 2014, 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 13, 2014.

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.



Albuquerque, New Mexico
November 13, 2014

VILLAGE OF BOSQUE FARMS, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014

None

**VILLAGE OF BOSQUE FARMS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

None

VILLAGE OF BOSQUE FARMS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2014

An exit conference was held on November 19, 2014, and attended by the following:

Village of Bosque Farms, New Mexico

Robert G. Knowlton, Mayor
Dolly Wallace, 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.