

**STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS**

Annual Financial Report
For the Year Ended June 30, 2019

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VILLAGE OF BOSQUE FARMS
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VILLAGE OF BOSQUE FARMS
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STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
List of Principal Officials
June 30, 2019

Name

Title

Elected Officials

Wayne Ake	Mayor
Russell W. Walkup	Mayor Pro-Tem
William Kennedy	Councilor
Chad Wood	Councilor
Ronita Wood	Councilor

Administrative Officials

Gayle Jones	Clerk/Administrator
Yvonne Maes	Treasurer (as of July 2019)
Michelle Fryhover	Treasurer (through July 2019)

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Wayne Ake, Mayor
Village Council of Village of Bosque Farms
State of New Mexico Village of Bosque Farms
1455 W. Bosque Loop
Bosque Farms, NM 87068

and Honorable State Auditor Brian S. Colón, Esq.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Bosque Farms, New Mexico (Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements 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.

Auditors' 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.

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, the aggregate remaining fund information, and budgetary comparisons for the general fund and major special revenue funds of the Village, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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 the Management 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.

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions, and the Notes to the Required Supplementary Information on pages 46-48 and the Schedule of Employer's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability on page 49 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual non-major fund financial statements, the budgetary comparisons, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

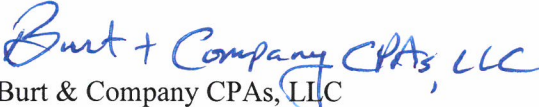
The combining and individual non-major fund financial statements, and the schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying

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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and the other schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplemental information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, 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 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 Village's internal control over financial reporting and compliance.


Burt & Company CPAs, LLC

December 16, 2019

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,547,854	1,780,224	3,328,078
Receivables:			
Taxes:			
Gross receipts	239,376	-	239,376
Gasoline	4,164	-	4,164
Motor vehicle	2,646	-	2,646
Property	4,371	-	4,371
Franchise	24,146	-	24,146
Other	10,719	-	10,719
Grants	20,669	-	20,669
Accounts receivable, net of allowance	-	140,821	140,821
Restricted cash	-	83,292	83,292
Capital assets, not depreciated	560,247	1,543,336	2,103,583
Capital assets, net of accumulated depreciation	4,205,523	8,793,543	12,999,066
Total assets	6,619,715	12,341,216	18,960,931
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	820,357	42,514	862,871
Deferred outflows of resources related to OPEB	71,891	-	71,891
Total deferred outflows of resources	892,248	42,514	934,762
LIABILITIES			
Accounts payable	61,888	28,643	90,531
Accrued compensation and benefits	57,006	10,811	67,817
Interest payable	-	3,817	3,817
Deposits payable	-	49,425	49,425
Compensated absences, due in one year	34,156	4,584	38,740
Compensated absences, due in more than one year	9,115	3,841	12,956
Long-term liabilities, due in one year	-	57,263	57,263
Long-term liabilities, due in more than one year	-	1,318,288	1,318,288
Net pension liability	2,790,552	146,549	2,937,101
Net OPEB liability	1,311,464	-	1,311,464
Total liabilities	4,264,181	1,623,221	5,887,402
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to grants	3,261	-	3,261
Deferred inflows of resources related to pensions	281,347	9,277	290,624
Deferred inflows of resources related to OPEB	338,858	-	338,858
Total deferred inflows of resources	623,466	9,277	632,743
NET POSITION			
Net investment in capital assets	4,765,770	8,961,328	13,727,098
Restricted for debt service	-	83,292	83,292
Unrestricted	(2,141,454)	1,706,612	(434,842)
Total net position	\$ 2,624,316	10,751,232	13,375,548

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Government Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 855,311	116,994	137,076	521,276	(79,965)	-	(79,965)
Public safety	1,967,365	24,505	199,957	-	(1,742,903)	-	(1,742,903)
Highways and streets	259,788	-	-	-	(259,788)	-	(259,788)
Culture and recreation	233,164	-	15,720	-	(217,444)	-	(217,444)
Total government activities	<u>3,315,628</u>	<u>141,499</u>	<u>352,753</u>	<u>521,276</u>	<u>(2,300,100)</u>	<u>-</u>	<u>(2,300,100)</u>
Business-type activities							
Waste water	895,106	711,565	-	-	-	(183,541)	(183,541)
Water	492,483	715,875	-	-	-	223,392	223,392
Interest on long-term debt	<u>41,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,574)</u>	<u>(41,574)</u>
Total business-type activities	<u>1,429,163</u>	<u>1,427,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,723)</u>	<u>(1,723)</u>
Total primary government	\$ <u>4,744,791</u>	<u>1,568,939</u>	<u>352,753</u>	<u>521,276</u>	<u>(2,300,100)</u>	<u>(1,723)</u>	<u>(2,301,823)</u>
General revenues:							
Taxes:							
Franchise taxes				\$ 119,370	-		119,370
Gasoline taxes				51,711	-		51,711
Gross receipts taxes				1,344,818	-		1,344,818
Property taxes				250,814	-		250,814
Motor vehicle registration				29,326	-		29,326
EMS taxes				97,002	-		97,002
Other				99,404	20,196		119,600
Interest				10,266	5,000		15,266
Joint power agreement payments				248,520	-		248,520
Transfers				200,000	(200,000)		-
Total general revenues and transfers				<u>2,451,231</u>	<u>(174,804)</u>		<u>2,276,427</u>
Gain (loss) on asset disposal				1,058		3,040	4,098
Changes in net position					152,189	(173,487)	(21,298)
Net position - beginning					2,472,127	10,924,719	13,396,846
Net position - ending				\$	<u>2,624,316</u>	<u>10,751,232</u>	<u>13,375,548</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Balance Sheet – Governmental Funds
June 30, 2019

	General	Streets	Fire Protection	Non-Major Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,297,256	57,682	24,774	168,142	1,547,854
Receivables:					
Taxes:					
Gross receipts	224,834	-	-	21,500	246,334
Gasoline	-	-	-	-	-
Motor vehicle	2,646	4,164	-	-	6,810
Property	4,371	-	-	-	4,371
Franchise	24,146	-	-	-	24,146
Other	3,761	-	-	-	3,761
Grants	1,267	2,405	-	16,997	20,669
Total assets	<u>\$ 1,558,281</u>	<u>64,251</u>	<u>24,774</u>	<u>206,639</u>	<u>1,853,945</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 32,379	8,964	1,394	19,151	61,888
Accrued compensation and benefits	54,910	-	-	2,096	57,006
Unearned revenue	-	3,261	-	-	3,261
Total liabilities	<u>87,289</u>	<u>12,225</u>	<u>1,394</u>	<u>21,247</u>	<u>122,155</u>
FUND BALANCES					
Restricted for:					
Special revenue funds	-	-	23,380	89,855	113,235
Capital projects funds	-	-	-	-	-
Committed reported in:					
General fund	-	-	-	-	-
Subsequent years expenditures	236,169	-	-	-	236,169
Assigned to:					
Special revenue funds	-	52,026	-	95,537	147,563
Unassigned:					
General fund	1,234,823	-	-	-	1,234,823
Total fund balances	<u>1,470,992</u>	<u>52,026</u>	<u>23,380</u>	<u>185,392</u>	<u>1,731,790</u>
Total liabilities and fund balances	<u>\$ 1,558,281</u>	<u>64,251</u>	<u>24,774</u>	<u>206,639</u>	<u>1,853,945</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2019

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

Total fund balance - Governmental funds	\$ 1,731,790
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,765,770
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	-
Accrued compensated absences not payable from current revenues.	(43,271)
Long-term liabilities, including net pension liability and net OPEB liability, are not due and payable in the current period and therefore are not reported in the governmental fund.	(4,102,016)
Deferred outflows of resources related to pension are not due and payable in the current period and therefore are not reported in the governmental funds.	820,357
Deferred outflows of resources related to OPEB are not due and payable in the current period and therefore are not reported in the governmental funds.	71,891
Deferred inflows of resources related to pensions are received in the current period and therefore are not reported in the governmental funds.	(281,347)
Deferred inflows of resources related to OPEB are received in the current period and therefore are not reported in the governmental funds.	<u>(338,858)</u>
Net position of governmental activities	\$ <u>2,624,316</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Streets	Fire Protection	Non-Major Governmental Funds	Total
Revenues:					
Taxes	\$ 1,716,141	51,711	-	125,189	1,893,041
Licenses, permits, fees, and fines	116,994	-	-	24,505	141,499
From federal sources:					
Grants	-	124,832	166,350	-	291,182
From non-federal sources:					
Grants	27,964	-	-	164,607	192,571
Intergovernmental	638,796	-	-	-	638,796
Interest	9,105	-	-	1,161	10,266
Other	39,754	-	-	60,708	100,462
Total revenues	<u>2,548,754</u>	<u>176,543</u>	<u>166,350</u>	<u>376,170</u>	<u>3,267,817</u>
Expenditures:					
Current:					
General government	591,399	-	-	34,652	626,051
Public safety	1,561,236	-	138,946	172,256	1,872,438
Highways and streets	166,890	3,434	-	-	170,324
Culture and recreation	174,867	-	-	-	174,867
Capital outlay	56,943	169,378	16,061	145,021	387,403
Total expenditures	<u>2,551,335</u>	<u>172,812</u>	<u>155,007</u>	<u>351,929</u>	<u>3,231,083</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(2,581)</u>	<u>3,731</u>	<u>11,343</u>	<u>24,241</u>	<u>36,734</u>
Other financing sources (uses)					
Severance tax appropriation	-	-	-	-	-
Transfers in	340,935	-	-	157,932	498,867
Transfers out	<u>(157,932)</u>	<u>-</u>	<u>-</u>	<u>(140,935)</u>	<u>(298,867)</u>
Total other financing sources (uses)	<u>183,003</u>	<u>-</u>	<u>-</u>	<u>16,997</u>	<u>200,000</u>
Net change in fund balance	180,422	3,731	11,343	41,238	236,734
Fund balance beginning of year	<u>1,290,570</u>	<u>48,295</u>	<u>12,037</u>	<u>144,154</u>	<u>1,495,056</u>
Ending fund balance	<u>\$ 1,470,992</u>	<u>52,026</u>	<u>23,380</u>	<u>185,392</u>	<u>1,731,790</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

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

Net changes in fund balances - Governmental funds	\$	236,734
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>		
Depreciation expense	\$	(391,616)
Capital outlay		<u>426,558</u>
Excess of depreciation over capital outlay		34,942
<p>Change in accrued compensated absences are expensed under the accrual method, and not the modified accrual method.</p>		
		9,153
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions.		(146,080)
Change in OPEB liability and the related deferred inflows and deferred inflows of resources related to OPEB.		<u>17,440</u>
Change in net position of governmental activities	\$	<u>152,189</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,782,224	1,782,224	1,460,144	(322,080)
Licenses and permits	120,700	120,700	116,994	(3,706)
Grants	74,750	74,750	24,030	(50,720)
Intergovernmental	200,000	200,000	638,796	438,796
Interest	-	-	9,105	9,105
Other	<u>350,797</u>	<u>355,507</u>	<u>38,660</u>	<u>(316,847)</u>
Total revenues	<u>2,528,471</u>	<u>2,533,181</u>	<u>2,287,729</u>	<u>(245,452)</u>
Expenditures:				
General government	619,141	658,236	577,551	80,685
Public safety	1,574,035	1,650,817	1,549,663	101,154
Highways and streets	212,301	215,066	162,342	52,724
Culture and recreation	185,591	199,721	171,333	28,388
Capital outlay	<u>120,048</u>	<u>110,183</u>	<u>56,555</u>	<u>53,628</u>
Total expenditures	<u>2,711,116</u>	<u>2,834,023</u>	<u>2,517,444</u>	<u>316,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(182,645)</u>	<u>(300,842)</u>	<u>(229,715)</u>	<u>71,127</u>
Other financing sources (uses):				
Operating transfers in	332,405	332,405	340,935	8,530
Operating transfers out	<u>-</u>	<u>-</u>	<u>(157,932)</u>	<u>(157,932)</u>
Total other financing sources (uses)	<u>332,405</u>	<u>332,405</u>	<u>183,003</u>	<u>(149,402)</u>
Net change in fund balance	149,760	31,563	(46,712)	(78,275)
Prior year cash appropriated	<u>1,350,019</u>	<u>1,360,263</u>		
	<u>\$ 1,499,779</u>	<u>1,391,826</u>		
Non-GAAP change in fund balance			\$ (46,712)	
Change from:				
Taxes receivable			255,997	
Other receivable			5,028	
Accounts payable			(32,379)	
Accrued compensation and benefits			<u>(1,512)</u>	
GAAP change in fund balance			<u>\$ 180,422</u>	

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Streets Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual (Non- GAAP Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 51,500	52,500	47,547	(4,953)
Grants	457,500	479,656	125,688	(353,968)
Other	-	-	-	-
Total revenues	<u>509,000</u>	<u>532,156</u>	<u>173,235</u>	<u>(358,921)</u>
Expenditures:				
Highways and streets	<u>524,100</u>	<u>524,100</u>	<u>163,848</u>	<u>360,252</u>
Total expenditures	<u>524,100</u>	<u>524,100</u>	<u>163,848</u>	<u>360,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,100)</u>	<u>8,056</u>	<u>9,387</u>	<u>1,331</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(15,100)	8,056	9,387	1,331
Prior year cash appropriated	<u>71,663</u>	<u>71,663</u>		
	<u>\$ 56,563</u>	<u>79,719</u>		
Non-GAAP change in fund balance		\$	9,387	
Change from:				
Taxes receivable			4,164	
Grants receivable			2,405	
Accounts payable			(8,964)	
Deferred revenue			<u>(3,261)</u>	
GAAP change in fund balance		\$	<u>3,731</u>	

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Fire Protection Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 95,950	164,350	166,350	2,000
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	95,950	164,350	166,350	2,000
Expenditures:				
Public Safety	63,950	76,009	137,552	(61,543)
Capital outlay	<u>45,018</u>	<u>101,359</u>	<u>16,061</u>	<u>85,298</u>
Total expenditures	<u>108,968</u>	<u>177,368</u>	<u>153,613</u>	<u>23,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,018)</u>	<u>(13,018)</u>	<u>12,737</u>	<u>25,755</u>
Other financing sources (uses):				
Gain (loss) on asset disposal	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(13,018)	(13,018)	12,737	25,755
Prior year cash appropriated	<u>13,018</u>	<u>13,018</u>		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 12,737	
Change from:				
Accounts payable			<u>(1,394)</u>	
GAAP change in fund balance			<u>\$ 11,343</u>	

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Net Position
Proprietary Funds
June 30, 2019

	<u>Waste Water</u>	<u>Water</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 794,905	985,319	1,780,224
Accounts receivable, net of allowance	75,731	65,090	140,821
Restricted cash	83,292	-	83,292
Total current assets	<u>953,928</u>	<u>1,050,409</u>	<u>2,004,337</u>
Capital assets			
Land and water rights	1,154,573	388,763	1,543,336
Plant and equipment	16,399,237	3,362,503	19,761,740
Accumulated depreciation	<u>(9,032,540)</u>	<u>(1,935,657)</u>	<u>(10,968,197)</u>
Total capital assets, net of accumulated depreciation	<u>8,521,270</u>	<u>1,815,609</u>	<u>10,336,879</u>
Total assets	<u>9,475,198</u>	<u>2,866,018</u>	<u>12,341,216</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>16,547</u>	<u>25,967</u>	<u>42,514</u>
LIABILITIES			
Current liabilities			
Accounts payable	18,949	9,694	28,643
Accrued compensation and benefits	3,315	7,496	10,811
Interest payable	2,835	982	3,817
Deposits payable	-	49,425	49,425
Compensated absences - current	1,623	2,961	4,584
Loans payable - current	-	16,027	16,027
Bonds payable - current	41,236	-	41,236
Total current liabilities	<u>67,958</u>	<u>86,585</u>	<u>154,543</u>
Noncurrent liabilities			
Compensated absences - long-term	1,604	2,237	3,841
Loans payable	-	282,702	282,702
Bonds payable	1,035,586	-	1,035,586
Net pension liability	57,040	89,509	146,549
Total noncurrent liabilities	<u>1,094,230</u>	<u>374,448</u>	<u>1,468,678</u>
Total liabilities	<u>1,162,188</u>	<u>461,033</u>	<u>1,623,221</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>3,611</u>	<u>5,666</u>	<u>9,277</u>
NET POSITION			
Net investments in capital assets	7,444,448	1,516,880	8,961,328
Restricted for debt service	83,292	-	83,292
Unrestricted	798,206	908,406	1,706,612
Total net position	<u>\$ 8,325,946</u>	<u>2,425,286</u>	<u>10,751,232</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Revenues, Expenses, and Changes in Fund Net Position-
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Waste Water</u>	<u>Water</u>	<u>Total</u>
Operating revenues			
Sales and services	\$ <u>711,565</u>	<u>715,875</u>	<u>1,427,440</u>
Operating expenses			
Depreciation	<u>324,040</u>	<u>334,696</u>	<u>658,736</u>
	<u>571,066</u>	<u>157,787</u>	<u>728,853</u>
Total operating expenses	<u>895,106</u>	<u>492,483</u>	<u>1,387,589</u>
Operating (loss) income	<u>(183,541)</u>	<u>223,392</u>	<u>39,851</u>
Nonoperating revenues (expenses)			
Interest income	2,034	2,966	5,000
Interest expense	(35,437)	(6,137)	(41,574)
Other income	14,302	5,894	20,196
Gain (loss) on asset disposal	-	3,040	3,040
Transfers in	15,000	-	15,000
Transfers out	<u>-</u>	<u>(215,000)</u>	<u>(215,000)</u>
Total nonoperating revenues (expenses)	<u>(4,101)</u>	<u>(209,237)</u>	<u>(213,338)</u>
Change in net position	<u>(187,642)</u>	<u>14,155</u>	<u>(173,487)</u>
Net position, beginning of year	<u>8,513,588</u>	<u>2,411,131</u>	<u>10,924,719</u>
Net position, end of year	\$ <u>8,325,946</u>	<u>2,425,286</u>	<u>10,751,232</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Waste Water</u>	<u>Water</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 694,908	704,928	1,399,836
Cash paid to employees	(86,419)	(48,194)	(134,613)
Cash payments to vendors	(227,752)	(268,282)	(496,034)
Net cash provided by operating activities	<u>380,737</u>	<u>388,452</u>	<u>769,189</u>
Cash flows from noncapital and related financing activities			
Other income	14,302	5,894	20,196
Operating transfers in	15,000	-	15,000
Operating transfers out	-	(215,000)	(215,000)
Net cash provided (used) by noncapital financing activities	<u>29,302</u>	<u>(209,106)</u>	<u>(179,804)</u>
Cash flows from capital and related financing activities			
Financing activities			
Purchase of capital assets	(278,879)	(12,485)	(291,364)
Gain on disposal of assets	-	3,040	3,040
Principal payment on bonds	(40,703)	-	(40,703)
Principal payment on loans	-	(15,713)	(15,713)
Interest payment on bonds	(35,481)	-	(35,481)
Interest payment on loans	-	(6,289)	(6,289)
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(355,063)</u>	<u>(31,447)</u>	<u>(386,510)</u>
Cash flows from investing activities			
Interest income	2,034	2,966	5,000
Net cash provided by investing activities	<u>2,034</u>	<u>2,966</u>	<u>5,000</u>
Net change in cash and cash equivalents	57,010	150,865	207,875
Cash, beginning of year	821,187	834,454	1,655,641
Cash, end of year	\$ <u>878,197</u>	<u>985,319</u>	<u>1,863,516</u>
Operating (loss) income	\$ (183,541)	223,392	39,851
Adjustments to reconcile operating income to net cash flows:			
Depreciation expense	571,066	157,787	728,853
Changes in assets and liabilities:			
Accounts receivable	(16,657)	(10,947)	(27,604)
Deferred outflows of resources	(4,897)	(10,845)	(15,742)
Accounts payable	7,556	(1,293)	6,263
Accrued expenses	(149)	2,020	1,871
Accrued compensated absences	(331)	854	523
Deposits payable	-	1,050	1,050
Net pension liability	9,815	28,214	38,029
Deferred inflows of resources	(2,125)	(1,780)	(3,905)
Net cash provided by operating activities	<u>\$ 380,737</u>	<u>388,452</u>	<u>769,189</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

ASSETS

Cash	\$	7,984
Accounts receivable		<u>2,541</u>
Total assets	\$	<u><u>10,525</u></u>

LIABILITIES

Due to other entities	\$	<u>10,525</u>
Total liabilities	\$	<u><u>10,525</u></u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies

Nature of Entity. The State of New Mexico 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.

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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

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 Governmental Accounting Standards Board (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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

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 unavailable revenue on its combined balance sheet. Unavailable revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unavailable 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.

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.

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.

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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

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.

Operating revenues, such as charges for services, in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, such as subsidies/grants and investment earnings, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

B. Cash and Cash Equivalents (continued)

2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations.
3. Credit unions, pursuant to State Board of Finance Collateral Policies.
4. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
5. Investments in the New Mexico State Treasurer external investment pool (Local Government investment Pool).

Reserve Requirements

The New Mexico Department of Finance and Administration (DFA) requires New Mexico municipalities to maintain a cash balance in the General Fund of at least 1/12th (8.33%) of the General Fund's budgeted expenditures in order to maintain adequate cash flow until the next significant property tax collection. The Village met and exceeded the State's cash reserve requirements. The General Fund's cash reserve at June 30, 2019 was \$1,297,256 or 45.8% of the General Fund's final budget, exceeding the 1/12th reserve requirement.

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.

GASB 34 Basic Financial Statements and Management's 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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

C. Capital Assets (continued)

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

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

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

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

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

D. 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 element, deferred inflows of resources, represents an acquisition of net position that applies to 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 grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

F. Pensions – Deferred Inflows and Deferred Outflows of Resources

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, which is the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized in accordance with the benefit terms. Investments are reported at fair value.

G. Postemployment Benefits Other Than Pensions (OPEB) – Deferred Inflows and Deferred Outflows of Resources

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. 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.

I. 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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

I. Fund Balances (continued)

- 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 nonrestricted fund balance is available, the Village considers restricted funds to have been spent first.

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

Major Funds

General Fund: The Village's general fund had committed balances at June 30, 2019 in the amount of \$236,169, for subsequent years expenditures. See footnote O.

Streets Fund: The Village's streets fund had an Assigned Fund Balance designated for the maintenance of Village roads at June 30, 2019 in the amount of \$52,026.

Fire Protection Fund: Annual fire allotment of \$23,380 restricted by state statute for the operations and maintenance of the fire department.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

I. Fund Balances (continued)

Other Funds

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

Capital Projects Fund: Grant money of \$16,997 restricted by the grant document.

Corrections Fund: Motor vehicle violation fee revenue of \$2,146 restricted by state statute for the costs of corrections.

Environmental Gross Receipts Tax Fund: Gross receipts tax revenue of \$70,712 restricted by Joint Powers Agreement for the acquisition, construction, operation, and maintenance of wastewater and water facilities, sewer systems and related facilities.

Assigned funds consist of \$10,436 in the Recreation Fund designated for Village recreational facilities and programs, \$56,967 in the EMS Tax Fund designated for emergency equipment and supplies, \$6,297 in the Nominal Fee Fund designated for volunteer firefighters and volunteer EMS, and \$21,837 in the Traffic Safety Fund designated for the purchase and maintenance of traffic safety equipment.

J. 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.

K. 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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

L. 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.

M. 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.
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.
5. The Village does not budget for depreciation.

N. 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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

O. Fund Balance for Subsequent Years Expenditures

According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the Village is required to reserve 1/12th of the General Fund's budgeted expenditures (\$236,170) for subsequent year expenditures to maintain an adequate cash flow. The Village has incorporated this reserve requirement within its financial policies approved by the Village Council. These balances are reported as assigned to subsequent years expenditures in the General Fund. The Village is in compliance with these DFA requirements.

2. Cash and Cash Equivalents

The Village's cash balances consist of demand deposits, CDs, and a money market account. The majority of the Village's cash and investments in the governmental funds are pooled. All interest income is accounted for in the related funds. The Village does not have a deposit policy. The Village's cash and cash equivalents are listed in the accompanying Schedule of Depositories.

The following is a summary of the Village's cash and cash equivalents balances by fund type as of June 30, 2019:

Type	Amount
Cash and cash equivalents	
Governmental funds	\$ 1,547,854
Business-Type activities	1,863,516
Fiduciary funds	7,984
Total cash and cash equivalents	\$ 3,419,354

Custodial Credit Risk. 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, 2019, the Village's bank balance total of \$3,412,844 was exposed to credit risk as follows:

Insured through federal depository insurance	\$ 500,000
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Village's name	2,402,907
Uninsured and uncollateralized	509,937
Total deposits	\$ 3,412,844

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

2. Cash and Cash Equivalents (continued)

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 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.

3. 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.

	Waste Water Fund	Water Fund	Total Receivables
Accounts receivable	\$ 86,387	76,419	162,806
Less: Allowance for uncollectible	(10,656)	(11,329)	(21,985)
Net receivables	\$ 75,731	65,090	140,821

The Village maintains an allowance for uncollectible receivable balance in the Waste Water Fund and the Water Fund that consist of balances that are not expected to be collected within one year and which are deemed uncollectible, and have a lien placed on the account. These balances became legally uncollectible when "any debt that is not enforceable in a judicial proceeding because the applicable statute of limitations has run out" NMAC 12.2.12.7(I). The Village may remove legally uncollectible debt that is four years old, and that is contractually six years old as permitted by NMSA 1978 3-37-7.

4. Capital Assets

Governmental fund capital asset activity for the year ending June 30, 2019 was as follows:

	Beginning Balance	Additions	Transfers or Deletions	Ending Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 527,070	-	-	527,070
Construction in progress	-	33,177	-	33,177
Total, not depreciated	\$ 527,070	33,177	-	560,247

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

4. Capital Assets (continued)

	Beginning Balance	Additions	Transfers or Deletions	Ending Balance
Capital assets, depreciated				
Buildings and improvements	\$ 3,837,252	-	-	3,837,252
Vehicles	1,626,894	152,657	(74,963)	1,704,588
Machinery, equipment and furniture	1,355,175	74,281	-	1,429,456
Infrastructure	<u>3,003,983</u>	<u>166,443</u>	<u>-</u>	<u>3,170,426</u>
Total capital assets being depreciated	9,823,304	393,381	(74,963)	10,141,722
Accumulated depreciation for:				
Buildings and improvements	2,150,089	154,485	-	2,304,574
Vehicles	865,199	113,215	(74,963)	903,451
Machinery, equipment and furniture	1,304,917	37,003	-	1,341,920
Infrastructure	<u>1,299,341</u>	<u>86,913</u>	<u>-</u>	<u>1,386,254</u>
Total accumulated depreciation	<u>5,619,546</u>	<u>391,616</u>	<u>(74,963)</u>	<u>5,936,199</u>
Total capital assets, depreciated, net	\$ <u>4,203,758</u>	<u>1,765</u>	<u>-</u>	<u>4,205,523</u>
Total capital assets, net	\$ <u>4,730,828</u>	<u>34,942</u>	<u>-</u>	<u>4,765,770</u>

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

General government	\$ 40,916
Public safety	205,874
Highways and streets	86,529
Culture and recreation	<u>58,297</u>
Total depreciation expense	<u>\$ 391,616</u>

Enterprise funds capital asset activity for the year ending June 30, 2019 was as follows:

	Beginning Balance	Additions	Transfers or Deletions	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	<u>374,626</u>	<u>-</u>	<u>-</u>	<u>374,626</u>
Total, not depreciated	\$ <u>1,543,336</u>	<u>-</u>	<u>-</u>	<u>1,543,336</u>

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

4. Capital Assets (continued)

	Beginning Balance	Additions	Transfers or Deletions	Ending Balance
Capital assets, depreciated				
Waste water:				
Buildings and improvements	\$ 14,726,651	222,535	-	14,949,186
Vehicles	348,960	56,344	(18,074)	387,230
Machinery and equipment	1,062,821	-	-	1,062,821
Water:				
Buildings and improvements	2,633,060	12,485	-	2,645,545
Vehicles	21,117	-	-	21,117
Machinery and equipment	695,841	-	-	695,841
Total, depreciated	<u>19,488,450</u>	<u>291,364</u>	<u>(18,074)</u>	<u>19,761,740</u>
Accumulated depreciation for:				
Waste water	8,479,548	571,066	(18,074)	9,032,540
Water	1,777,870	157,787	-	1,935,657
Total accumulated depreciation	<u>10,257,418</u>	<u>728,853</u>	<u>(18,074)</u>	<u>10,968,197</u>
Total capital assets, depreciated, net	\$ <u>9,231,032</u>	<u>(437,489)</u>	<u>-</u>	<u>8,793,543</u>
Total capital assets, net of depreciation	\$ <u>10,774,368</u>	<u>(437,489)</u>	<u>-</u>	<u>10,336,879</u>

Depreciation expense for the Enterprise funds is \$728,853 at June 30, 2019.

5. Long-Term Obligations – Governmental Activities

During the year ended June 30, 2019, the following changes occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 52,424	48,672	57,825	43,271	34,156
Net pension liability	2,271,477	519,075	-	2,790,552	-
Net OPEB liability	1,320,983	-	9,519	1,311,464	-
Total	\$ <u>3,644,884</u>	<u>567,747</u>	<u>67,344</u>	<u>4,145,287</u>	<u>34,156</u>

Accrued Compensated Absences. Employees accrue either eight or ten hours per pay period depending on if the employee has been with the village less than or more than ten years, respectively. The maximum number of annual leave hours which may be accrued is 120 hours.

Compensated absences 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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

6. Long-Term Debt – Business-Type Activities

During the year ended June 30, 2019, the following changes occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 7,902	7,566	7,043	8,425	4,584
Net pension liability	108,520	38,029	-	146,549	-
Notes payable	314,442	-	15,713	298,729	16,027
Bonds payable	<u>1,117,525</u>	<u>-</u>	<u>40,703</u>	<u>1,076,822</u>	<u>41,236</u>
Total	\$ <u>1,548,389</u>	<u>45,595</u>	<u>63,459</u>	<u>1,530,525</u>	<u>61,847</u>

Notes Payable. During the year ended June 30, 2018, the Village entered into a construction loan and subsidy agreement in the amount of \$1,200,000. No proceeds have been received as of June 30, 2019.

During the year ended June 30, 2015, the Village entered into a construction 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%.

On May 1, 2016, the loan was converted to term loan in the amount of \$344,948. The term loan is to be paid in twenty yearly principal payments and semi-monthly interest payments of \$22,002 beginning May 1, 2017. Interest accrues on the outstanding principal at 2% and are payable solely from pledged net revenues of the water system. The revenues pledged totaled \$352,023 and equal 3.07% of future estimated net revenues at their current rate. During the year ended June 30, 2019, the Village collected \$715,875 in pledged revenues, and retired \$22,002 in principal and interest in the aforementioned note.

The future requirements for notes payable are as follows:

Year ending June 30,	Principal	Interest	Total
2020	\$ 16,027	5,975	22,002
2021	16,347	5,654	22,001
2022	16,674	5,327	22,001
2023	17,008	4,994	22,002
2024	17,348	4,653	22,001
2025-2029	92,086	17,922	110,008
2030-2034	101,669	8,338	110,007
2035	<u>21,570</u>	<u>431</u>	<u>22,001</u>
	\$ <u>298,729</u>	<u>53,294</u>	<u>352,023</u>

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

6. Long-Term Debt - Business-Type Activities (continued)

Bonds Payable. Pursuant to ordinance 2015-02, in October 2015 the Village issued \$1,224,161 in refunding bonds. The bonds carry a .45% to 3.88% interest rate and are payable solely from pledged net revenues of the sewer system. The revenues pledged totaled \$1,514,643 and equal 10.64% of future estimated net revenues at their current rate. During the year ended June 30, 2019, the Village collected \$711,565 in pledged revenues, and retired \$75,732 in principal and interest in the aforementioned bond. Interest payments are due in June and December of each year, and principal payments are due in June. Yearly principal and interest payments are \$75,732. The bonds mature in June 2039.

The future requirements for bonds payable are as follows:

Year ending June 30,	Principal	Interest	Total
2020	\$ 41,236	34,496	75,732
2021	41,896	33,836	75,732
2022	42,692	33,040	75,732
2023	43,610	32,122	75,732
2024	44,591	31,141	75,732
2025-2029	241,229	137,432	378,661
2030-2034	282,848	95,812	378,660
2035-2039	338,720	39,941	378,661
	\$ 1,076,822	437,820	1,514,642

7. Operating Leases

The Village has entered into an operating lease for four copiers, and one postage system which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases are primarily from the General Fund. Future minimum lease payments are:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 10,522
2021	10,522
2022	10,072
2023	2,152
	\$ 33,268

Rental payments charged to current operations for the year ended June 30, 2019 totaled \$10,522.

8. 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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

8. Property Taxes (continued)

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.

9. Interfund Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Fund Financial Statements	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
Major Funds:		
General	\$ 157,932	340,935
Non-major Funds	140,935	157,932
Proprietary Funds		
Wastewater	-	15,000
Water	<u>215,000</u>	<u>-</u>
Total	<u>\$ 513,867</u>	<u>513,867</u>

Government-Wide Financial Statements	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Net Transfers</u>
Governmental Activities			
Major Funds:			
General	\$ 157,932	340,935	183,003
Non-major Funds	<u>140,935</u>	<u>157,932</u>	<u>16,997</u>
Total Governmental Activities	<u>\$ 298,867</u>	<u>498,867</u>	<u>200,000</u>
Business-Type Activities			
Wastewater	\$ -	15,000	15,000
Water	<u>215,000</u>	<u>-</u>	<u>(215,000)</u>
Total Business-Type Activities	<u>\$ 215,000</u>	<u>15,000</u>	<u>(200,000)</u>

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

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

10. Public Employees Retirement Act Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member, unless specifically excluded.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmpera.org or <http://www.saonm.org/> using the Audit Report Search function for agency 366 or writing: PERA, P.O. Box 2123, Santa Fe, NM 87504-2123.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018, available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports-CAFR-2018-FINAL.pdf>

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 40 through 43 of the PERA FY18 annual audit report at:

http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2018.pdf

The PERA coverage option that applies to Village is the Municipal General Division and the Municipal Police Division. Statutorily required contributions to the pension plan from the Village were \$55,926 for the Municipal Division and \$104,485 for the Police Division for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a liability of \$2,937,101 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

10. Public Employees Retirement Act Pension Plan (continued)

accepted actuarial principles. Therefore, the Village's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2018 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

PERA Municipal General Division

For the PERA Municipal General Division, at June 30, 2019, the Village reported a liability of \$1,096,926 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.0688%, which changed from its proportion of 0.0640% measured as of June 30, 2018.

For the year ended June 30, 2019, the Village recognized PERA Municipal General Division pension expense of \$134,736. At June 30, 2019, the Village reported PERA Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

10. Public Employees Retirement Act Pension Plan (continued)

PERA Municipal General Division (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,703	28,799
Change of assumption	99,452	6,307
Change in proportion and differences between employer contributions and proportionate share of contributions	49,785	34,334
Net difference between projected and actual earnings on pension plan investments	81,354	-
Contributions subsequent to the measurement date	55,926	-
Total	\$ <u>318,220</u>	<u>69,440</u>

\$55,296 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2019, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
2020		\$	118,057
2021			45,159
2022			25,408
2023			4,230
2024			-
Thereafter			-
		\$	<u>192,854</u>

PERA Municipal Police Division

For the PERA Municipal Police Division, at June 30, 2019, the Village reported a liability of \$1,840,175 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.2697%, which changed from its proportion measured of 0.2701% as of June 30, 2018.

For the year ended June 30, 2019, the Village recognized PERA Municipal Police Division pension expense of \$190,067. At June 30, 2019, the Village reported PERA Municipal Police

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

10. Public Employees Retirement Act Pension Plan (continued)

PERA Municipal Police Division (continued)

Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,087	182,409
Change of assumption	209,966	11,250
Change in proportion and differences between employer contributions and proportionate share of contributions	13,483	27,525
Net difference between projected and actual earnings on pension plan investments	126,630	-
Contributions subsequent to the measurement date	104,485	-
Total	\$ 544,651	221,184

\$104,485 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2018, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	146,700
2021		23,306
2022		42,362
2023		6,614
2024		-
Thereafter		-
	\$	218,982

Actuarial assumptions. The total pension liabilities and net pension liabilities in the June 30, 2018 actuarial valuations was determined using the following significant actuarial assumptions applied to all periods included in the measurement.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

10. Public Employees Retirement Act Pension Plan (continued)

PERA Municipal Police Division (continued)

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%, 2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic)

The PERA pension liability, net pension liability amounts, and sensitivity information were based on an actuarial valuation performed as of June 30, 2017. The total pension liability for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018. These assumptions were adopted by the Board using the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real times of return for each major asset class are summarized in the following table:

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

10. Public Employees Retirement Act Pension Plan (continued)

PERA Municipal Police Division (continued)

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50	2.37%
Credit Oriented Fixed Income	15.00	5.47%
Real Assets to include Real Estate Equity	<u>20.00</u>	6.48%
Total	100.00%	

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. The single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following tables present the Village's net pension liability in the PERA fund divisions the Village participates in using a discount rate of 7.25% as well, as if calculated using the discount rate of 7.25% as well as what the Village's proportionate liability would be if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<u>Municipal General Division</u>			
Net pension liability	\$ 1,690,290	1,096,926	606,416
<u>Municipal Police Division</u>			
Net pension liability	\$ 2,829,434	1,840,175	1,033,695

Pension plan fiduciary net position. Detailed information about the pension's fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.nmpera.org/publications.html>.

Payable to Pension Plan. The Village's pension plan payable at June 30, 2019 was \$6,308.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

11. Other Post-Employment Benefit Plan (OPEB)

Plan Description. Employees of the Village are provided with OPEB through the Retiree Health Care Fund (Fund); a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>93,349</u>

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

11. Other Post-Employment Benefit Plan (OPEB) (continued)

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Village were \$25,574 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the Village reported a liability of \$1,311,464 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Village’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the Village’s proportion was 0.03016%.

For the year ended June 30, 2019, the Village recognized OPEB expense of \$8,080. At June 30, 2019 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	77,647
Change of assumption		-	244,844
Differences between actual and projected earnings on OPEB plan investments		-	16,367
Change in proportion		46,364	-
Contributions made after the measurement date		25,527	-
Total	\$	71,891	338,858

Deferred outflows of resources totaling \$25,527 represent Village contributions to the fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

11. Other Post-Employment Benefit Plan (OPEB) (continued)

Year ended June 30:	
2020	\$ (76,274)
2021	(76,274)
2022	(76,274)
2023	(56,665)
2024	<u>(7,007)</u>
	<u>\$ (292,494)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal, level percentage of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB Members: RP-2000 Combined Healthy Mortality Table with White Collar adjustment (males) and GRS Southwest Region Teacher Mortality Table (females); PERA Members: RP-2000 Combined Healthy Mortality

Rate of return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

11. Other Post-Employment Benefit Plan (OPEB) (continued)

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-term Expected Rate of Return
U.S. core fixed income	2.10%
U.S. equity - large cap	7.10%
Non U.S. - emerging markets	10.20%
Non U.S. - developed equities	7.80%
Private equity	11.80%
Credit and structured finance	5.30%
Real estate	4.90%
Absolute return	4.10%
U.S. equity - small/mid cap	7.10%

Discount rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current discount rate:

	1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$	1,587,180	1,311,464	1,094,138

The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
\$	1,108,647	1,311,464	1,470,477

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

11. Other Post-Employment Benefit Plan (OPEB) (continued)

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the Village reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

12. 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.

13. Fund Deficits and Non-Compliance

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficient Fund Balance

No funds had deficit fund balances.

B. Expenditures Exceeded Appropriations

No expenditures exceeded appropriations by fund.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Financial Statements
June 30, 2019

14. Subsequent Events

The Village has evaluated subsequent events through December 16, 2019, the date the financial statements were available to be issued. The Village had no material subsequent events from June 30, 2019 to December 16, 2019.

15. Subsequent Pronouncements

GASB 84

GASB Statement No. 84, *Fiduciary Activities*, has been issued and is effective for fiscal years ending on or after December 31, 2019, but is not yet effective at June 30, 2019.

GASB 87

GASB Statement No. 87, *Leases*, has been issued and is effective for reporting periods beginning after December 15, 2019, but is not yet effective at June 30, 2019.

The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above-listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

16. GASB 77 Disclosures (Tax Abatements)

In accordance with 2.2.2.10(BB) NMAC, the Village is required to make certain disclosures surrounding GASB 77, as applicable. Management of the Village is not aware of any tax abatement agreements that existed and require disclosure as of June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Required Supplementary Information
For the Year Ended June 30, 2019

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

Public Employee's Retirement Association (PERA) Plan
Municipal General Division
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0688%	0.0640%	0.0720%	0.0686%	0.0686%
Village's proportionate share of the net pension liability (asset)	\$ 1,096,926	879,414	1,121,560	699,436	521,112
Village's covered-employee payroll	\$ 585,618	580,762	562,367	603,447	568,728
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	187%	151%	199%	116%	92%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan
Municipal General Division
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 55,926	55,463	53,706	57,629	54,230
Contributions in relation to the contractually required contribution	(49,618)	(55,463)	(53,706)	(57,629)	(54,230)
Contribution deficiency (excess)	\$ 6,308	-	-	-	-
Village's covered-employee payroll	\$ 585,618	580,762	562,367	603,447	568,728
Contributions as a percentage of covered-employee payroll	9.5%	9.5%	9.5%	9.5%	9.5%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Required Supplementary Information
For the Year Ended June 30, 2019

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

Public Employee's Retirement Association (PERA) Plan
Municipal Police Division
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.2697%	0.2791%	0.02791%	0.2683%	0.2789%
Village's proportionate share of the net pension liability (asset)	\$ 1,840,175	1,500,583	2,059,282	1,290,137	909,184
Village's covered-employee payroll	\$ 552,831	569,793	556,583	554,353	526,325
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	333%	263%	370%	233%	173%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

*These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan
Municipal Police Division
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 104,485	107,683	105,194	104,773	99,392
Contributions in relation to the contractually required contribution	<u>(104,485)</u>	<u>(107,683)</u>	<u>(105,194)</u>	<u>(104,773)</u>	<u>(99,392)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Village's covered-employee payroll	\$ 552,831	569,793	556,583	554,353	526,325
Contributions as a percentage of covered-employee payroll	18.9%	18.9%	18.9%	18.9%	18.9%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Required Supplementary Information
For the Year Ended June 30, 2019

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
New Mexico Retiree Health Care Authority – Retiree Health Care Act
Last 10 Fiscal Years*

	2019	2018
Village's proportion of the net OPEB liability (asset)	0.03016%	0.02915%
Village's proportionate share of the net OPEB liability (asset)	\$ 1,311,464	1,320,983
Village's covered-employee payroll	\$ 1,294,050	1,214,286
Village's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
New Mexico Retiree Health Care Authority – Retiree Health Care Act
Last 10 Fiscal Years*

	2019	2018
Contractually required contribution	\$ 47,130	92,565
Contributions in relation to the contractually required contribution	46,555	46,457
Contribution deficiency (excess)	\$ 575	46,108
Village's covered employee payroll	\$ 1,294,050	1,214,286
Contributions as a percentage of covered employee payroll	3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Changes in Benefit Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY18 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2018.pdf>.

The Retiree Health Care Authority (RHCA) COLA and age eligibility benefits changes in recent years are described in the Notes to the RHCA FY19 audit available at <https://www.saonm.org>.

Changes in Assumptions. PERA of New Mexico Annual Actuarial Valuation as of June 30, 2018 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/PERA-Valuation-6-30-2018-FINAL.pdf>.

The RHCA of New Mexico Biennial Actuarial Valuation as of June 30, 2018 report is available at <https://www.saonm.org>.

See independent auditors' report.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Non-Major Governmental Funds
June 30, 2019

SPECIAL REVENUE FUNDS

Corrections. To establish 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 to 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 establishment of local emergency medical services, 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.

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.

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 the operation of emergency medical services. Financing is provided by Valencia County. Authority is NMSA 7-20E-22.

Nominal Fee. To account for revenues and expenditures of funds collected for volunteer firefighters and emergency medical service volunteer members to improve training, qualifications, and participation as well as ensure a positive effect on recruitment and retention. Authority is NMSA 59A-52-26.

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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue									Total Non-Major
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection	Recreation	EMS Tax	Nominal Fee Fund	Traffic Safety	Capital Projects	
ASSETS										
Cash and cash equivalents	\$ 4,948	65,506	-	-	10,436	49,749	15,666	21,837	-	168,142
Receivables:										
Grants	-	-	-	-	-	-	-	-	16,997	16,997
Taxes:										
Gross receipts	-	5,206	-	-	-	9,336	6,958	-	-	21,500
Gasoline	-	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>4,948</u>	<u>70,712</u>	<u>-</u>	<u>-</u>	<u>10,436</u>	<u>59,085</u>	<u>22,624</u>	<u>21,837</u>	<u>16,997</u>	<u>206,639</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 2,802	-	-	-	-	22	16,327	-	-	19,151
Accrued compensation and benefits	-	-	-	-	-	2,096	-	-	-	2,096
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,118</u>	<u>16,327</u>	<u>-</u>	<u>-</u>	<u>21,247</u>
FUND BALANCES										
Restricted, special revenues	2,146	70,712	-	-	-	-	-	-	16,997	89,855
Assigned, special revenues	-	-	-	-	10,436	56,967	6,297	21,837	-	95,537
Total fund balances	<u>2,146</u>	<u>70,712</u>	<u>-</u>	<u>-</u>	<u>10,436</u>	<u>56,967</u>	<u>6,297</u>	<u>21,837</u>	<u>16,997</u>	<u>185,392</u>
Total liabilities and fund balances	\$ <u>4,948</u>	<u>70,712</u>	<u>-</u>	<u>-</u>	<u>10,436</u>	<u>59,085</u>	<u>22,624</u>	<u>21,837</u>	<u>16,997</u>	<u>206,639</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue									Total Non-Major
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection	Recreation	EMS Tax	Nominal Fee Fund	Traffic Safety	Capital Projects	
Revenues:										
Taxes	\$ -	28,187	-	-	-	56,004	40,998	-	-	125,189
Licenses, permits, fees, and fines	15,166	-	-	-	-	-	-	9,339	-	24,505
From non-federal sources:										
Grants	-	-	5,207	28,400	-	-	-	-	131,000	164,607
Interest	-	1,161	-	-	-	-	-	-	-	1,161
Other	-	-	-	-	-	25,626	1,965	-	33,117	60,708
Total revenues	<u>15,166</u>	<u>29,348</u>	<u>5,207</u>	<u>28,400</u>	<u>-</u>	<u>81,630</u>	<u>42,963</u>	<u>9,339</u>	<u>164,117</u>	<u>376,170</u>
Expenditures:										
Current:										
General government	-	1,535	-	-	-	-	-	-	33,117	34,652
Public safety	23,205	-	5,239	16,407	-	90,739	36,666	-	-	172,256
Highways and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	11,993	-	2,028	-	-	131,000	145,021
Total expenditures	<u>23,205</u>	<u>1,535</u>	<u>5,239</u>	<u>28,400</u>	<u>-</u>	<u>92,767</u>	<u>36,666</u>	<u>-</u>	<u>164,117</u>	<u>351,929</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(8,039)	27,813	(32)	-	-	(11,137)	6,297	9,339	-	24,241
Other financing sources (uses)										
Operating transfers in	-	-	-	-	-	-	-	-	157,932	157,932
Operating transfers out	-	-	-	-	-	-	-	-	(140,935)	(140,935)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,997</u>	<u>16,997</u>
Net change in fund balances	(8,039)	27,813	(32)	-	-	(11,137)	6,297	9,339	16,997	41,238
Fund balance, beginning of year	<u>10,185</u>	<u>42,899</u>	<u>32</u>	<u>-</u>	<u>10,436</u>	<u>68,104</u>	<u>-</u>	<u>12,498</u>	<u>-</u>	<u>144,154</u>
Fund balance, end of year	\$ <u>2,146</u>	<u>70,712</u>	<u>-</u>	<u>-</u>	<u>10,436</u>	<u>56,967</u>	<u>6,297</u>	<u>21,837</u>	<u>16,997</u>	<u>185,392</u>

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis)
Waste Water Enterprise Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 661,842	661,842	706,077	44,235
Interest	-		258	258
Other	<u>51,650</u>	<u>51,650</u>	-	<u>(51,650)</u>
Total revenues	<u>713,492</u>	<u>713,492</u>	<u>706,335</u>	<u>(7,157)</u>
Expenditures				
Operating	743,645	759,595	584,042	175,553
Debt Service	<u>75,733</u>	<u>75,733</u>	<u>35,029</u>	<u>40,704</u>
Total expenditures	<u>819,378</u>	<u>835,328</u>	<u>619,071</u>	<u>216,257</u>
Excess of revenues over expenditures	<u>(105,886)</u>	<u>(121,836)</u>	<u>87,264</u>	<u>209,100</u>
Other financing sources (uses)				
Operating transfers in	90,733	90,733	15,000	(75,733)
Operating transfers out	<u>(50,733)</u>	<u>(50,733)</u>	-	<u>50,733</u>
Total other financing sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>15,000</u>	<u>(25,000)</u>
Change in net position	(65,886)	(81,836)	102,264	184,100
Prior year cash appropriated	<u>723,440</u>	<u>723,440</u>		
Net change in fund balance	\$ <u>657,554</u>	<u>641,604</u>		
Non-GAAP change in fund balance			\$ 102,264	
Change from:				
Restricted cash			1,324	
Receivables			22,174	
Accounts payable			(18,949)	
Accrued compensation and benefits			481	
Capital assets			278,879	
Interest payable			44	
Net pension liability			(9,815)	
Deferred inflows - pension			2,125	
Deferred outflows - pension			4,897	
Non-budgeted items:				
Depreciation			<u>(571,066)</u>	
GAAP change in fund balance			\$ <u>(187,642)</u>	

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Statement of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis)
Water Enterprise Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 689,758	689,758	715,875	26,117
Interest	-	-	2,966	2,966
Other	<u>66,613</u>	<u>66,613</u>	<u>5,894</u>	<u>(60,719)</u>
Total revenues	<u>756,371</u>	<u>756,371</u>	<u>724,735</u>	<u>(31,636)</u>
Expenditures				
Operating	349,741	348,796	307,700	41,096
Capital outlay	14,000	26,485	-	26,485
Debt service	<u>22,003</u>	<u>22,003</u>	<u>22,054</u>	<u>(51)</u>
Total expenditures	<u>385,744</u>	<u>397,284</u>	<u>329,754</u>	<u>67,530</u>
Excess of revenues over expenditures	<u>370,627</u>	<u>359,087</u>	<u>394,981</u>	<u>35,894</u>
Other financing sources (uses)				
Sale of capital assets	-	-	3,040	3,040
Operating transfers in	22,003	22,003	-	(22,003)
Operating transfers out	<u>(364,408)</u>	<u>(364,408)</u>	<u>(215,000)</u>	<u>149,408</u>
Total other financing sources (uses)	<u>(342,405)</u>	<u>(342,405)</u>	<u>(211,960)</u>	<u>130,445</u>
Change in net position	28,222	16,682	183,021	166,339
Prior year cash appropriated	<u>868,245</u>	<u>868,245</u>		
Net change in fund balance	\$ <u>896,467</u>	<u>884,927</u>		
Non-GAAP change in fund balance		\$	183,021	
Change from:				
Receivables			2,727	
Accounts payable			(7,828)	
Accrued compensation and benefits			(2,020)	
Capital assets			12,485	
Compensated absences			(854)	
Net pension liability			(28,214)	
Deferred inflows - pension			1,780	
Deferred outflows - pension			10,845	
Non-budgeted items:				
Depreciation			<u>(157,787)</u>	
GAAP change in fund balance		\$	<u>14,155</u>	

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Agency Fund Descriptions
June 30, 2019

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.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance			Balance
	June 30, 2018	Additions	Deductions	June 30, 2019
Municipal Judge's Fund				
Assets:				
Cash	\$ 9,154	117,006	(119,741)	6,419
Accounts receivable	2,541	-	-	2,541
Total assets	<u>\$ 11,695</u>	<u>117,006</u>	<u>(119,741)</u>	<u>8,960</u>
Liabilities:				
Due to other entities	\$ 11,695	117,006	(119,741)	8,960
Total liabilities	<u>\$ 11,695</u>	<u>117,006</u>	<u>(119,741)</u>	<u>8,960</u>
Municipal Judge's Bond Fund				
Assets:				
Cash	\$ 1,565	982	(982)	1,565
Total assets	<u>\$ 1,565</u>	<u>982</u>	<u>(982)</u>	<u>1,565</u>
Liabilities:				
Due to other entities	\$ 1,565	982	(982)	1,565
Total liabilities	<u>\$ 1,565</u>	<u>982</u>	<u>(982)</u>	<u>1,565</u>
TOTALS				
Total Assets				
Cash	\$ 10,719	117,988	(120,723)	7,984
Accounts receivable	2,541	-	-	2,541
Total assets	<u>\$ 13,260</u>	<u>117,988</u>	<u>(120,723)</u>	<u>10,525</u>
Total Liabilities				
Due to other entities	\$ 13,260	117,988	(120,723)	10,525
Total liabilities	<u>\$ 13,260</u>	<u>117,988</u>	<u>(120,723)</u>	<u>10,525</u>

See independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Depositories
June 30, 2019

Account Name	Type	New Mexico			Plus Deposits in Transit	Less	Balance per Books
		Finance Authority	New Mexico Bank & Trust	BBVA Compass		Outstanding Checks	
General Pooled Cash	Non-int bearing checking	\$ -	678,882	-	-	(29,935)	648,947
Special Revenue Pooled Cash	Non-int bearing checking	-	168,598	-	-	(40,701)	127,897
Payroll Clearing Cash	Non-int bearing checking	-	29,415	-	34	(29,449)	-
Payroll Clearing Cash	Non-int bearing checking	-	-	-	-	-	-
Investment Account	CD	-	-	570,218	-	-	570,218
General Fund Money Market	Money Market	-	200,592	-	-	-	200,592
Petty Cash	Imprest	-	-	-	-	-	200
Cash and cash equivalents - governmental funds		\$ -	1,077,487	570,218	34	(100,085)	1,547,854
Utility Enterprise Account	Non-int bearing checking	\$ -	1,605,285	-	23,151	(1,161)	1,627,275
Investment Account	CD	-	-	152,859	-	-	152,859
Debt Service Reserve	Non-int bearing checking	83,292	-	-	-	-	83,292
Petty Cash	Imprest	-	-	-	-	-	90
Cash and cash equivalents - business-type activities		\$ 83,292	1,605,285	152,859	23,151	(1,161)	1,863,516
Municipal Court Pooled Cash	Non-int bearing checking	\$ -	6,995	-	3,243	(2,254)	7,984
Cash and cash equivalents - agency funds		\$ -	6,995	-	3,243	(2,254)	7,984
Totals		\$ 83,292	2,689,767	723,077	26,428	(103,500)	3,419,354

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Pledged Collateral
June 30, 2019

	New Mexico Bank & Trust	BBVA Compass	New Mexico Finance Authority **	Total
Deposits at June 30, 2019	\$ 2,689,767	723,077	83,292	3,496,136
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	-	<u>(500,000)</u>
Uninsured public funds	2,439,767	473,077	83,292	2,996,136
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	<u>(1,902,907)</u>	<u>(500,000)</u>	-	<u>(2,402,907)</u>
Uninsured and uncollateralized	<u>\$ 536,860</u>	<u>(26,923)</u>	<u>83,292</u>	<u>593,229</u>
50% pledged collateral requirement per statute	\$ 268,430	(13,462)		254,969
Total pledged collateral	<u>1,902,907</u>	<u>500,000</u>		<u>2,402,907</u>
Pledged collateral over the requirement	<u>\$ (1,634,477)</u>	<u>(513,462)</u>		<u>(2,147,939)</u>

Pledged collateral at June 30, 2019 consists of the following:

Security	Cusip	Maturity	Fair Market Value	Fair Market Value	Total
United States Treasury NTS 0.875%	912828TH3	7/31/2019	\$ 1,138,705	-	1,138,705
SBA Pool 509339	83164LLU3	2/25/2038	422,711	-	422,711
SBA Pool 521934	83165ALP7	1/25/2038	341,491	-	341,491
FHLB Atlanta - Standby Letter of Credit	LOC#126258	5/22/2019	-	500,000	500,000
			<u>\$ 1,902,907</u>	<u>500,000</u>	<u>2,402,907</u>

The custodian of the pledged securities for New Mexico Bank & Trust is the SunTrust Bank in Atlanta, Georgia.

The custodian of the pledged securities for BBVA Compass is the Federal Home Loan Bank in Atlanta, Georgia.

** See separate audit report for collateralization for New Mexico Finance Authority

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Joint Powers Agreements
June 30, 2019

Prisoner Housing

Participants: Valencia County & Village of Bosque Farms
Responsible party: Valencia County
Description: To provide housing of municipal prisoners arrested by the Village and confined in the Valencia County Detention Center.
Period: 06/14 to indefinite
Project costs: \$95 per day
Annual Village contributions: \$23,205
Audit responsibility: Valencia County
Fiscal agent: Valencia County

Animal Control

Participants: Valencia County Animal Control Center & Village of Bosque Farms
Responsible party: Valencia County Animal Control Center
Description: Provide housing and care for animals originating from the jurisdiction of the Village of Bosque Farms.
Period: 07/09 to indefinite
Project costs: \$24 per hour worked for one Animal Control Officer in response to animal control calls in the municipality for mutual aid, \$100 per animal surrendered, \$40 per animal surrendered for euthanasia, and \$35 per day for seized animals
Annual Village contributions: \$0
Audit responsibility: Valencia County
Fiscal agent: Valencia County

Wildlife Protection Activities

Participants: State of New Mexico Energy, Minerals and Natural Resources Dept. & Village of Bosque Farms
Responsible party: State of New Mexico Energy, Minerals and Natural Resources Dept.
Description: To provide a cooperative fire protection system covering any or all private, County, non-municipal, and State lands within or adjacent to the Village.
Period: Perpetual
Project costs: Payments are on a reimbursement basis for requested reimbursable services only
Annual Village contributions: None
Audit responsibility: State of New Mexico Energy, Minerals and Natural Resources Dept.
Fiscal agent: State of New Mexico Energy, Minerals and Natural Resources Dept.

Emergency 911 Regional Emergency Communications Center

Participants: City of Belen, Village of Los Lunas, & Village of Bosque Farms, Valencia County & City of Rio Communities.
Responsible party: Village of Los Lunas
Description: Provision of enhanced emergency 911 services; establishment of the Valencia Regional Emergency Communications Center.
Period: Perpetual

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Joint Powers Agreements
June 30, 2019

Project costs: 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.
Annual Village contributions: \$33,612
Audit responsibility: Village of Los Lunas
Fiscal agent: Village of Los Lunas

Medical Director for EMS Services

Participants: Valencia County & Village of Bosque Farms
Responsible party: Valencia County
Description: Provision of medical direction as necessary for the fire medical rescue services of the Village of Bosque Farms.
Period: Perpetual
Project costs: \$4,575 per year
Annual Village contributions: \$4,575
Audit responsibility: Valencia County
Fiscal agent: Valencia County

Police Service

Participants: Village of Bosque Farms & Town of Peralta
Responsible party: Village of Bosque Farms
Description: Bosque Farms Police Department will provide police services to the Town of Peralta.
Period: Yearly renewal
Project costs: The Town of Peralta pays the Village of Bosque Farms \$248,520 per year.
Annual Village contributions: N/A
Audit responsibility: Village of Bosque Farms
Fiscal agent: Village of Bosque Farms

Group Benefits Program

Participants: City of Albuquerque, New Mexico & Village of Bosque Farms
Responsible party: City of Albuquerque, New Mexico
Description: To provide a group benefits program for eligible employees and their dependents, including medical, dental, vision, life, short-term and long-term disability insurance, and other group voluntary benefits.
Period: 07/18 to 06/19
Project costs: \$1,610 for FY 19.
Annual Village contributions: The amount includes \$500 annual participation fee, any applicable gross receipts taxes and which amount shall constitute and complete compensation for the Entity's participation
Audit responsibility: City of Albuquerque
Fiscal agent: City of Albuquerque

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Special, Deficiency and Capital Outlay Appropriations
June 30, 2019

<u>Description</u>	<u>Appropriation Title</u>	<u>Appropriation #</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Original Amount</u>	<u>Funds Expended</u>	<u>Funds Remaining</u>	<u>Funds Reverted</u>
Laws 2015, Chapter 3, Section 28	Bosque Farms Little League Fields & Playground Improvement	15-L-0886	8/11/2016	6/30/2019	75,000	75,000	-	-
Laws 2016, Chapter 82, Section 10/A, Paragraph 107	Bosque Farms Senior Meal Site- Meals Equip	A5107	8/1/2017	6/30/2021	198,150	-	198,150	-
Laws 2016, Chapter 82, Section 10/A, Paragraph 108	Bosque Farms Senior Meal Site- Renovate	A5108	8/1/2017	6/30/2021	143,400	34,551	108,849	-
Laws 2018, Chapter 80, Section 26, Paragraph 187	Bosque Farms Police Vehicles	C2591	6/28/2018	6/30/2020	131,000	131,000	-	-
Laws 2019, Chapter 277, Section 26, Paragraph 138	Bosque Farms Waste Water Treatment Plant Construction	D2565	3/15/2019	6/30/2023	1,205,000	14,302	1,190,698	-

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

The funds remaining are encumbered.

See independent auditors' report.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Wayne Ake, Mayor
Village Council of Village of Bosque Farms
State of New Mexico Village of Bosque Farms
1455 W. Bosque Loop
Bosque Farms, NM 87068

and Honorable State Auditor Brian S. Colón, Esq.

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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of Bosque Farms, State of New Mexico (Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and the combining and individual funds of the Village, presented as supplemental information, and have issued our report thereon dated December 16, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a significant deficiency.

Compliance and Other Matters

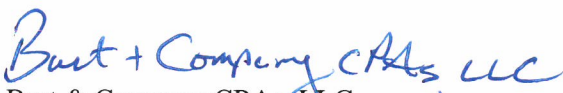
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Village of Bosque Farm's Response to Findings

Village of Bosque Farm's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Bosque Farm's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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 entity'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.


Burt & Company CPAs, LLC

December 16, 2019

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Summary Schedule of Findings and Responses
June 30, 2019

Current Year Findings

2019-001 Controls Over Fixed Assets
2019-002 Reconciliation of Financial Accounting Records

Prior Year Findings

None.

SUMMARY OF AUDIT RESULTS

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes
- Noncompliance material to financial statements noted? No

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Schedule of Findings and Responses
June 30, 2019

2019-001 Controls Over Fixed Assets – Significant deficiency

Condition: The Village has the following deficiency over fixed assets:

- Fixed assets of \$49,577 were improperly excluded from the fixed asset listing.

Criteria: NMSA 1978 Section 6-6-3 requires that every local public body keep all books, records and accounts in their respective offices in the form prescribed by the local government division. The Village does not have sufficient procedures to account for controls over fixed assets.

Cause: The Village does not have adequate internal control procedures over fixed assets.

Effect: Fixed assets were not reviewed for items required to be capitalized.

Recommendation: The Village should establish and implement procedures over fixed assets to ensure that they are accounted for in accordance with applicable laws.

Management's Response: Village of Bosque Farms will establish and implement procedures over fixed assets to ensure that they are accounted for in accordance with applicable laws. Responsible Party – Village Clerk. Finding will be resolved by June 30, 2020.

2019-002 Reconciliation of Financial Accounting Records - Material Weakness

Condition: While conducting the audit of the Village, there was a material adjustment made to the financial statements which was identified by the auditor:

- Adjustment to current year receivables in General Fund in the amount of \$94,281 for gross receipts taxes earned in June 2019.

Criteria: New Mexico Administrative Code (NMAC); 2.20.2, requires that model accounting practices established by the local government division to be followed by authorized personnel.

Cause: The Village does not have adequate controls over recording and reconciling detail activity to accounts balances for certain asset accounts.

Effect: The Village is not in compliance with state statute.

Recommendation: The Village should comply with state statute requirements concerning reconciliations of accounting records.

Management's Response: Village of Bosque Farms will insure that all necessary accruals are posted in the correct fiscal year. Responsible Party – Village Clerk. Finding will be resolved by June 30, 2020.

STATE OF NEW MEXICO
VILLAGE OF BOSQUE FARMS
Other Disclosures
For the Year Ended June 30, 2019

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of the Management of the Village and are based on information from the Village's financial records. Assistance was provided by Burt & Company CPAs, LLC to the Village in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report were disclosed at an exit conference that was held on December 16, 2019. The following individuals were in attendance.

Village of Bosque Farms Officials

Wayne Ake, Mayor
Russell W. Walkup, Mayor Pro-Tem
Gayle Jones, Village Administrator
Yvonne Maes, Treasurer

Burt & Company CPAs, LLC

Ronald E. Schranz, CPA, CVA, Audit Partner