

STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

Prepared by
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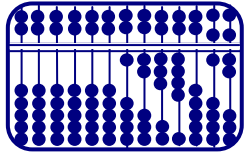
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Official Roster

June 30, 2009

Judd L. Nordyke	Mayor
Andy Nunez	Mayor Pro-tem
Kathie M. Frazoy	Trustee
Lloyd Burns	Trustee
Robert Torres	Trustee
Kathleen Mc Connell	Clerk
Sabino A. Ramirez	Judge
Danny Ross	Police Administrator

FINANCIAL SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
Board of Trustees
Village of Hatch, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the general fund and major special revenue fund budgetary comparisons, and the aggregate remaining fund information of the Village of Hatch, New Mexico, as of and for the years-ended June 30, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years-ended June 30, 2009 and 2008 as listed in the table of contents. These financial statements are the responsibility of Village of Hatch, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles of the United States of America used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hatch, New Mexico, as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund, Gasoline Tax fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Village of Hatch, New Mexico, as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the non-major governmental funds and the proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *Management's Discussion and Analysis* on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A Firm of Certified Public Accountants
6090 Surety Drive, Suite 100 • El Paso, TX 79905 • (915) 775-1040
Facsimile:(915) 775-1849 • marcfair@marcfair.com

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2010 on our consideration of Village of Hatch, New Mexico's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons of the Village of Hatch, New Mexico. The accompanying information listed as Supporting Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Also, the accompanying Schedule of Changes in Assets and Liabilities - Agency Funds, as required by SAO Rule 2.2.2.10.AA, is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Marcus Fair, Certified Public Accountant". The signature is written in dark ink on a light-colored background.

El Paso, Texas
February 10, 2010

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

As management of Village of Hatch, we offer readers of Village of Hatch financial statements this narrative overview and analysis of the financial activities of Village of Hatch for the fiscal year-ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements of Village of Hatch and additional information provided.

FINANCIAL HIGHLIGHTS

- The net assets of Village of Hatch exceeded its liabilities at the close of the most recent fiscal year by \$18,434,800. Of this amount, \$1,342,943 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Revenues for governmental activities decreased \$2,063,235.
- Expenditures for governmental activities decreased \$531,266.
- As of June 30, 2009, the Village's governmental funds reported combined ending fund balances of \$1,012,708.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$89,776.
- The debt service in the proprietary fund was reduced by \$19,179.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Village of Hatch's basic financial statements. Village of Hatch's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Village of Hatch's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Village of Hatch's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Village of Hatch is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Village of Hatch that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Village of Hatch include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include utility services.

The government-wide financial statements can be found at Exhibits A-1 thru A-4 of this report.

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Village of Hatch, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Village of Hatch can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Village of Hatch maintains twenty individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund and the Gas Tax Fund, which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Village of Hatch adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund and the Gas Tax Fund, to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through C-2 of this report.

Proprietary Funds. Proprietary funds are generally used to account for services for which the Village charges customers, either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Village maintains one proprietary fund and no component unit.

The basic proprietary fund financial statements can be found at Exhibit D-1 through D-3.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Village of Hatch's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Village of Hatch fiduciary funds account for the collection of special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-1 through E-3 of this report.

**STATE OF NEW MEXICO
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Management's Discussion and Analysis

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-56 of this report.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 58-100 of this report.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Village of Hatch, net assets exceeded liabilities by \$18,434,800 at the close of the current fiscal year. (See analysis on page 6.)

The largest portion of Village of Hatch's net assets represents the Village's investment of \$16,539,032 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. Village of Hatch uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Village of Hatch's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

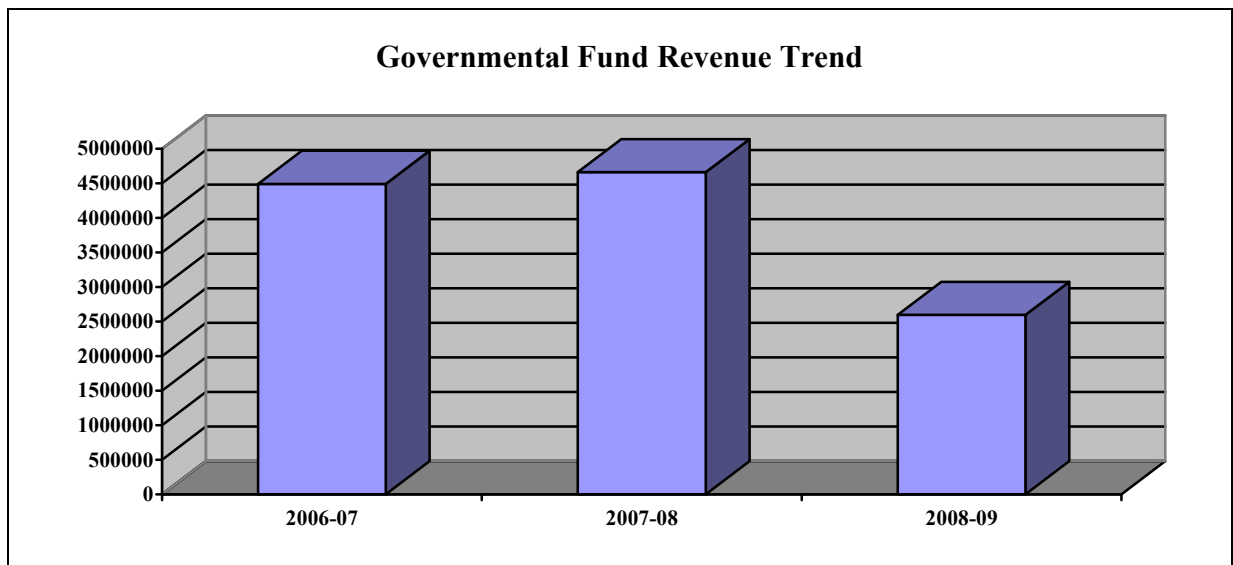
The balance of *unrestricted net assets* \$1,342,943 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Village of Hatch is able to report positive balances in all three categories of net assets, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Assets

The Village's net assets, overall, increased by \$762,830 during the current fiscal year. These increases are explained in the government activities discussion below, and are primarily a result of decrease in expenditures during the fiscal year. (See analysis on page 7.)

Governmental Activities. Governmental activities increased Village of Hatch's net assets by \$956,319 compared to the prior year's increase of \$2,376,060. Property taxes and state-shared taxes contributed \$686,640 for covering the \$1,639,264 net program expense associated with general governmental activities.



**STATE OF NEW MEXICO
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**Management's Discussion and Analysis
Summary of Net Assets**

	Government-Type Activities		Business-Type Activities		Totals		Percent
	2009	2008	2009	2008	2009	2008	Change
ASSETS							
Current and other assets	\$ 1,148,632	\$ 3,006,692	\$ 1,037,503	\$ 948,987	\$ 2,186,135	\$ 3,955,679	-44.73%
Capital assets, net of accumulated depreciation	13,255,778	11,688,243	3,695,866	4,003,080	16,951,644	15,691,323	8.03%
Total assets	<u>\$ 14,404,410</u>	<u>\$ 14,694,935</u>	<u>\$ 4,733,369</u>	<u>\$ 4,952,067</u>	<u>\$ 19,137,779</u>	<u>\$ 19,647,002</u>	-2.59%
LIABILITIES							
Current and other liabilities	\$ 159,284	\$ 1,400,607	\$ 118,375	\$ 123,100	\$ 277,659	\$ 1,523,707	-81.78%
Long-term liabilities	185,993	191,514	239,327	259,811	425,320	451,325	-5.76%
Total liabilities	<u>345,277</u>	<u>1,592,121</u>	<u>357,702</u>	<u>382,911</u>	<u>702,979</u>	<u>1,975,032</u>	-64.41%
NET ASSETS							
Invested in capital assets, net of related debt	13,093,144	10,652,050	3,445,888	3,733,923	16,539,032	14,385,973	14.97%
Restricted	-	-	552,825	509,762	552,825	509,762	
Unrestricted	965,989	2,450,764	376,954	325,471	1,342,943	2,776,235	-51.63%
Total net assets	<u>14,059,133</u>	<u>13,102,814</u>	<u>4,375,667</u>	<u>4,569,156</u>	<u>18,434,800</u>	<u>17,671,970</u>	4.32%
Total liabilities and net assets	<u>\$ 14,404,410</u>	<u>\$ 14,694,935</u>	<u>\$ 4,733,369</u>	<u>\$ 4,952,067</u>	<u>\$ 19,137,779</u>	<u>\$ 19,647,002</u>	-2.59%

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

**Management's Discussion and Analysis
Changes in Net Assets**

	Governmental -Type Activities		Business-Type Activities		Totals		Total Percentage Change
	2009	2008	2009	2008	2009	2008	2008-2009
REVENUES							
Program revenues:							
Charges for services	\$ 145,335	\$ 266,760	\$ 1,297,328	\$ 1,291,563	\$ 1,442,663	\$ 1,558,323	-7.42%
Operating grants and contributions	20,561	3,110	8,378	-	28,939	3,110	830.51%
Capital grants and contributions	1,422,185	2,668,303	-	-	1,422,185	2,668,303	-46.70%
General revenues:							
Taxes	686,640	1,280,659	222,986	151,850	909,626	1,432,509	-36.50%
Small cities assistance	147,949	129,277	-	-	147,949	129,277	14.44%
Other income	128,333	293,594	-	-	128,333	293,594	-56.29%
Interest income	44,580	17,115	13,813	3,026	58,393	20,141	189.92%
Total revenues	<u>2,595,583</u>	<u>4,658,818</u>	<u>1,542,505</u>	<u>1,446,439</u>	<u>4,138,088</u>	<u>6,105,257</u>	-32.22%
EXPENSES							
General government	360,885	809,315	-	-	360,885	809,315	-55.41%
Public safety	832,662	779,376	-	-	832,662	779,376	6.84%
Public works	238,307	318,354	-	-	238,307	318,354	-25.14%
Health and welfare	35,403	40,478	-	-	35,403	40,478	-12.54%
Culture and recreation	172,007	223,007	-	-	172,007	223,007	-22.87%
Proprietary expenses	-	-	1,735,994	1,741,349	1,735,994	1,741,349	-0.31%
Total expenses	<u>1,639,264</u>	<u>2,170,530</u>	<u>1,735,994</u>	<u>1,741,349</u>	<u>3,375,258</u>	<u>3,911,879</u>	-13.72%
Change in net assets before transfers	956,319	2,488,288	(193,489)	(294,910)	762,830	2,193,378	-65.22%
Transfers	-	(112,228)	-	12,535	-	(99,693)	
Change in net assets	<u>956,319</u>	<u>2,376,060</u>	<u>(193,489)</u>	<u>(282,375)</u>	<u>762,830</u>	<u>2,093,685</u>	-63.57%
Net assets - beginning	<u>13,102,814</u>	<u>10,726,754</u>	<u>4,569,156</u>	<u>4,851,531</u>	<u>17,671,970</u>	<u>15,578,285</u>	13.44%
Net assets - ending	<u>14,059,133</u>	<u>13,102,814</u>	<u>4,375,667</u>	<u>4,569,156</u>	<u>18,434,800</u>	<u>17,671,970</u>	4.32%

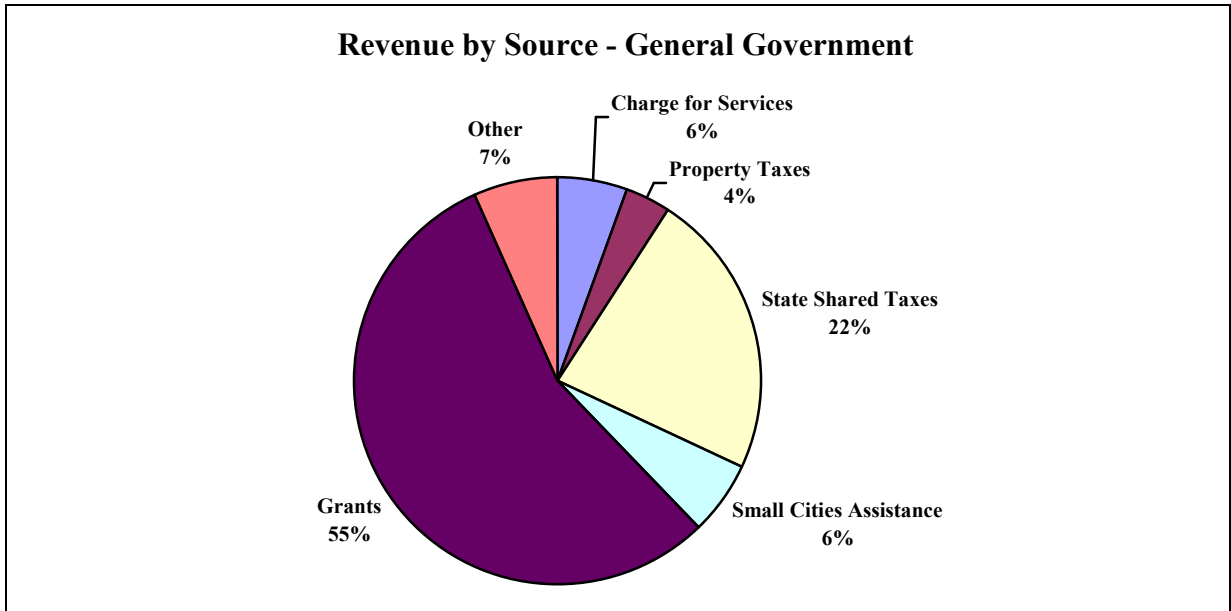
**STATE OF NEW MEXICO
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Management's Discussion and Analysis

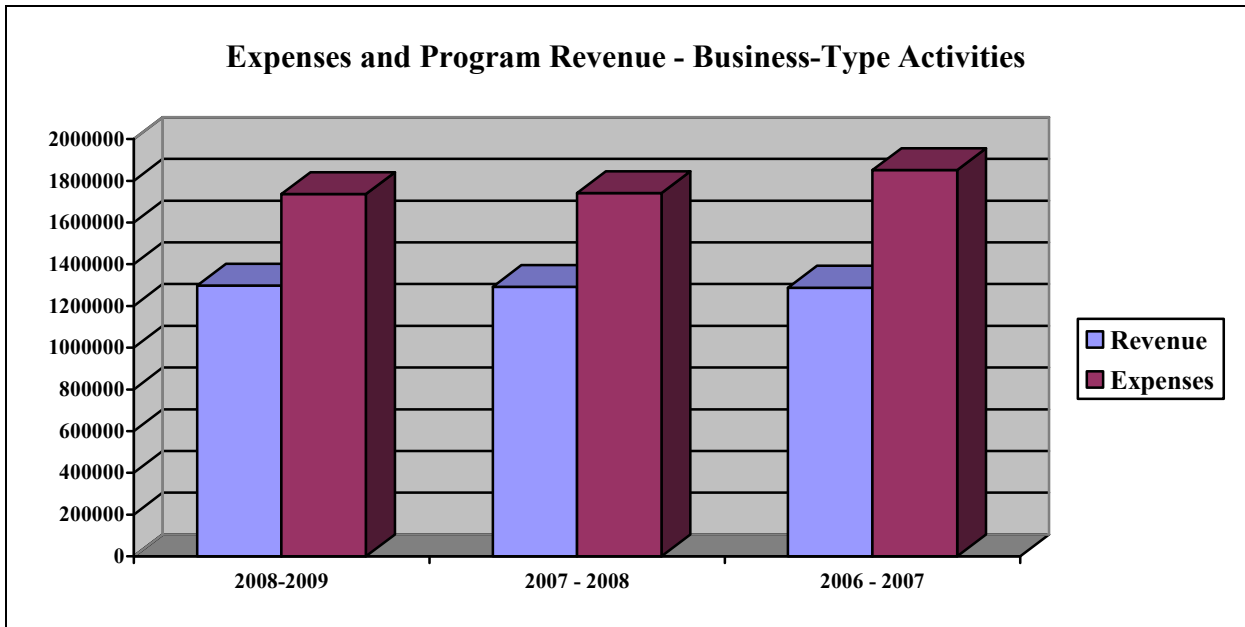
Analysis of Changes in Net Assets (continued)

Governmental revenues, consisting mostly of taxes and grant revenue, are not directly associated with any government function. The chart on page 5 provides a comparison of prior two years. The total revenues decreased \$2,063,235 due to a decrease in taxes and grant revenue.

Total revenues from governmental activities are summarized below. For fiscal year 2008-2009, local and state taxes made up 26% of the total governmental revenues compared to 30% of the prior year's revenues.



Business-Type Activities. Business-type activities decreased the Village's net assets by \$193,489. The key element of this change is from increased repair and fuel costs during the current fiscal year. The following chart demonstrates the comparison of expenses and program revenues for business-type activities.



**STATE OF NEW MEXICO
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Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, Village of Hatch uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Village of Hatch's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Village of Hatch's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Village include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, the Village of Hatch's governmental funds reported combined ending fund balances of \$1,012,708 a decrease of \$1,495,817 in comparison with the prior year. The decrease is primarily due to the decrease in grant revenue. The unreserved fund balance for general, gas tax, and special revenue fund is \$630,351. This is available for spending at the government's discretion. The remainder of the fund balance, \$382,357 is reserved in accordance with capital grant agreements.

Revenues for governmental functions overall totaled approximately \$2,595,583 in the fiscal year-ended June 30, 2009, which represents a decrease of \$2,063,235 from the fiscal year-ended June 30, 2008. Expenditures for governmental functions totaled \$3,167,920. This was a decrease of approximately \$1,869,525 from the fiscal year-ended June 30, 2008. In the fiscal year-ended June 30, 2009, expenditures exceeded revenues of governmental functions by approximately \$572,337.

The General Fund is the chief operating fund of Village of Hatch. At the end of the current fiscal year, *unreserved* fund balance of the General Fund was \$89,776.

The fund balance of Village of Hatch's General Fund had a net decrease \$487,864 during the current fiscal year, due to a decrease in state shared taxes.

The Gas Tax Fund has a fund balance of \$167,108. The net decrease in fund balance during the current year in was \$45,756. This decrease is due primarily to an increase in expenditures.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for Utilities were \$376,954. The total decrease in net assets for the Proprietary Funds was \$193,489. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

Fiduciary Funds. The Village maintains fiduciary funds for the assets of various agency funds. Changes to the fiduciary funds were immaterial for the fiscal year.

General Fund Budgetary Highlights

Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the village level, Village of Hatch utilizes goals and objectives defined by the Village Board of Trustees, community input meetings, long-term plans and input from various staff groups to develop the Village budget. Village priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

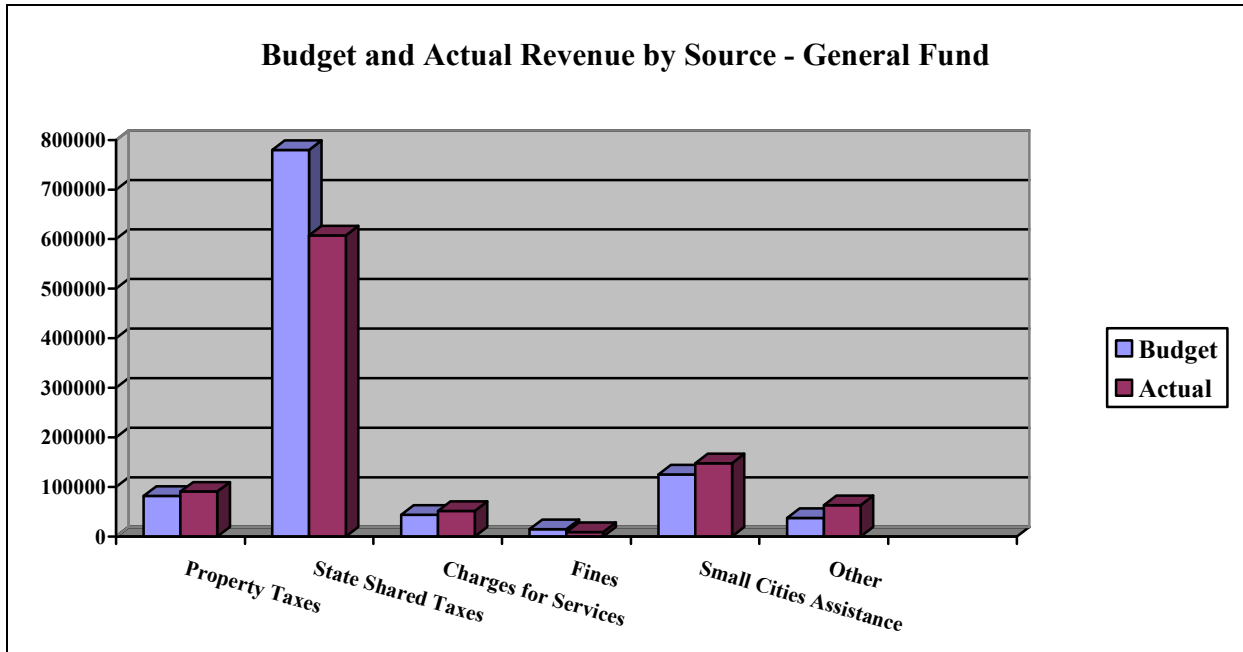
**STATE OF NEW MEXICO
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Management's Discussion and Analysis

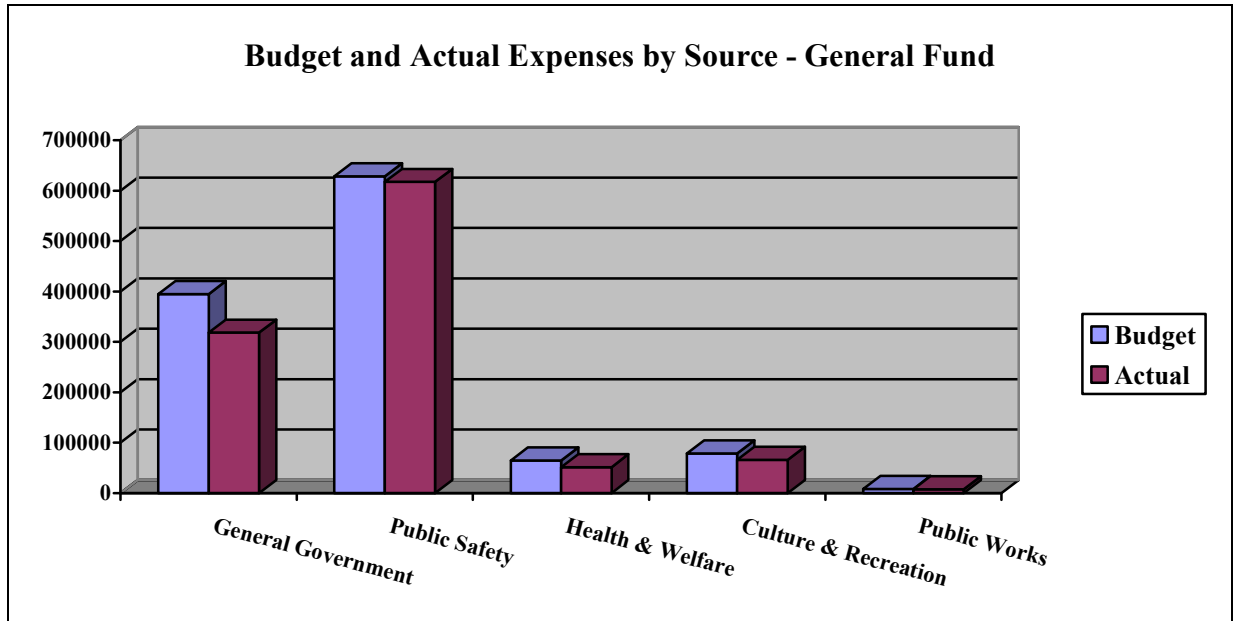
General Fund Budgetary Highlights (continued)

The General Fund accounts for all of the general services provided by the Village of Hatch.

At the end of 2009, the cash and investments balance of the General Fund had decreased by \$491,309. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund. The budget revenue exceeded actual by \$115,919.



General government expenditures include all administrative functions of the Village, which include: Board of Trustees, Administration, Finance, Police, Maintenance, Judicial, Public Safety, Health, Recreation, and Capital purchases. The following chart shows a summary of functional categories for expenditures:



**STATE OF NEW MEXICO
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Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. Village of Hatch's capital assets for its governmental and business-type activities as of June 30, 2009 amount to \$16,951,644 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure. The total increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year was \$723,650 for construction in progress and \$1,111,535 to other improvements for the completed FEMA Disaster project. No additional business-type capital assets (excluding accumulated depreciation) for the current fiscal year were incurred.

**Capital Assets, Net of Depreciation
June 30, 2009**

	Government- Type Activities	Business-Type Activities	Total
Land and construction in process	\$ 7,013,286	\$ 62,099	\$ 7,075,385
Buildings	1,550,628	-	1,550,628
Other improvements	4,527,767	-	4,527,767
Infrastructure	120,135	-	120,135
Utility system	-	3,075,266	3,075,266
Machinery and equipment	43,962	558,501	602,463
Capital assets, net of accumulated depreciation	<u>\$ 13,255,778</u>	<u>\$ 3,695,866</u>	<u>\$ 16,951,644</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. The Statement of Net Assets shows the Investment in Capital Assets in the amount of \$16,539,032. This balance includes the capital assets, net of accumulated depreciation, reduced by the note balances associated with those capital assets. The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

	Government-Type Activities	Business-Type Activities	Total
Net value of capital assets	\$ 13,255,778	\$ 3,695,866	\$ 16,951,644
Short-term debt principal balance:			
NM Finance Authority - Street improvements	-	-	-
Long-term debt principal balance:			
Revenue bonds payable	-	212,400	212,400
NM Environmental - Improvement loans	-	37,578	37,578
NM Finance Authority - fire pumper truck	162,634	-	162,634
Total Long-term Debt Principal	<u>162,634</u>	<u>249,978</u>	<u>412,612</u>
Total Debt Principal	<u>162,634</u>	<u>249,978</u>	<u>412,612</u>
Total Investment in Capital Assets			
Net of Related Debt	<u>\$ 13,093,144</u>	<u>\$ 3,445,888</u>	<u>\$ 16,539,032</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

ECONOMIC FACTORS

The Village expects to increase their tax base after the spaceport is constructed. Trustees expect to receive increased gross receipts taxes from the influx of new businesses and property taxes from increased residents.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Village of Hatch's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Hatch Administration; PO Box 220; Hatch, New Mexico, 87937.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 964,430	\$ 400,870	\$ 1,365,300
Accounts receivable	-	22,435	22,435
Property taxes receivable	10,169	-	10,169
Other receivables	60,154	5,869	66,023
Due from other governments	113,879	-	113,879
Restricted cash and investments	-	608,329	608,329
Capital assets:			
Land and work in process	7,013,286	62,099	7,075,385
Other capital assets, net of depreciation	6,242,492	3,633,767	9,876,259
Total Assets	<u>\$ 14,404,410</u>	<u>\$ 4,733,369</u>	<u>\$ 19,137,779</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 70,382	\$ 25,736	\$ 96,118
Reserve funds payable	62,974	-	62,974
Accrued interest payable	-	8,210	8,210
Customer deposits	-	55,504	55,504
Deferred revenue	2,568	-	2,568
Long-term liabilities:			
Compensated absences-current portion	23,360	9,137	32,497
Notes payable-current portion	-	19,788	19,788
Compensated absences-long-term	23,359	9,137	32,496
Notes payable-long-term	162,634	230,190	392,824
Total liabilities	<u>345,277</u>	<u>357,702</u>	<u>702,979</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,093,144	3,445,888	16,539,032
Restricted for:			
Bond reserve	-	152,552	152,552
Wastewater	-	49,222	49,222
System improvements	-	56,206	56,206
Water operating reserve	-	294,845	294,845
Unrestricted assets	965,989	376,954	1,342,943
Total net assets	<u>\$ 14,059,133</u>	<u>\$ 4,375,667</u>	<u>\$ 18,434,800</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,505,445	\$ 357,975	\$ 1,863,420
Accounts receivable	-	33,533	33,533
Property taxes receivable	7,540	-	7,540
Other receivables	57,235	-	57,235
Due from other governments	1,436,472	-	1,436,472
Restricted cash and investments	-	557,479	557,479
Capital assets:			
Land and work in process	6,289,636	62,099	6,351,735
Other capital assets, net of depreciation	5,398,607	3,940,981	9,339,588
Total Assets	<u>\$ 14,694,935</u>	<u>\$ 4,952,067</u>	<u>\$ 19,647,002</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 435,193	\$ 32,542	\$ 467,735
Reserve funds payable	62,974	-	62,974
Accrued interest payable	-	8,460	8,460
Customer deposits	-	53,086	53,086
Short-term note payable	873,559	-	873,559
Long-term liabilities:			
Compensated absences-current portion	28,881	9,833	38,714
Notes payable-current portion	-	19,179	19,179
Compensated absences-long-term	28,880	9,833	38,713
Notes payable-long-term	162,634	249,978	412,612
Total liabilities	<u>1,592,121</u>	<u>382,911</u>	<u>1,975,032</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,652,050	3,733,923	14,385,973
Restricted for:			
Bond reserve	-	122,585	122,585
Wastewater	-	48,079	48,079
System improvements	-	114,098	114,098
Water operating reserve	-	225,000	225,000
Unrestricted assets	2,450,764	325,471	2,776,235
Total net assets	<u>\$ 13,102,814</u>	<u>\$ 4,569,156</u>	<u>\$ 17,671,970</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Activities
June 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		Total
		Charge For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental-Type Activities	Business-Type Activities	
Primary Government							
Governmental-Type Activities:							
General government	\$ 360,885	\$ 51,375	\$ -	\$ 18,281	\$ (291,229)	\$ -	\$ (291,229)
Public safety	832,662	83,904	-	-	(748,758)	-	(748,758)
Public works	238,307	-	-	1,403,904	1,165,597	-	1,165,597
Culture and recreation	172,007	10,056	20,561	-	(141,390)	-	(141,390)
Health and welfare	35,403	-	-	-	(35,403)	-	(35,403)
Total governmental-type activities	1,639,264	145,335	20,561	1,422,185	(51,183)	-	(51,183)
Business-Type Activities:							
Joint Utilities	1,735,994	1,297,328	8,378	-	-	(430,288)	(430,288)
Total business-type activities	1,735,994	1,297,328	8,378	-	-	(430,288)	(430,288)
Total Primary Government					(51,183)	(430,288)	(481,471)
General Revenues:							
Taxes							
Franchise taxes					31,425	-	31,425
Property taxes					58,636	-	58,636
Cigarette taxes					3,293	-	3,293
State-shared taxes					593,286	222,986	816,272
Intergovernmental income					72,662	-	72,662
State shared assistance							
Small cities assistance					147,949	-	147,949
Miscellaneous					55,671	-	55,671
Interest					44,580	13,813	58,393
Transfer					-	-	-
Total general revenues and transfers					1,007,502	236,799	1,244,301
Book value of damaged assets not covered by FEMA grant					-	-	-
Changes in net assets					956,319	(193,489)	762,830
Net assets - beginning					13,102,814	4,569,156	17,671,970
Net assets - ending					\$ 14,059,133	\$ 4,375,667	\$ 18,434,800

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Activities
June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		Total
		Charge For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental-Type Activities	Business-Type Activities	
Primary Government							
Governmental-Type Activities:							
General government	\$ 809,315	\$ 189,339	\$ -	\$ -	\$ (619,976)	\$ -	\$ (619,976)
Public safety	779,376	74,906	-	-	(704,470)	-	(704,470)
Public works	318,354	-	-	2,668,303	2,349,949	-	2,349,949
Culture and recreation	223,007	2,515	3,110	-	(217,382)	-	(217,382)
Health and welfare	40,478	-	-	-	(40,478)	-	(40,478)
Total governmental-type activities	2,170,530	266,760	3,110	2,668,303	767,643	-	767,643
Business-Type Activities:							
Joint Utilities	1,741,349	1,291,563	-	-	-	(449,786)	(449,786)
Total business-type activities	1,741,349	1,291,563	-	-	-	(449,786)	(449,786)
Total Primary Government					767,643	(449,786)	317,857
General Revenues:							
Taxes							
Franchise taxes					28,739	-	28,739
Property taxes					56,304	-	56,304
Cigarette taxes					3,534	-	3,534
State-shared taxes					1,192,082	151,850	1,343,932
Intergovernmental income					131,965	-	131,965
State shared assistance							
Small cities assistance					129,277	-	129,277
Miscellaneous					161,629	-	161,629
Interest					17,115	3,026	20,141
Transfer					(112,228)	12,535	(99,693)
Total general revenues and transfers					1,608,417	167,411	1,775,828
Book value of damaged assets not covered by FEMA grant					-	-	-
Changes in net assets					2,376,060	(282,375)	2,093,685
Net assets - beginning					10,726,754	4,851,531	15,578,285
Net assets - ending					\$ 13,102,814	\$ 4,569,156	\$ 17,671,970

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

GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Gasoline Tax Fund	Total Non-Major Funds	Total Funds
ASSETS				
Cash	\$ 109,026	\$ 167,108	\$ 688,296	\$ 964,430
Taxes receivable	10,169	-	-	10,169
Other receivables	59,277	-	877	60,154
Due from other funds	2,000	-	119,177	121,177
Due from other governments	-	-	113,879	113,879
Total assets	<u>\$ 180,472</u>	<u>\$ 167,108</u>	<u>\$ 922,229</u>	<u>\$ 1,269,809</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,722	\$ -	\$ 42,660	\$ 70,382
Due to other funds	-	-	121,177	121,177
Deferred revenue	-	-	2,568	2,568
Reserve funds payable	62,974	-	-	62,974
Total liabilities	<u>90,696</u>	<u>-</u>	<u>166,405</u>	<u>257,101</u>
Fund balances:				
Reserved for capital projects funds	-	-	382,357	382,357
Reserved for special revenue funds	-	-	373,467	373,467
Unreserved	89,776	167,108	-	256,884
Total fund balances	<u>89,776</u>	<u>167,108</u>	<u>755,824</u>	<u>1,012,708</u>
Total liabilities and fund balances	<u>\$ 180,472</u>	<u>\$ 167,108</u>	<u>\$ 922,229</u>	<u>\$ 1,269,809</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Governmental Funds
Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2009**

Total fund balances – governmental funds	\$	1,012,708
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Cost of the assets	\$	15,747,332	
Accumulated depreciation		(2,491,554)	
		<u>13,255,778</u>	13,255,778

Short and long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Short and long-term liabilities at year-end consist of:

Compensated absences		(46,719)	
Notes Payable		(162,634)	
		<u>\$ (209,353)</u>	<u>(209,353)</u>

Total net assets – governmental activities	\$	<u>14,059,133</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Gasoline Tax Fund	Total Non-Major Funds	Total Funds
ASSETS				
Cash	\$ 600,335	\$ 210,818	\$ 694,292	\$ 1,505,445
Taxes receivable	7,540	-	-	7,540
Other receivables	57,021	-	214	57,235
Due from other funds	500	-	5,184	5,684
Due from other governments	-	2,046	1,434,426	1,436,472
Total assets	<u>\$ 665,396</u>	<u>\$ 212,864</u>	<u>\$ 2,134,116</u>	<u>\$ 3,012,376</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 24,782	\$ -	\$ 410,411	\$ 435,193
Due to other funds	-	-	5,684	5,684
Reserve funds payable	62,974	-	-	62,974
Total liabilities	<u>87,756</u>	<u>-</u>	<u>416,095</u>	<u>503,851</u>
Fund balances:				
Reserved for capital projects funds	-	-	1,430,451	1,430,451
Reserved for special revenue funds	-	-	287,570	287,570
Unreserved	577,640	212,864	-	790,504
Total fund balances	<u>577,640</u>	<u>212,864</u>	<u>1,718,021</u>	<u>2,508,525</u>
Total liabilities and fund balances	<u>\$ 665,396</u>	<u>\$ 212,864</u>	<u>\$ 2,134,116</u>	<u>\$ 3,012,376</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Governmental Funds
Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2008

Total fund balances – governmental funds	\$	2,508,525
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Cost of the assets	\$	13,912,147	
Accumulated depreciation		(2,223,904)	
		<u>11,688,243</u>	11,688,243

Short and long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Short and long-term liabilities at year-end consist of:

Compensated absences		(57,761)	
Notes Payable		(1,036,193)	
Notes Payable	\$	<u>(1,093,954)</u>	(1,093,954)

Total net assets – governmental activities	\$	<u>13,102,814</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year-Ended June 30, 2009

	General Fund	Gasoline Tax Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Fanchise taxes	\$ 31,425	\$ -	\$ -	\$ 31,425
Property taxes	58,636	-	-	58,636
Cigarette taxes	3,293	-	-	3,293
State shared taxes	547,883	9,486	35,917	593,286
Intergovernmental income	12,375	-	60,287	72,662
Charges for services	51,375	-	93,960	145,335
Small cities assistance	147,949	-	-	147,949
Other income	48,741	-	5,545	54,286
Interest income	30,555	-	14,025	44,580
Federal grants	2,664	-	17,746	20,410
State grants	1,385	-	1,401,775	1,403,160
County grants	-	-	20,561	20,561
Total revenues	<u>936,281</u>	<u>9,486</u>	<u>1,649,816</u>	<u>2,595,583</u>
EXPENDITURES				
Current:				
General government	294,574	-	-	294,574
Public safety	620,883	-	87,302	708,185
Public works	70,258	55,242	31,089	156,589
Culture and recreation	66,943	-	93,083	160,026
Health and welfare	7,421	-	5,940	13,361
Capital outlay	-	-	1,835,185	1,835,185
Total expenditures	<u>1,060,079</u>	<u>55,242</u>	<u>2,052,599</u>	<u>3,167,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,798)</u>	<u>(45,756)</u>	<u>(402,783)</u>	<u>(572,337)</u>
OTHER FINANCING SOURCES (USES)				
Loan payments	-	-	(873,559)	(873,559)
Loan interest	-	-	(49,921)	(49,921)
Transfers in	211,746	-	643,830	855,576
Transfers out	(575,812)	-	(279,764)	(855,576)
Total other financing sources and uses	<u>(364,066)</u>	<u>-</u>	<u>(559,414)</u>	<u>(923,480)</u>
Net change in fund balances	(487,864)	(45,756)	(962,197)	(1,495,817)
Fund balances-beginning	577,640	212,864	1,718,021	2,508,525
Fund balances-ending	<u>\$ 89,776</u>	<u>\$ 167,108</u>	<u>\$ 755,824</u>	<u>\$ 1,012,708</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year-Ending June 30, 2009

Total net change in fund balances-governmental funds \$ (1,495,817)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 1,835,185	
Depreciation expense	(267,650)	
	<u>\$ 1,567,535</u>	1,567,535

In the statement of activities, proceeds from loans are reported as revenue. In the governmental funds, however, these funds are capitalized as a note payable. The interest paid on the loans is reported as an expenditure.

NM Finance Authority loan payment	\$ 873,559	
New Fire Truck loan	-	
	<u>\$ 873,559</u>	873,559

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Change in compensated absences		
Current year additions	\$ (3,074)	
Current year deletions	14,116	
	<u>\$ 11,042</u>	<u>11,042</u>

Change in net assets of governmental activities \$ 956,319

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year-Ended June 30, 2008

	General Fund	Gasoline Tax Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Fanchise taxes	\$ 28,739	\$ -	\$ -	\$ 28,739
Property taxes	56,304	-	-	56,304
Cigarette taxes	3,534	-	-	3,534
State shared taxes	1,128,083	30,108	33,891	1,192,082
Intergovernmental income	10,528	-	121,437	131,965
Charges for services	189,339	-	77,421	266,760
Small cities assistance	129,277	-	-	129,277
Other income	35,906	-	125,723	161,629
Interest income	17,115	-	-	17,115
Federal grants	-	-	1,305,385	1,305,385
State grants	3,036	155,000	1,187,992	1,346,028
County grants	-	-	20,000	20,000
Total revenues	<u>1,601,861</u>	<u>185,108</u>	<u>2,871,849</u>	<u>4,658,818</u>
EXPENDITURES				
Current:				
General government	724,213	-	-	724,213
Public safety	638,572	-	80,699	719,271
Public works	54,416	89,150	144,202	287,768
Culture and recreation	69,800	-	141,034	210,834
Health and welfare	8,443	-	9,993	18,436
Capital outlay	-	-	3,076,923	3,076,923
Total expenditures	<u>1,495,444</u>	<u>89,150</u>	<u>3,452,851</u>	<u>5,037,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>106,417</u>	<u>95,958</u>	<u>(581,002)</u>	<u>(378,627)</u>
OTHER FINANCING SOURCES (USES)				
Funds received from NM Finance Loan	-	-	1,036,193	1,036,193
Transfers in	114,056	-	401,622	515,678
Transfers out	(141,548)	(355,178)	(131,180)	(627,906)
Total other financing sources and uses	<u>(27,492)</u>	<u>(355,178)</u>	<u>1,306,635</u>	<u>923,965</u>
Net change in fund balances	78,925	(259,220)	725,633	545,338
Fund balances-beginning	498,715	472,084	992,388	1,963,187
Fund balances-ending	<u>\$ 577,640</u>	<u>\$ 212,864</u>	<u>\$ 1,718,021</u>	<u>\$ 2,508,525</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year-Ending June 30, 2008

Total net change in fund balances-governmental funds \$ 545,338

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 3,076,922	
Book value of damaged assets not covered by FEMA grant	-	
Depreciation expense	(203,821)	
	\$ 2,873,101	2,873,101

In the statement of activities, proceeds from loans are reported as revenue. In the governmental funds, however, these funds are capitalized as a note payable. The interest paid on the loans is reported as an expenditure.

Proceeds from NM Finance Authority loans		
Street Improvement loan	\$ (873,559)	
New Fire Truck loan	(162,634)	
	\$ (1,036,193)	(1,036,193)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Change in compensated absences		
Current year additions	\$ (10,338)	
Current year deletions	4,152	
	\$ (6,186)	(6,186)

Change in net assets of governmental activities \$ 2,376,060

STATE OF NEW MEXICO
VILLAGE OF HATCH
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable Final to Actual
Revenues:				
Taxes	\$ 82,000	\$ 82,000	\$ 90,724	\$ 8,724
State shared taxes	780,000	780,000	607,152	(172,848)
Federal grants	4,000	4,000	2,664	(1,336)
Intergovernmental income	14,000	14,000	12,375	(1,625)
Charges for services	43,875	43,875	51,875	8,000
Fines and forfeitures	15,000	15,000	9,322	(5,678)
Small cities assistance	125,000	125,000	147,949	22,949
Interest income	2,500	2,500	648	(1,852)
Other income	34,925	34,925	62,672	27,747
Total revenues	<u>1,101,300</u>	<u>1,101,300</u>	<u>985,381</u>	<u>(115,919)</u>
Add: beginning cash	128,236	128,236		
	<u>\$ 1,229,536</u>	<u>\$ 1,229,536</u>		
Expenditures:				
Current:				
General government	394,703	394,703	318,223	76,480
Public safety	628,672	628,672	617,363	11,309
Public works	64,469	64,469	51,478	12,991
Culture and recreation	78,748	78,748	66,111	12,637
Health and welfare	8,300	8,300	7,421	879
Capital outlay	-	-	-	-
Total expenditures	<u>1,174,892</u>	<u>1,174,892</u>	<u>1,060,596</u>	<u>114,296</u>
Excess (deficiency) of revenues over (under) expenditures			(75,215)	
Transfers in	-	-	-	-
Transfers out	(54,644)	(54,644)	(54,644)	-
Total transfers	<u>(54,644)</u>	<u>(54,644)</u>	<u>(54,644)</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)			(129,859)	
Difference between GAAP and Non-GAAP				
Adjust transfers		(309,422)		
Adjust accrued revenue		(49,100)		
Adjust accrued expenses		<u>517</u>	<u>(358,005)</u>	
Net change in fund balance (Modified-GAAP basis)			(487,864)	
Fund balance-beginning			<u>577,640</u>	
Fund balance-ending			<u>\$ 89,776</u>	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Special Revenue Fund
Gasoline Tax .01
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance Favorable
	Original	Final		(Unfavorable) Final to Actual
Revenues:				
State shared taxes	\$ 26,000	\$ 26,000	\$ 11,531	\$ (14,469)
State grants	-	-	-	-
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>11,531</u>	<u>(14,469)</u>
Add: beginning cash	<u>62,783</u>	<u>62,783</u>		
	<u><u>88,783</u></u>	<u><u>88,783</u></u>		
Expenditures:				
Public works	108,783	108,783	38,184	70,599
Capital outlay	-	-	-	-
Total expenditures	<u>108,783</u>	<u>108,783</u>	<u>38,184</u>	<u>70,599</u>
Excess (deficiency) revenues over expenditures			(26,653)	
Other financing sources (uses)				
Transfers in	20,000	20,000	-	(20,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance (Non-GAAP basis)			(26,653)	
Differences between GAAP and Non-GAAP				
Adjust accrued revenue		(2,045)		
Adjust transfers		<u>(17,058)</u>	<u>(19,103)</u>	
Net change in fund balance (Modified -GAAP basis)			(45,756)	
Fund balance – beginning			<u>212,864</u>	
Fund balance – ending			<u><u>\$ 167,108</u></u>	

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

PROPRIETARY FUND

STATE OF NEW MEXICO
VILLAGE OF HATCH
Proprietary Funds – Utilities
Statement of Net Assets
June 30,

ASSETS	<u>2009</u>	<u>2008</u>
Current assets:		
Cash	\$ 400,870	\$ 357,975
Other receivable	5,869	-
Accounts receivable (Net of allowance for doubtful accounts)	22,435	33,533
Total current assets	<u>429,174</u>	<u>391,508</u>
Noncurrent assets:		
Restricted cash:		
Revenue bond service	40,122	41,317
Revenue bond reserve	112,430	111,679
Customer deposits	55,504	53,087
System improvements	56,206	77,605
Water operating reserve	294,845	225,000
Wastewater repair and replacement	23,546	23,475
Wastewater fund	25,676	25,316
Total restricted cash	<u>608,329</u>	<u>557,479</u>
Capital assets:		
Land	62,099	62,099
Other capital assets net of depreciation	3,633,767	3,940,981
Total capital assets	<u>3,695,866</u>	<u>4,003,080</u>
Total assets	<u>\$ 4,733,369</u>	<u>\$ 4,952,067</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	\$ 25,736	\$ 32,542
Accrued payroll	-	-
Accrued interest payable	8,210	8,460
Customer deposits	55,504	53,086
Current portion of long-term liabilities	28,925	29,012
Total current liabilities	<u>118,375</u>	<u>123,100</u>
Noncurrent liabilities:		
Accrued compensated absences	9,137	9,833
Revenue bonds payable	205,400	212,400
Note payable	24,790	37,578
Total long-term liabilities	<u>239,327</u>	<u>259,811</u>
Total liabilities	<u>357,702</u>	<u>382,911</u>
 NET ASSETS		
Invested in capital assets-net of related debt	3,445,888	3,733,923
Restricted for:		
Bond reserve	152,552	122,585
Wastewater repairs and replacement	49,222	48,079
System improvements	56,206	114,098
Water operating reserve	294,845	225,000
Unrestricted	376,954	325,471
Total net assets	<u>\$ 4,375,667</u>	<u>\$ 4,569,156</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds - Utilities
For the Year-Ended June 30,**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Charges for services	\$ 1,284,074	\$ 1,261,868
Municipal taxes	222,985	151,850
Connection charges	13,254	16,845
State grant	8,378	-
Total operating revenues	<u>1,528,691</u>	<u>1,430,563</u>
OPERATING EXPENSES		
Personnel services	369,548	368,018
Garbage contract	212,732	215,500
Purchase of gas	501,525	545,863
Depreciation and amortization	307,214	296,795
Other operating expenses	320,951	291,262
Total operating expenses	<u>1,711,970</u>	<u>1,717,438</u>
Operating income (loss)	(183,279)	(286,875)
NONOPERATING REVENUES		
Interest income	13,813	3,026
Interest expense	(24,023)	(11,061)
Transfer	-	12,535
Total non-operating revenues (expenses)	<u>(10,210)</u>	<u>4,500</u>
Change in net assets:	(193,489)	(282,375)
Total net assets-beginning	<u>4,569,156</u>	<u>4,851,531</u>
Total net assets-ending	<u>\$ 4,375,667</u>	<u>\$ 4,569,156</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Cash Flows
Proprietary Fund - Utilities
For the Year-Ended June 30,

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from agencies and customers	\$ 1,533,919	\$ 1,412,697
Cash used for salaries and operating expenses	(1,410,535)	(1,436,033)
Net cash used for operating activities	<u>123,384</u>	<u>(23,336)</u>
Cash flows from financing activities:		
Acquisition/disposal of fixed assets	-	(7,275)
Principal payment on notes	(12,179)	(10,245)
Principal payment on bonds	(7,000)	(8,354)
Interest expense	(24,523)	(11,379)
Transfer	-	12,535
Net cash used for financing activities	<u>(43,702)</u>	<u>(24,718)</u>
Cash flows from investing activities		
Interest income	14,063	3,026
Net cash provided by investing activities	<u>14,063</u>	<u>3,026</u>
Net decrease in cash and cash equivalents	93,745	(45,028)
Cash and cash equivalents – beginning	<u>915,454</u>	<u>960,482</u>
Cash and cash equivalents – ending	<u>\$ 1,009,199</u>	<u>\$ 915,454</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (183,279)	\$ (286,875)
Adjustments to reconcile operating income (loss) to net cash provided (used) by Operating activities		
Depreciation	307,214	296,795
Changes in assets and liabilities		
Accounts receivable	11,098	(9,586)
Other receivable	(5,869)	-
Accounts payable	(6,806)	(6,190)
Due from other governments	-	3,366
Customer deposits	2,418	(611)
Accrued payroll	-	(11,035)
Accrued compensated absences	(1,392)	(9,200)
Net cash provided (used) by operating activities	<u>\$ 123,384</u>	<u>\$ (23,336)</u>

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

FIDUCIARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009

	Private-Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 176,944	\$ 113,133
Note receivable	211,411	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 388,355</u>	<u>\$ 113,133</u>
Liabilities and net assets		
Liabilities		
Due to other governmental agencies	\$ -	\$ 4,513
Due to Garden Club	-	108,620
	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ 113,133</u>
Net assets		
Held in trust for private purpose	<u>\$ 388,355</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2008

	Private-Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 155,396	\$ 94,459
Note receivable	223,227	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 378,623</u>	<u>\$ 94,459</u>
Liabilities and net assets		
Liabilities		
Due to other governmental agencies	\$ -	\$ 5,640
Due to Garden Club	-	88,819
	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ 94,459</u>
Net assets		
Held in trust for private purpose	<u>\$ 378,623</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Year-ended June 30,

	Private Purpose Trust	
	2009	2008
Additions		
Investment earnings		
Interest	\$ 9,732	\$ 11,565
Transfer from General Fund	-	121,180
Total	<u>9,732</u>	<u>132,745</u>
Deduction		
T-Hangers	-	2,290
Total	<u>-</u>	<u>2,290</u>
Change in net assets	9,732	130,455
Net assets – beginning of the year	<u>378,623</u>	<u>248,168</u>
Net assets – end of the year	<u>\$ 388,355</u>	<u>\$ 378,623</u>

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

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Hatch, New Mexico (Village) have been prepared in conformity with generally accepted accounting principles as applied to government entities. The significant governmental accounting policies are described below.

A. Financial Reporting Entity

The Village was established by the laws of the State of New Mexico in 1927, under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The Village operates under the Board of Trustees form of government and provides the following services as authorized in the grant of powers: public safety (police, fire, and emergency medical), public works (highways and streets), sanitation, health and welfare services, culture and recreation, public improvements, planning and zoning, and general administration services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, or the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-14. The first criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

All governmental and business-type activities of the Village follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities and changes in net assets) reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund 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 or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within sixty (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 due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Government funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that is legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

The *Gasoline Tax Fund* is used to account for the distribution of gasoline taxes and motor vehicles registration fees to the Village and the expenditure for construction, reconstruction, resurfacing or other improvement or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

The government reports its proprietary fund (Utilities Fund) as a major governmental fund.

Additionally, the government reports the following fund types:

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the collection and payment of special fees to other governmental agencies.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Amounts reported as *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*.

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

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's proprietary fund is charges for utilities. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources, as they are needed.

The Village adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the Village records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions. The statement includes the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

- a. *Management's Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.
- b. *Government-Wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the Village's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Statement of Net Assets – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The Village now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of the Village are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Village’s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Village has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statements of activities.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments: The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and fully collateralized repurchase agreements.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables: All trade and property tax receivables are shown at what will be collectible within the next (60) days. Property taxes are assessed and collected by Dona Ana County. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either inter-fund receivable or inter-fund payable.

Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

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. No computer software is developed in-house.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Capital Assets (continued):

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10-80
Buildings	15-40
Other improvements	15-40
Machinery and Equipment (Including Computer Software)	5-10

Compensated Absences: Village employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation cost become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

Long-Term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The face amount of debt issued is reported as other financing sources.

Net Assets: The government-wide and business-type activities fund financial statements utilize a net assets presentation.

Investment in capital assets, net of related debt-This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets-Restricted net assets result from the constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets-This category reflects net assets of the Village, not restricted for any project or other purpose.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Inter-Fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from 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. All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by the local Board of Trustees and the New Mexico Department of Finance and Administration. Once the budget has been formally approved, the Village Board of Trustees and the Department of Finance and Administration must also approve any amendments. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

The Village is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues for the year-ended June 30, 2009 and 2008 is presented.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

The following is reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the Modified-GAAP basis by fund type.

	<u>2009</u>			
	<u>General Fund</u>	<u>Gas Tax Fund</u>	<u>Non-Major Funds</u>	<u>Proprietary Fund</u>
Excess (deficiency) of revenues (uses) over expenditures (Modified-GAAP Basis)	\$ (123,798)	\$ (28,698)	\$ (1,494,585)	\$ (193,489)
Adjustments:				
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	49,101	2,045	121,226	(110,692)
Adjustments:				
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	(518)	-	1,005,982	331,014
Excess (deficiency) of revenues (uses) over expenditures (Budget Basis)	<u>\$ (75,215)</u>	<u>\$ (26,653)</u>	<u>\$ (367,377)</u>	<u>\$ 26,833</u>
	<u>2008</u>			
	<u>General Fund</u>	<u>Gas Tax Fund</u>	<u>Non-Major Funds</u>	<u>Proprietary Fund</u>
Excess (deficiency) of revenues (uses) over expenditures (Modified-GAAP Basis)	\$ 78,925	\$ (259,220)	\$ (16,188)	\$ (282,375)
Adjustments:				
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	(424,674)	(2,047)	(1,182,357)	(40,327)
Adjustments:				
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	(16,411)	240,934	472,914	269,880
Excess (deficiency) of revenues (uses) over expenditures (Budget Basis)	<u>\$ (362,160)</u>	<u>\$ (20,333)</u>	<u>\$ (725,631)</u>	<u>\$ (52,822)</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 3 CUSTODIAL CREDIT RISK - DEPOSITS

The Village had the following depository accounts. All deposits are carried at cost plus accrued interest. The Village does not have a deposit policy.

<u>Depository Account</u>	Bank Balance	
	<u>2009</u>	<u>2008</u>
Insured	\$ 1,681,028	\$ 340,716
Collateralized:		
Collateral held by pledging bank's trust department not in the Village's name	972,132	1,618,354
Uninsured and uncollateralized	(613,793)	125,336
 Total Cash held at bank, Primary Government	 \$ 2,039,367	 \$ 2,084,406

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial risk. As of June 30, 2009, \$358,339 of the Village's bank balance of \$2,039,367 and as of June 30, 2008, \$1,743,690 of the Village's bank balance of \$2,084,406 was exposed to custodial credit risk as follows:

	<u>2009</u>	<u>2008</u>
Uninsured and uncollateralized	\$ (613,793)	\$ 125,336
Uninsured and collateral held by pledging bank's trust department not in Village's name	972,132	1,618,354
Total Cash, Primary Government	\$ 358,339	\$ 1,743,690

NOTE 4 RECEIVABLES

Receivables as of June 30, 2009 are as follows:

	Governmental Funds	Proprietary Fund	Total
Property tax receivables	\$ 10,169	\$ -	\$ 10,169
Other receivables	60,154	-	60,154
Due from other governments	113,879	-	113,879
Accounts receivable	-	22,435	22,435
Net receivables	\$ 184,202	\$ 22,435	\$ 206,637

These receivables are considered fully collectible as of June 30, 2009.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 4 RECEIVABLES (continued)

Receivables as of June 30, 2008, are as follows:

	Governmental Funds	Proprietary Fund	Total
Property tax receivables	\$ 7,540	\$ -	\$ 7,540
Other receivables	57,235	-	57,235
Due from other governments	1,436,472	-	1,436,472
Accounts receivable	-	33,533	33,533
Net receivables	<u>\$ 1,501,247</u>	<u>\$ 33,533</u>	<u>\$ 1,534,780</u>

These receivables are considered fully collectible as of June 30, 2008.

NOTE 5 NOTES RECEIVABLE-PRIVATE PURPOSE TRUST

In the CDBG Revolving fund the notes receivable are as follows:

Promissor	Original Loan Amount	Interest Rate	Loan Balance 6/30/2009	Loan Balance 6/30/2008
All Aboard Preschool	\$ 45,000	4% per annum	\$ 34,201	\$ 36,771
All Aboard Preschool	100,000	4% per annum	69,548	75,512
Esther and Willie Villegas	70,000	4% per annum	63,615	64,277
Hatch Auto Electric	50,000	4% per annum	44,047	46,667
Net receivables	<u>\$ 265,000</u>		<u>\$ 211,411</u>	<u>\$ 223,227</u>

These notes receivable are considered fully collectible as of June 30, 2009.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 6 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2009 and 2008. Land is not subject to depreciation.

Governmental Activities:	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:							
Land	\$ 2,123,362	\$ 63,866	\$ -	\$ 2,187,228	\$ -	\$ -	\$ 2,187,228
Construction in progress	3,772,330	2,713,738	2,383,660	4,102,408	1,835,185	1,111,535	4,826,058
Total	<u>5,895,692</u>	<u>2,777,604</u>	<u>2,383,660</u>	<u>6,289,636</u>	<u>1,835,185</u>	<u>1,111,535</u>	<u>7,013,286</u>
Other capital assets being depreciated							
Buildings	2,818,477	-	-	2,818,477	-	-	2,818,477
Other improvements	1,219,974	2,682,979	-	3,902,953	1,111,535	-	5,014,488
Infrastructure	388,773	-	-	388,773	-	-	388,773
Machinery and equipment	512,308	-	-	512,308	-	-	512,308
Total	<u>4,939,532</u>	<u>2,682,979</u>	<u>-</u>	<u>7,622,511</u>	<u>1,111,535</u>	<u>-</u>	<u>8,734,046</u>
Accumulated depreciation:							
Buildings	1,049,414	86,093	-	1,135,507	132,342	-	1,267,849
Other improvements	395,266	19,897	-	415,163	71,558	-	486,721
Infrastructure	157,253	97,831	-	255,084	13,554	-	268,638
Machinery and equipment	418,150	-	-	418,150	50,196	-	468,346
Total	<u>2,020,083</u>	<u>203,821</u>	<u>-</u>	<u>2,223,904</u>	<u>267,650</u>	<u>-</u>	<u>2,491,554</u>
Net book value	<u>\$ 8,815,141</u>	<u>\$ 5,256,762</u>	<u>\$ 2,383,660</u>	<u>\$ 11,688,243</u>	<u>\$ 2,679,070</u>	<u>\$ 1,111,535</u>	<u>\$ 13,255,778</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 6 CAPITAL ASSETS (continued)

Depreciation expense for the year-ended June 30, was charged as follows:

	<u>2009</u>		<u>2008</u>
General governmental	\$ 77,356	\$	78,917
Public safety	124,476		60,105
Public works	31,795		30,585
Culture and recreation	11,981		12,172
Health and welfare	22,042		22,042
Total expense	<u>\$ 267,650</u>	<u>\$</u>	<u>203,821</u>

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-Like Activities:							
Capital assets not being depreciated							
Land	\$ 62,099	\$ -	\$ -	\$ 62,099	\$ -	\$ -	\$ 62,099
Total	<u>62,099</u>	<u>-</u>	<u>-</u>	<u>62,099</u>	<u>-</u>	<u>-</u>	<u>62,099</u>
Other capital assets being depreciated							
Buildings	54,666	-	-	54,666	-	-	54,666
Utility system	7,369,159	-	-	7,369,159	-	-	7,369,159
Machinery and equipment	1,257,405	7,275	-	1,264,680	-	-	1,264,680
Total	<u>8,681,230</u>	<u>7,275</u>	<u>-</u>	<u>8,688,505</u>	<u>-</u>	<u>-</u>	<u>8,688,505</u>
Accumulated depreciation							
Buildings	51,964	1,577	-	53,541	1,125	-	54,666
Utility system	3,815,079	239,407	-	4,054,486	239,407	-	4,293,893
Machinery and equipment	583,686	55,811	-	639,497	66,682	-	706,179
Total	<u>4,450,729</u>	<u>296,795</u>	<u>-</u>	<u>4,747,524</u>	<u>307,214</u>	<u>-</u>	<u>5,054,738</u>
Net book value	<u>\$ 4,292,600</u>	<u>\$ (289,520)</u>	<u>\$ -</u>	<u>\$ 4,003,080</u>	<u>\$ (307,214)</u>	<u>\$ -</u>	<u>\$ 3,695,866</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2009 and 2008 totaled \$307,214 and \$289,520, respectively.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 7 LONG-TERM DEBT

During the year-ended June 30, 2009 and 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Funds:	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
NM Finance Authority - fire pumper truck	\$ -	\$ 162,634	\$ -	\$ 162,634	\$ -	\$ -	\$ 162,634	\$ -
Compensated absences	51,574	18,561	12,374	57,761	3,074	14,116	46,719	23,360
Total long-term liabilities	<u>\$ 51,574</u>	<u>\$ 181,195</u>	<u>\$ 12,374</u>	<u>\$ 220,395</u>	<u>\$ 3,074</u>	<u>\$ 14,116</u>	<u>\$ 209,353</u>	<u>\$ 23,360</u>

Compensated absences typically have been liquidated in the general and other governmental funds.

On April 24, 2008, the Village purchased a new fire pumper truck. The cost of the truck is \$227,194. The Village paid a deposit of \$67,000 with government funds. The balance of \$160,194 was paid with a new note from New Mexico Finance Authority. The total loan agreement was \$162,634, which included loan fees of \$2,440. Interest is due twice a year on Nov 1 and May 1. The blended interest rate is 1.873%. The loan is secured by the fire pumper truck and gross receipts are used to satisfy the interest and dividend amounts. The loan is expected to be repaid by May 1, 2019.

The terms of the note payable for the general fund is as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	\$ 3,807	\$ 3,807
2011	12,964	2,720	15,684
2012	15,604	2,548	18,152
2013	15,805	2,334	18,139
2014 - 2019	118,261	8,398	126,659
	<u>\$ 162,634</u>	<u>\$ 19,807</u>	<u>\$ 182,441</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 7 LONG-TERM DEBT (continued)

Proprietary Fund:	Balance June 30, 2007	Additions	Decreases	Balance June 30, 2008	Additions	Decreases	Balance June 30, 2008	One Year
New Mexico Environment Dept	\$ 61,356	\$ -	\$ 11,599	\$ 49,757	\$ -	\$ 12,179	\$ 37,578	\$ 12,788
Revenue Bonds	226,400	-	7,000	219,400	-	7,000	212,400	7,000
Compensated absences	28,866	4,600	13,800	19,666	761	2,153	18,274	9,137
Total long-term debt	\$ 316,622	\$ 4,600	\$ 32,399	\$ 288,823	\$ 761	\$ 21,332	\$ 268,252	\$ 28,925

The terms of the revenue bond and notes payable for the proprietary fund are as follows:

\$85,161 loan from the State of New Mexico, Environmental Improvement division, during the 1989-1990 fiscal years; the purpose of the loan was to replace water transmission lines. The note bears interest at 5.00% and is payable at \$6,834 a year through June 30, 2012.

\$96,221 loan from the State of New Mexico during the 1990-91 fiscal years; the purpose of the loan was to improve the sewer system. The note bears interest at 5.00% and is payable at \$7,591 per year through February 1, 2011.

The annual requirements to amortize the notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	12,788	1,636	14,424
2011	13,429	996	14,425
2012	11,361	325	11,686
	\$ 37,578	\$ 2,957	\$ 40,535

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 7 LONG-TERM DEBT (continued)

Revenue bonds payable at June 30, 2006 are comprised of the following individual issues:

A 1976 Joint Utility System bond in the amount of \$80,000 is due in annual installments of \$500 to \$7,000 through January 1, 2015, interest at 5.00%

A 1998 Joint Utility System bond in the amount of \$211,400 is due in annual installments of \$2,000 to \$13,400 through August 31, 2008, interest at 4.75%.

The purpose of these bonds is to improve and extend the utility system. A separate Joint Utility System Gross Income Fund must be maintained as follows: Commencing on January 1, 1979, and each month thereafter as long as the bond is outstanding, 1/12 of the next annual payment of principal must be retained in the fund. Commencing July 1, 1976, an additional amount of, not less than \$66.67 is to be set aside and constitute a "Repair and Replacement Fund" until the sum of \$8,000 is reached. Withdrawals may be made for the purpose of repairs and replacement of equipment. Surplus money shall be continuously secured by obligations, which are legal investments for public funds under the laws of the State of New Mexico.

The annual requirements to amortize the Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal
2010	\$ 7,000
2011	7,000
2012	7,000
2013-2017	34,000
2018-2022	24,000
2023-2027	31,000
2028-2032	39,000
2033-2037	49,000
2038	14,400
	\$ 212,400

NOTE 8 SHORT-TERM DEBT

Governmental Funds:	Balance June 30, 2008	Additions	Decreases	Balance June 30, 2009
NM Finance Authority - loan	\$ 873,559	\$ -	\$ 873,559	\$ -

A temporary loan from New Mexico Finance Authority was issued during the fiscal year ending June 30, 2008. These funds were used for CDBG street improvements. The loan was paid in full during the fiscal year with State Appropriation funds.

NOTE 9 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; injuries and natural disasters.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009

NOTE 9 RISK MANAGEMENT (continued)

Village of Hatch has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool currently operating as a common risk management and insurance program for local government. The Village pays an annual premium to New Mexico Self-Insured Fund for general insurance coverage and all risk of loss is transferred. The Village paid \$25,966 and \$81,329 in insurance premiums for the year ended June 30, 2009 and 2008, respectively.

NOTE 10 PERA PENSION PLAN

Plan Description. Substantially all of Village of Hatch's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Plan members are required to contribute 7% for municipal employees and 13.5% of gross salaries for law enforcement employees. The Village is required to contribute 9.15% for law enforcement plan members and 9.15% for all other plan members. The contribution requirements of plan members and Village of Hatch are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$53,015, \$53,854, and \$42,541, respectively, equal to the required contributions for each year.

NOTE 11 POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees.

Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Act, or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf unless that person retires before the employee's NMTCHA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employee's effective date and the date of retirement; or (2) retirees defined by the act who retired prior to July 1, 1990 and former legislators who served at least two years.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 11 POST-EMPLOYMENT BENEFITS (continued)

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an amount equal to .65% of the employee's salary. Each participating retiree pays a monthly premium of medical plus basic life plan and an additional \$5.00 if the participant retired prior to the employee's NMRCHA effective date or is a former legislator.

Contributions from participating employers become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, Albuquerque State Government Center, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, New Mexico 87107.

For the fiscal years ended June 30, 2009 and 2008, the Village remitted \$8,640 and \$7,993, respectively, in employer contributions to the Retiree Health Care Authority.

NOTE 12 FEDERAL AND STATE GRANTS

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 14 INTER-FUND TRANSFERS AND BALANCES

Transfers to/from other funds at June 30, 2009, consist of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
\$	54,644 General fund	Library	For cover operational expenditures
	51,510 General fund	Swim Train Facility	To cover capital expenditures
	385,833 General fund	CDBG	To cover capital expenditures
	83,825 General fund	FEMA Disaster	To cover capital expenditures
	43,424 Street Improvement	General fund	To reimburse expenditures
	121,181 Public Safety Building	General fund	To reimburse expenditures
	47,141 Public Safety Building	General fund	To reimburse expenditures
	68,018 Street Improvement	Legislative Appropriation	To reimburse expenditures
	<u>\$ 855,576</u> Total		

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 14 INTER-FUND TRANSFERS AND BALANCES (continued)

Transfers to/from other funds at June 30, 2008, consist of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>	
\$	131,180	Public Safety Building	Leg Appropriation	To cover operating expenses
	114,056	Gasoline Tax .01	General	To cover operating expenses
	124,469	Gasoline Tax .01	Street Improvement	To cover construction expenses
	90,000	Gasoline Tax .01	Swim	To cover construction expenses
	2,534	General	Airport	To cover construction expenses
	2,409	General	New Mexico Beautification	To cover operating expenses
	15,425	General	Library	To cover operating expenses
	26,653	General	Library	To cover operating expenses
	121,180	General	CDBG Revolving	To reimburse temporary loan
	<u>\$ 627,906</u>	Total		

Amounts due as of June 30, 2009, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Corrections	Juvenile Recreation	Direct deposit error	\$ 5,184
Street Improvement	Juvenile Recreation	Direct deposit error	90,583
Legislative Appropriation	Juvenile Recreation	Direct deposit error	23,410
General fund	Juvenile Recreation	Direct deposit error	2,000
		Total	<u>\$ 121,177</u>

Amounts due as of June 30, 2008, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Corrections	Juvenile Recreation	Advance Funds	\$ 5,184
General fund	Juvenile Recreation	Direct deposit error	500
		Total	<u>\$ 5,684</u>

Inter-fund balances represent short-term advances for funds that receive taxes and grants on a reimbursement basis.

NOTE 15 SUBSEQUENT EVENTS

The Village has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies constitute future commitments.

The Village is currently researching options to be relieved of their two member seats on the Rio Grande Natural Gas Association's Board of Directors. Options presented to them by their legal representatives include a sale with the cooperation from the City of Las Cruces or dissolution of the association. The Bylaws do not provide for the distribution of cash or assets for a dissolution or sale. The Bylaws would require revision if a dissolution or sale occurred to comply with the state statutes of Not for Profit Organizations.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2009**

NOTE 16 RIO GRANDE NATURAL GAS ASSOCIATION

The Commissioners of the City of Las Cruces and the Village of Hatch, New Mexico, acting pursuant to a joint and concurring resolution from their respective City Council and Board of Trustees authorizing the action, associated themselves together for the purpose of organizing an inter-community natural gas supply association in accordance with Sections 14-27-1 to 14-27-18, New Mexico Statutes Annotated, 1953 Comp.

The location of the principal office of the Association is City Hall Las Cruces, New Mexico.

The Association shall be a non-profit municipally owned corporation organized pursuant to Sections 14-27-1 through 14-27-18, New Mexico Statutes Annotated, 1953 Compilation and as such it shall not issue any capital stock, or pay a dividend to any of its members. The members of the Association shall be the duly elected and acting Mayor and Trustees of the Village of Hatch, of the duly elected and acting Mayor and City Council of the City of Las Cruces and their successors in office. The affairs of the Association shall be managed by its Board of Directors. The Board members shall not receive any stated salaries for their services.

The Association shall be entitled to receive from each of the above named cities and village such appropriations, allotments and grants as such municipalities shall be entitled to receive from any state or federal agency in connection with the acquisition and operation of a municipal or inter-community natural gas utility, or projects of similar nature, and such direct financial assistance from each of said villages and towns as may be provided. The Village of Hatch has not invested any funds in the Association to this date.

NOTE 17 BUDGETARY DIFFERENCES

The New Mexico State statutes restrict all officials and governing authorities from approving claims in excess of the approved budget. The following was the excess over the approved budget for the fiscal year ending June 30, 2009:

Fund	Category	Over Expended/ Under Funded Amount	Reason
FEMA Disaster Grant	Total	\$ 187,329	Received less funds than expected
Proprietary Fund	Total	<u>261,807</u>	Increase in costs
Total		<u>\$ 449,136</u>	

The following was the excess over the approved budget for the fiscal year ending June 30, 2008:

Fund	Category	Over Expended Amount	Reason
General	General government	\$ 315,595	Increase in other operating expenditures
General	Public safety	65,393	Increase in salary and maintenance expenditures
General	Health & welfare	1,143	Increase in utility expenditures
Police Seizure	Public safety	5,442	Increase in auction expenditures
EMS	Public safety	478	Increase in other operating expenditures
Fire Protection	Capital outlay	<u>82,301</u>	Purchase of fire truck
Total		<u>\$ 470,352</u>	

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Non-Major Governmental Funds
June 30, 2009

Police Seizure Fund – To account for funds received from the sale of seized assets and the expenditures for drug prevention and rehabilitation programs. (NMSA 7-38-58 1974).

EMS Grant Fund – To account for grant from the State of New Mexico for expenditures for emergency medical services (NMSA 24-10A-1 to 24-1-10A-10).

BAHC/EMS Fund – To account for grant from the State of New Mexico for expenditures for emergency medical services (NMSA 24-10A-1 to 24-1-10A-10).

New Mexico Beautification Fund – To account for the Grant from the New Mexico State Highway and Transportation Department for expenditures incurred for summer youth employment and to aid in litter control and beautification projects provided in (NMSA 1978 Sections 67-16-1 to 67-16-14). All grant funds have been received and expended. The fund balance is zero and no amounts were budgeted in the fiscal year ending June 30, 2009.

Library Fund – To account for the State Grant to be utilized for the acquisition of library materials. (State Grant and Village Council Ordinance).

Lodger's Tax Fund – To account for expenditures for the promotion of the Hatch area. Financing is provided by a tax charged on motel rooms in the Village of Hatch (NMSA 3-38-13 to 3-38-24).

Parks and Recreation Fund – To account for operations of summer recreation programs. Financing is provided by grants from Dona Ana County (NMSA 7-12-6.11).

Correction Fund – To account for judicial fees and administration costs (NMSA 35-14-11).

Cemetery Fund – To account for the operations of the Village cemetery. Financing is provided by lot sales, burial permits and the Garden Club (NMSA 3-40-1 to 3-40-9).

Law Enforcement Protection Fund – State Statutes Section 29-13 provides for the distribution of funds from the State Law Enforcement Protection Fund to municipal and village police and sheriff department for the maintenance and improvement of those departments in order to enhance the efficiency and effectiveness of law enforcement services provided. The fund is used to account for specific law enforcement expenditures not included in the general fund. Financing is provided by a state allocation and can only be used for law enforcement equipment and personnel training (NMSA 29-13-3).

Juvenile Recreation Fund – State Statutes Section 7-12 provides for the distribution of funds from the State, Village, and Municipality Recreation Fund (supported by cigarette taxes) to municipalities for recreation programs. The Juvenile Recreation Fund accounts for operations of the Village's recreation programs (NMSA 7-12-15).

Fire Protection Fund – State Statutes Section 59-15 provides that revenues accumulated by the state from taxes on fire and vehicle insurance companies and deposited in the Fire Protection Fund be distributed to local public bodies for the operation, betterment, and maintenance of the local fire departments. This fund is used to account for the operations of the Village's fire protection agency. Expenses do not include personnel costs (NMSA 59A-53-1).

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Balance Sheet
June 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 495,160	\$ 193,136	\$ 688,296
Due from other funds	5,184	113,993	119,177
Due from other governments	-	113,879	113,879
Other receivables	877	-	877
Total assets	<u>\$ 501,221</u>	<u>\$ 421,008</u>	<u>\$ 922,229</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,577	\$ 36,083	\$ 42,660
Deferred revenue	-	2,568	2,568
Due to other funds	121,177	-	121,177
Total liabilities	<u>127,754</u>	<u>38,651</u>	<u>166,405</u>
Fund Balances:			
Unreserved for capital projects funds	-	382,357	382,357
Unreserved for special revenue funds	373,467	-	373,467
Total fund balance	<u>373,467</u>	<u>382,357</u>	<u>755,824</u>
Total liabilities and fund balance	<u>\$ 501,221</u>	<u>\$ 421,008</u>	<u>\$ 922,229</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 283,629	\$ 410,663	\$ 694,292
Due from other funds	5,184	-	5,184
Due from other governments	9,638	1,424,788	1,434,426
Other receivables	214	-	214
Total assets	<u>\$ 298,665</u>	<u>\$ 1,835,451</u>	<u>\$ 2,134,116</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 5,411	\$ 405,000	\$ 410,411
Due to other funds	5,684	-	5,684
Total liabilities	<u>11,095</u>	<u>405,000</u>	<u>416,095</u>
Fund Balances:			
Unreserved for capital projects funds	-	1,430,451	1,430,451
Unreserved for special revenue funds	287,570	-	287,570
Total fund balance	<u>287,570</u>	<u>1,430,451</u>	<u>1,718,021</u>
Total liabilities and fund balance	<u>\$ 298,665</u>	<u>\$ 1,835,451</u>	<u>\$ 2,134,116</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
State shared taxes	\$ 35,917	\$ -	\$ 35,917
Intergovernmental income	60,287	-	60,287
Charges for services	93,960	-	93,960
Other income	5,545	-	5,545
Interest income	173	13,852	14,025
Federal grants	-	17,746	17,746
State grants	2,169	1,399,606	1,401,775
County grants	20,561	-	20,561
Total revenues	<u>218,612</u>	<u>1,431,204</u>	<u>1,649,816</u>
EXPENDITURES			
Current:			
Public safety	87,302	-	87,302
Public works	1,034	30,055	31,089
Culture and recreation	93,083	-	93,083
Health & welfare	5,940	-	5,940
Capital outlay	-	1,835,185	1,835,185
Total expenditures	<u>187,359</u>	<u>1,865,240</u>	<u>2,052,599</u>
Excess (deficiency) revenues over expenditures	<u>31,253</u>	<u>(434,036)</u>	<u>(402,783)</u>
OTHER FINANCING SOURCES (USES)			
Principal payments	-	(873,559)	(873,559)
Interest payments	-	(49,921)	(49,921)
Transfers in	54,644	589,186	643,830
Transfers out	-	(279,764)	(279,764)
Total other financing sources (uses)	<u>54,644</u>	<u>(614,058)</u>	<u>(559,414)</u>
Net change in fund balances	85,897	(1,048,094)	(962,197)
Fund balances – beginning	<u>287,570</u>	<u>1,430,451</u>	<u>1,718,021</u>
Fund balances – ending	<u>\$ 373,467</u>	<u>\$ 382,357</u>	<u>\$ 755,824</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
State shared taxes	\$ 33,891	\$ -	\$ 33,891
Intergovernmental income	60,326	61,111	121,437
Charges for services	77,421	-	77,421
Other income	2,462	123,261	125,723
Federal grants	-	1,305,385	1,305,385
State grants	35,430	1,152,562	1,187,992
County grants	20,000	-	20,000
Total revenues	<u>229,530</u>	<u>2,642,319</u>	<u>2,871,849</u>
EXPENDITURES			
Current:			
Public safety	80,699	-	80,699
Public works	535	143,667	144,202
Culture and recreation	141,034	-	141,034
Health & welfare	9,993	-	9,993
Capital outlay	276,845	2,800,078	3,076,923
Total expenditures	<u>509,106</u>	<u>2,943,745</u>	<u>3,452,851</u>
Excess (deficiency) revenues over expenditures	<u>(279,576)</u>	<u>(301,426)</u>	<u>(581,002)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	162,634	873,559	1,036,193
Transfers in	53,439	348,183	401,622
Transfers out	-	(131,180)	(131,180)
Total other financing sources (uses)	<u>216,073</u>	<u>1,090,562</u>	<u>1,306,635</u>
Net change in fund balances	(63,503)	789,136	725,633
Fund balances – beginning	<u>351,073</u>	<u>641,315</u>	<u>992,388</u>
Fund balances – ending	<u>\$ 287,570</u>	<u>\$ 1,430,451</u>	<u>\$ 1,718,021</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2009**

	Police Seizure	BAHC EMS	Library	Lodger's Tax	Parks	Corrections	Cemetery	Sub-total
ASSETS								
Cash and cash equivalents	\$ 134,216	\$ 25	\$ 7,143	\$ 1,362	\$ 22,663	\$ 59,624	\$ 42,128	\$ 267,161
Due from other funds	-	-	-	-	-	5,184	-	5,184
Due from other governments	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	877	-	-	877
Total assets	134,216	25	7,143	1,362	23,540	64,808	42,128	273,222
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 634	\$ -	\$ -	\$ 634
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	634	-	-	634
Fund balances:								
Unreserved for special revenue funds	134,216	25	7,143	1,362	22,906	64,808	42,128	272,588
Total fund balances	134,216	25	7,143	1,362	22,906	64,808	42,128	272,588
Total liabilities and fund balances	\$ 134,216	\$ 25	\$ 7,143	\$ 1,362	\$ 23,540	\$ 64,808	\$ 42,128	\$ 273,222

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2009**

	Law Enforcement	Juvenile Recreation	Fire	EMS	Sub-total page 1	Total
ASSETS						
Cash and cash equivalents	\$ 6,322	\$ 128,417	\$ 92,826	\$ 434	\$ 267,161	\$ 495,160
Due from other funds	-	-	-	-	5,184	5,184
Due from other governments	-	-	-	-	-	-
Other receivables	-	-	-	-	877	877
Total assets	\$ 6,322	\$ 128,417	\$ 92,826	\$ 434	\$ 273,222	\$ 501,221
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 5,943	\$ -	634	\$ 6,577
Due to other funds	-	121,177	-	-	-	121,177
Total liabilities	-	121,177	5,943	-	634	127,754
Fund balances:						
Unreserved for special revenue funds	6,322	7,240	86,883	434	272,588	373,467
Total fund balances	6,322	7,240	86,883	434	272,588	373,467
Total liabilities and fund balances	\$ 6,322	\$ 128,417	\$ 92,826	\$ 434	\$ 273,222	\$ 501,221

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2008**

	Police Seizure	BAHC EMS	New Mexico Beautification	Library	Lodger's Tax	Parks	Corrections	Cemetery	Sub-total
ASSETS									
Cash and cash equivalents	\$ 84,354	\$ 25	\$ -	\$ 5,585	\$ 1,404	\$ 22,440	\$ 55,890	\$ 38,012	\$ 207,710
Due from other funds	-	-	-	-	-	-	5,184	-	5,184
Due from other governments	9,638	-	-	-	-	-	-	-	9,638
Other receivables	-	-	-	-	214	-	-	-	214
Total assets	93,992	25	-	5,585	1,618	22,440	61,074	38,012	222,746
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
Fund balances:									
Unreserved for special revenue funds	93,992	25	-	5,585	1,618	22,440	61,074	38,012	222,746
Total fund balances	93,992	25	-	5,585	1,618	22,440	61,074	38,012	222,746
Total liabilities and fund balances	\$ 93,992	\$ 25	\$ -	\$ 5,585	\$ 1,618	\$ 22,440	\$ 61,074	\$ 38,012	\$ 222,746

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Balance Sheet
June 30, 2008**

	Law Enforcement	Juvenile Recreation	Fire	EMS	Sub-total page 1	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 11,716	\$ 63,769	\$ 434	\$ 207,710	\$ 283,629
Due from other funds	-	-	-	-	5,184	5,184
Due from other governments	-	-	-	-	9,638	9,638
Other receivables	-	-	-	-	214	214
Total assets	\$ -	\$ 11,716	\$ 63,769	\$ 434	\$ 222,746	\$ 298,665
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 5,411	\$ -	-	\$ 5,411
Accrued salaries	-	-	-	-	-	-
Due to other funds	-	5,684	-	-	-	5,684
Total liabilities	-	5,684	5,411	-	-	11,095
Fund balances:						
Unreserved for special revenue funds	-	6,032	58,358	434	222,746	287,570
Total fund balances	-	6,032	58,358	434	222,746	287,570
Total liabilities and fund balances	\$ -	\$ 11,716	\$ 63,769	\$ 434	\$ 222,746	\$ 298,665

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2009

	Police Seizure	BAHC EMS	Library	Lodger's Tax	Parks	Corrections	Sub-total
REVENUES							
State shared taxes	\$ -	\$ -	\$ -	\$ 778	\$ -	\$ -	\$ 778
Intergovernmental income	-	-	-	-	-	-	-
Charges for services	64,975	-	-	-	11,973	6,956	83,904
Other income	-	-	5,545	-	-	-	5,545
Interest income	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-
State grants	-	-	2,169	-	-	-	2,169
County grants	-	-	10,000	-	10,561	-	20,561
Total revenues	<u>64,975</u>	<u>-</u>	<u>17,714</u>	<u>778</u>	<u>22,534</u>	<u>6,956</u>	<u>112,957</u>
EXPENDITURES							
Current:							
Public safety	24,751	-	-	-	-	3,222	27,973
Public works	-	-	-	1,034	-	-	1,034
Culture and recreation	-	-	70,800	-	22,068	-	92,868
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>24,751</u>	<u>-</u>	<u>70,800</u>	<u>1,034</u>	<u>22,068</u>	<u>3,222</u>	<u>121,875</u>
Excess (deficiency) revenues over expenditures	40,224	-	(53,086)	(256)	466	3,734	(8,918)
OTHER FINANCING SOURCES (USES)							
Proceeds from loan	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Transfers in	-	-	54,644	-	-	-	54,644
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,644</u>
Net change in fund balances	40,224	-	1,558	(256)	466	3,734	45,726
Fund balances - beginning	<u>93,992</u>	<u>25</u>	<u>5,585</u>	<u>1,618</u>	<u>22,440</u>	<u>61,074</u>	<u>184,734</u>
Fund balances-ending	<u>\$ 134,216</u>	<u>\$ 25</u>	<u>\$ 7,143</u>	<u>\$ 1,362</u>	<u>\$ 22,906</u>	<u>\$ 64,808</u>	<u>\$ 230,460</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2009**

	Cemetery	Law Enforcement	Juvenile Recreation	Fire	EMS	Sub-total	Total
REVENUES							
State shared taxes	\$ -	\$ 24,200	\$ -	\$ -	\$ 10,939	\$ 778	\$ 35,917
Intergovernmental income	-	-	1,423	58,864	-	-	60,287
Charges for services	10,056	-	-	-	-	83,904	93,960
Other income	-	-	-	-	-	5,545	5,545
Interest income	-	-	-	173	-	-	173
Federal grants	-	-	-	-	-	-	-
State grants	-	-	-	-	-	2,169	2,169
County grants	-	-	-	-	-	20,561	20,561
Total revenues	<u>10,056</u>	<u>24,200</u>	<u>1,423</u>	<u>59,037</u>	<u>10,939</u>	<u>112,957</u>	<u>218,612</u>
EXPENDITURES							
Current:							
Public safety	-	17,878	-	30,512	10,939	27,973	87,302
Public works	-	-	-	-	-	1,034	1,034
Culture and recreation	-	-	215	-	-	92,868	93,083
Health and welfare	5,940	-	-	-	-	-	5,940
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>5,940</u>	<u>17,878</u>	<u>215</u>	<u>30,512</u>	<u>10,939</u>	<u>121,875</u>	<u>187,359</u>
Excess (deficiency) revenues over expenditures	4,116	6,322	1,208	28,525	-	(8,918)	31,253
OTHER FINANCING SOURCES (USES)							
Proceeds from loan	-	-	-	-	-	-	-
Princippal payment	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	54,644	54,644
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,644</u>	<u>54,644</u>
Net change in fund balances	4,116	6,322	1,208	28,525	-	45,726	85,897
Fund balances - beginning	<u>38,012</u>	<u>-</u>	<u>6,032</u>	<u>58,358</u>	<u>434</u>	<u>184,734</u>	<u>287,570</u>
Fund balances-ending	<u>\$ 42,128</u>	<u>\$ 6,322</u>	<u>\$ 7,240</u>	<u>\$ 86,883</u>	<u>\$ 434</u>	<u>\$ 230,460</u>	<u>\$ 373,467</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

	Police Seizure	BAHC EMS	New Mexico Beautification	Library	Lodger's Tax	Parks	Corrections	Sub-total
REVENUES								
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ 365	\$ -	\$ -	\$ 365
Intergovernmental income	-	-	-	-	-	-	-	-
Charges for services	38,468	-	-	-	-	22,430	14,008	74,906
Other income	-	-	-	2,462	-	-	-	2,462
Interest income	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
State grants	-	-	-	3,110	-	32,320	-	35,430
County grants	-	-	-	-	-	20,000	-	20,000
Total revenues	38,468	-	-	5,572	365	74,750	14,008	133,163
EXPENDITURES								
Current:								
Public safety	35,442	-	-	-	-	-	5,283	40,725
Public works	-	-	-	-	535	-	-	535
Culture and recreation	-	-	-	68,382	-	60,090	-	128,472
Health and welfare	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	35,442	-	-	68,382	535	60,090	5,283	169,732
Excess (deficiency) revenues over expenditures	3,026	-	-	(62,810)	(170)	14,660	8,725	(36,569)
OTHER FINANCING SOURCES (USES)								
Proceeds from loan	-	-	-	-	-	-	-	-
Transfers in	-	-	2,409	51,030	-	-	-	53,439
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	2,409	51,030	-	-	-	53,439
Net change in fund balances	3,026	-	2,409	(11,780)	(170)	14,660	8,725	16,870
Fund balances - beginning	90,966	25	(2,409)	17,365	1,788	7,780	52,349	167,864
Fund balances-ending	\$ 93,992	\$ 25	\$ -	\$ 5,585	\$ 1,618	\$ 22,440	\$ 61,074	\$ 184,734

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

	Cemetery	Law Enforcement	Juvenile Recreation	Fire	EMS	Sub-total	Total
REVENUES							
State shared taxes	\$ -	\$ 24,200	\$ -	\$ -	\$ 9,326	\$ 365	\$ 33,891
Intergovernmental income	-	-	1,774	58,552	-	-	60,326
Charges for services	2,515	-	-	-	-	74,906	77,421
Other income	-	-	-	-	-	2,462	2,462
Interest income	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-
State grants	-	-	-	-	-	35,430	35,430
County grants	-	-	-	-	-	20,000	20,000
Total revenues	<u>2,515</u>	<u>24,200</u>	<u>1,774</u>	<u>58,552</u>	<u>9,326</u>	<u>133,163</u>	<u>229,530</u>
EXPENDITURES							
Current:							
Public safety	-	2,300	-	27,814	9,860	40,725	80,699
Public works	-	-	-	-	-	535	535
Culture and recreation	-	-	12,562	-	-	128,472	141,034
Health and welfare	9,993	-	-	-	-	-	9,993
Capital outlay	-	21,900	-	254,945	-	-	276,845
Total expenditures	<u>9,993</u>	<u>24,200</u>	<u>12,562</u>	<u>282,759</u>	<u>9,860</u>	<u>169,732</u>	<u>509,106</u>
Excess (deficiency) revenues over expenditures	(7,478)	-	(10,788)	(224,207)	(534)	(36,569)	(279,576)
OTHER FINANCING SOURCES (USES)							
Proceeds from loan	-	-	-	162,634	-	-	162,634
Transfers in	-	-	-	-	-	53,439	53,439
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,634</u>	<u>-</u>	<u>53,439</u>	<u>216,073</u>
Net change in fund balances	(7,478)	-	(10,788)	(61,573)	(534)	16,870	(63,503)
Fund balances - beginning	<u>45,490</u>	<u>-</u>	<u>16,820</u>	<u>119,931</u>	<u>968</u>	<u>167,864</u>	<u>351,073</u>
Fund balances-ending	<u>\$ 38,012</u>	<u>\$ -</u>	<u>\$ 6,032</u>	<u>\$ 58,358</u>	<u>\$ 434</u>	<u>\$ 184,734</u>	<u>\$ 287,570</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Police Seizure
Statement of Revenues, Expenditures and
Changes in fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 74,613	\$ 44,613
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>74,613</u>	<u>44,613</u>
Add: beginning cash	-	-		
	<u>\$ 30,000</u>	<u>\$ 30,000</u>		
Expenditures:				
Public safety	30,000	30,000	24,752	5,248
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>24,752</u>	<u>5,248</u>
Excess (deficiency) revenues over expenditures			49,861	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)			49,861	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue			<u>(9,637)</u>	
Net change in fund balance (Modified-GAAP basis)			40,224	
Fund balance – beginning			<u>93,992</u>	
Fund balance – ending			<u>\$ 134,216</u>	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
BAHC EMS
Statement of Revenues, Expenditures and
Changes in fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			25	
Fund balance – ending			\$ 25	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Library
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grant	\$ 3,400	\$ 3,400	\$ 2,169	\$ (1,231)
County grant	5,000	5,000	10,000	5,000
Other income	5,600	5,600	5,545	(55)
Total revenues	14,000	14,000	17,714	3,714
Add: beginning cash	5,115	5,115		
	\$ 19,115	\$ 19,115		
Expenditures:				
Culture and recreation	73,759	73,759	70,800	2,959
Capital outlay	-	-	-	-
Total expenditures	73,759	73,759	70,800	2,959
Excess (deficiency) revenues over expenditures			(53,086)	
Other financing sources (uses)				
Transfers in	54,644	54,644	54,644	-
Transfers out	-	-	-	-
Total other financing sources (uses)	54,644	54,644	54,644	-
Net change in fund balance (Non-GAAP basis)			1,558	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expense		-	-	
Net change in fund balance (Modified-GAAP basis)			1,558	
Fund balance – beginning			5,585	
Fund balance – ending			\$ 7,143	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Lodger's Tax
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State-shared taxes	\$ 2,000	\$ 2,000	\$ 992	\$ (1,008)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>992</u>	<u>(1,008)</u>
Add: beginning cash	-	-		
	<u>\$ 2,000</u>	<u>\$ 2,000</u>		
Expenditures:				
Public works	2,000	2,000	1,034	966
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,034</u>	<u>966</u>
Excess (deficiency) revenues over expenditures			(42)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP Basis)			(42)	
Differences between Modified-GAAP and Non-GAAP				
Adjust for accrued revenue			<u>(214)</u>	
Net change in fund balance (Modified-GAAP Basis)			(256)	
Fund balance – beginning			<u>1,618</u>	
Fund balance – ending			<u>\$ 1,362</u>	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Parks and Recreation
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
County grants	\$ 20,000	\$ 20,000	\$ 10,561	\$ (9,439)
State grants	-	-	-	-
Charges for services	13,100	13,100	11,133	(1,967)
Total revenues	33,100	33,100	21,694	(11,406)
Add: beginning cash	3,711	3,711		
	\$ 36,811	\$ 36,811		
Expenditures:				
Culture & recreation	36,811	36,811	21,435	15,376
Total expenditures	36,811	36,811	21,435	15,376
Excess (deficiency) revenues over expenditures			259	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			259	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		840		
Adjust accrued expenses		(633)	207	
Net change in fund balance (Modified-GAAP basis)			466	
Fund balance – beginning			22,440	
Fund balance – ending			\$ 22,906	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Corrections
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 6,600	\$ 6,600	\$ 6,956	\$ 356
Total revenues	6,600	6,600	6,956	356
 Add: beginning cash	 -	 -		
	\$ 6,600	\$ 6,600		
 Expenditures:				
Public safety	6,600	6,600	3,222	3,378
Total expenditures	6,600	6,600	3,222	3,378
 Excess (deficiency) revenues over expenditures			3,734	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			3,734	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenditures		-		
Adjust accrued revenues		-	-	
		-	-	
 Net change in fund balance (Modified-GAAP basis)			3,734	
 Fund balance – beginning			61,074	
 Fund balance – ending			\$ 64,808	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Cemetery
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 10,700	\$ 10,700	\$ 10,056	\$ (644)
Total revenues	10,700	10,700	10,056	(644)
 Add: beginning cash	 -	 -		
	\$ 10,700	\$ 10,700		
 Expenditures:				
Health and welfare	9,963	9,963	5,940	4,023
Capital outlay	625	625	-	625
Total expenditures	10,588	10,588	5,940	4,648
 Excess (deficiency) revenues over expenditures			4,116	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			4,116	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenses		-	-	
		-	-	
 Net change in fund balance (Modified-GAAP basis)			4,116	
 Fund balance – beginning			38,012	
 Fund balance – ending			\$ 42,128	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Law Enforcement
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State allocation	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Total revenues	24,200	24,200	24,200	-
 Add: beginning cash	 -	 -		
	\$ 24,200	\$ 24,200		
 Expenditures:				
Public safety	24,200	24,200	17,878	6,322
Total expenditures	24,200	24,200	17,878	6,322
 Excess (deficiency) revenues over expenditures			6,322	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance			6,322	
 Fund balance – beginning			-	
 Fund balance – ending			\$ 6,322	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Juvenile Recreation
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State-shared taxes	\$ -	\$ -	\$ -	\$ -
Recreation fees	-	-	-	-
Intergovernmental income	1,000	1,000	1,423	423
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,423</u>	<u>423</u>
Add: beginning cash	6,160	6,160		
	<u>\$ 7,160</u>	<u>\$ 7,160</u>		
Expenditures:				
Culture and recreation	7,160	7,160	215	6,945
Capital outlay	-	-	-	-
Total expenditures	<u>7,160</u>	<u>7,160</u>	<u>215</u>	<u>6,945</u>
Excess (deficiency) revenues over expenditures			1,208	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)			1,208	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenditures		<u>-</u>	<u>-</u>	
Net change in fund balance (Modified-GAAP basis)			1,208	
Fund balance – beginning			<u>6,032</u>	
Fund balance – ending			<u>\$ 7,240</u>	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
Fire Protection
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ 33,901	\$ 33,901	\$ 58,864	\$ 24,963
Investment income	-	-	173	173
Total revenues	33,901	33,901	59,037	25,136
Add: beginning cash	19,683	19,683		
	\$ 53,584	\$ 53,584		
Expenditures:				
Public safety	39,889	39,889	24,569	15,320
Capital outlay	13,695	13,695	5,411	8,284
Total expenditures	53,584	53,584	29,980	23,604
Excess (deficiency) revenues over expenditures			29,057	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			29,057	
Difference between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenditures		(532)	(532)	
Net change in fund balance (Modified-GAAP)			28,525	
Fund balance – beginning			58,358	
Fund balance – ending			\$ 86,883	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
SPECIAL REVENUE FUND
EMS
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State allotment	\$ 15,000	\$ 15,000	\$ 10,939	\$ (4,061)
Total revenues	15,000	15,000	10,939	(4,061)
 Add: beginning cash	 -	 -		
	\$ 15,000	\$ 15,000		
 Expenditures:				
Public safety	15,000	15,000	10,939	4,061
Total expenditures	15,000	15,000	10,939	4,061
 Excess (deficiency) revenues over expenditures			 -	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance			 -	
 Fund balance – beginning			 434	
 Fund balance – ending			 \$ 434	

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

CAPITAL PROJECT FUNDS

STATE OF NEW MEXICO

VILLAGE OF HATCH

June 30, 2009

CAPITAL PROJECTS FUNDS LISTING

Public Safety Building – To account for receipts and expenditures of the grants and State legislative appropriations for the construction of the public safety building. Authorized by the State grant contracts.

Swim-Train Facility - To account for the receipt and expenditures of the State legislative appropriations for a new swimming facility. Authorized by the State legislative appropriations.

CDBG Street Improvements - To account for the receipt and expenditures the CDBG grant for major street improvements. Authorized by the Federal CDBG grant contract.

A Nunez Health Bldg - To account for the receipt and expenditures of the state grants for the construction of the A. Nunez Health Building. Authorized by the State grant contracts.

Legislative Appropriations - To account for special appropriations made by the Legislature for the State of New Mexico, including a paving project and new municipal complex (NMSA 3-31-1).

Street Improvements – To account for receipts and expenditures of the grants and State legislative appropriations for major street improvements. Authorized by the State legislative appropriations.

Airport Action Plan - To account for the grant revenues and expenses associated with the airport action plan. Authorized by State legislation NMSA 64-2-1 2001.

FEMA Disaster – To account for grant funds from the FEMA disaster relief fund. Funding is from the Department of Homeland Security through the New Mexico Office of Emergency Management. Authorized by the FEMA Major Disaster Declaration FEMA-1659-DR.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Balance Sheet
June 30, 2009**

	Public Safety Building	Swim-Train Facility	CDBG Street Improvement	A Nunez Health Bldg	Legislative Appropriations	Airport Action Plan	FEMA Disaster	Subtotal
ASSETS								
Cash and cash equivalents	\$ 55,193	\$ 55,732	\$ 200	\$ 18,315	\$ 31,087	\$ 30,391	\$ -	\$ 190,918
Due from other funds	-	-	-	-	23,410	-	-	23,410
Due from other governments	-	60,760	-	-	15,856	-	-	76,616
Total assets	\$ 55,193	\$ 116,492	\$ 200	\$ 18,315	\$ 70,353	\$ 30,391	\$ -	\$ 290,944
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 19,304	\$ -	\$ -	\$ 15,341	\$ -	\$ -	\$ 34,645
Deferred revenue	-	-	-	-	-	2,568	-	2,568
Total liabilities	-	19,304	-	-	15,341	2,568	-	37,213
Fund balances:								
Reserved for capital projects funds	55,193	97,188	200	18,315	55,012	27,823	-	253,731
Total fund balances	55,193	97,188	200	18,315	55,012	27,823	-	253,731
Total liabilities and fund balances	\$ 55,193	\$ 116,492	\$ 200	\$ 18,315	\$ 70,353	\$ 30,391	\$ -	\$ 290,944

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Balance Sheet
June 30, 2009**

	Street Improvement	Subtotal Page 1	Total
ASSETS			
Cash and cash equivalents	\$ 2,218	\$ 190,918	\$ 193,136
Due from other funds	90,583	23,410	113,993
Due from other governments	37,263	76,616	113,879
Total assets	\$ 130,064	\$ 290,944	\$ 421,008
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,438	\$ 34,645	\$ 36,083
Deferred revenue	-	2,568	2,568
Total liabilities	1,438	37,213	38,651
Fund balances:			
Reserved for capital projects funds	128,626	253,731	382,357
Total fund balances	128,626	253,731	382,357
Total liabilities and fund balances	\$ 130,064	\$ 290,944	\$ 421,008

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Balance Sheet
June 30, 2008**

	<u>Public Safety Building</u>	<u>Swim-Train Facility</u>	<u>CDBG Street Improvement</u>	<u>A Nunez Health Bldg</u>	<u>Legislative Appropriations</u>	<u>Airport Action Plan</u>	<u>FEMA Disaster</u>	<u>Subtotal</u>
ASSETS								
Cash and cash equivalents	\$ 224,570	\$ 97,373	\$ 200	\$ 19,827	\$ 9,412	\$ 27,823	\$ 31,458	\$ 410,663
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	29,353	1,290,559	-	-	-	-	1,319,912
Total assets	<u>\$ 224,570</u>	<u>\$ 126,726</u>	<u>\$ 1,290,759</u>	<u>\$ 19,827</u>	<u>\$ 9,412</u>	<u>\$ 27,823</u>	<u>\$ 31,458</u>	<u>\$ 1,730,575</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 405,000	\$ -	\$ -	\$ -	\$ -	\$ 405,000
Total liabilities	-	-	405,000	-	-	-	-	405,000
Fund balances:								
Reserved for capital projects funds	224,570	126,726	885,759	19,827	9,412	27,823	31,458	1,325,575
Total fund balances	<u>224,570</u>	<u>126,726</u>	<u>885,759</u>	<u>19,827</u>	<u>9,412</u>	<u>27,823</u>	<u>31,458</u>	<u>1,325,575</u>
Total liabilities and fund balances	<u>\$ 224,570</u>	<u>\$ 126,726</u>	<u>\$ 1,290,759</u>	<u>\$ 19,827</u>	<u>\$ 9,412</u>	<u>\$ 27,823</u>	<u>\$ 31,458</u>	<u>\$ 1,730,575</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Balance Sheet
June 30, 2008**

	Street Improvement	Subtotal Page 1	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 410,663	\$ 410,663
Due from other funds	-	-	-
Due from other governments	104,876	1,319,912	1,424,788
Total assets	\$ 104,876	\$ 1,730,575	\$ 1,835,451
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 405,000	\$ 405,000
Total liabilities	-	405,000	405,000
Fund balances:			
Reserved for capital projects funds	104,876	1,325,575	1,430,451
Total fund balances	104,876	1,325,575	1,430,451
Total liabilities and fund balances	\$ 104,876	\$ 1,730,575	\$ 1,835,451

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2009**

	Public Safety Building	Swim-Train Facility	CDBG Street Improvement	A Nunez Health Bldg	Legislative Appropriations	Airport Action Plan	FEMA Disaster	Subtotal
REVENUES								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,746	\$ -	\$ 17,746
State grants	-	882,475	-	60,958	173,077	535	121,504	1,238,549
Interest income	-	-	13,852	-	-	-	-	13,852
Total revenues	-	882,475	13,852	60,958	173,077	18,281	121,504	1,270,147
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	4,190	-	-	-	-	4,190
Culture and recreation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Capital outlay	1,055	963,523	357,574	62,470	195,495	18,281	236,787	1,835,185
Total expenditures	1,055	963,523	361,764	62,470	195,495	18,281	236,787	1,839,375
Excess (deficiency) revenues over expenditures	(1,055)	(81,048)	(347,912)	(1,512)	(22,418)	-	(115,283)	(569,228)
OTHER FINANCING SOURCES (USES)								
Principal payments	-	-	(873,559)	-	-	-	-	(873,559)
Interest payments	-	-	(49,921)	-	-	-	-	(49,921)
Transfers in	-	51,510	385,833	-	68,018	-	83,825	589,186
Transfers out	(168,322)	-	-	-	-	-	-	(168,322)
Total other financing sources (uses)	(168,322)	51,510	(537,647)	-	68,018	-	83,825	(502,616)
Net change in fund balances	(169,377)	(29,538)	(885,559)	(1,512)	45,600	-	(31,458)	(1,071,844)
Fund balances - beginning	224,570	126,726	885,759	19,827	9,412	27,823	31,458	1,325,575
Fund balances-ending	\$ 55,193	\$ 97,188	\$ 200	\$ 18,315	\$ 55,012	\$ 27,823	\$ -	\$ 253,731

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2009

	Street Improvements	Subtotal Page 1	Total
REVENUES			
Federal grants	\$ -	\$ 17,746	\$ 17,746
State grants	161,057	1,238,549	1,399,606
Interest income	-	13,852	13,852
Total revenues	<u>161,057</u>	<u>1,270,147</u>	<u>1,431,204</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Public works	25,865	4,190	30,055
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	1,835,185	1,835,185
Total expenditures	<u>25,865</u>	<u>1,839,375</u>	<u>1,865,240</u>
Excess (deficiency) revenues over expenditures	135,192	(569,228)	(434,036)
OTHER FINANCING SOURCES (USES)			
Principal payments	-	(873,559)	(873,559)
Interest payments	-	(49,921)	(49,921)
Transfers in	-	589,186	589,186
Transfers out	(111,442)	(168,322)	(279,764)
Total other financing sources (uses)	<u>(111,442)</u>	<u>(502,616)</u>	<u>(614,058)</u>
Net change in fund balances	23,750	(1,071,844)	(1,048,094)
Fund balances - beginning	<u>104,876</u>	<u>1,325,575</u>	<u>1,430,451</u>
Fund balances-ending	<u>\$ 128,626</u>	<u>\$ 253,731</u>	<u>\$ 382,357</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

	Public Safety Building	Swim-Train Facility	CDBG Street Improvement	A Nunez Health Bldg	Legislative Appropriations	Airport Action Plan	FEMA Disaster	Subtotal
REVENUES								
Intergovernmental	\$ -	\$ -	\$ 61,111	\$ -	\$ -	\$ -	\$ -	\$ 61,111
Federal grants	-	-	774,244	-	-	300,000	222,772	1,297,016
State grants	-	49,352	-	-	425,900	11,611	-	486,863
Other	-	-	-	-	-	-	123,261	123,261
Total revenues	-	49,352	835,355	-	425,900	311,611	346,033	1,968,251
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Capital outlay	86,339	109,571	823,155	-	592,782	323,662	314,575	2,250,084
Total expenditures	86,339	109,571	823,155	-	592,782	323,662	314,575	2,250,084
Excess (deficiency) revenues over expenditures	(86,339)	(60,219)	12,200	-	(166,882)	(12,051)	31,458	(281,833)
OTHER FINANCING SOURCES (USES)								
Proceeds from NM Finance Authority loan	-	-	873,559	-	-	-	-	873,559
Transfers in	-	90,000	-	-	131,180	2,534	-	223,714
Transfers out	(131,180)	-	-	-	-	-	-	(131,180)
Total other financing sources (uses)	(131,180)	90,000	873,559	-	131,180	2,534	-	966,093
Net change in fund balances	(217,519)	29,781	885,759	-	(35,702)	(9,517)	31,458	684,260
Fund balances - beginning	442,089	96,945	-	19,827	45,114	37,340	-	641,315
Fund balances-ending	\$ 224,570	\$ 126,726	\$ 885,759	\$ 19,827	\$ 9,412	\$ 27,823	\$ 31,458	\$ 1,325,575

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

	Street Improvements	Subtotal Page 1	Total
REVENUES			
Intergovernmental	\$ -	\$ 61,111	\$ 61,111
Federal grants	8,369	1,297,016	1,305,385
State grants	665,699	486,863	1,152,562
Other	-	123,261	123,261
Total revenues	674,068	1,968,251	2,642,319
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	143,667	-	143,667
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	549,994	2,250,084	2,800,078
Total expenditures	693,661	2,250,084	2,943,745
Excess (deficiency) revenues over expenditures	(19,593)	(281,833)	(301,426)
OTHER FINANCING SOURCES (USES)			
Proceeds from NM Authority loan	-	873,559	873,559
Transfers in	124,469	223,714	348,183
Transfers out	-	(131,180)	(131,180)
Total other financing sources (uses)	124,469	966,093	1,090,562
Net change in fund balances	104,876	684,260	789,136
Fund balances - beginning	-	641,315	641,315
Fund balances-ending	\$ 104,876	\$ 1,325,575	\$ 1,430,451

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
Public Safety Building
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 599,638	\$ 599,638	\$ -	\$ (599,638)
Total revenues	599,638	599,638	-	(599,638)
 Add: beginning cash	-	-		
	\$ 599,638	\$ 599,638		
 Expenditures:				
Capital outlay	370,242	370,242	169,377	200,865
Total expenditures	370,242	370,242	169,377	200,865
 Excess (deficiency) revenues over expenditures			(169,377)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net Change in Fund Balance (Non-GAAP basis)			(169,377)	
 Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenue			-	
Adjust accrued expenditures			-	
 Net Change in Fund Balance (Modified-GAAP basis)			(169,377)	
 Fund balance – beginning			224,570	
 Fund balance – ending			\$ 55,193	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
Swim –Train Facility
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 1,426,000	\$ 1,426,000	\$ 821,715	\$ (604,285)
County grants	-	-	-	-
Total revenues	<u>1,426,000</u>	<u>1,426,000</u>	<u>821,715</u>	<u>(604,285)</u>
Add: beginning cash	97,295	97,295		
	<u>\$ 1,523,295</u>	<u>\$ 1,523,295</u>		
Expenditures:				
Capital outlay	1,523,295	1,523,295	892,709	630,586
Total expenditures	<u>1,523,295</u>	<u>1,523,295</u>	<u>892,709</u>	<u>630,586</u>
Excess (deficiency) revenues over expenditures			(70,994)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance (Non-GAAP basis)			(70,994)	
Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		60,760		
Adjust accrued expenditures		(70,814)		
Adjust transfers		51,510	41,456	
Net Change in Fund Balance (Modified-GAAP basis)			(29,538)	
Fund balance – beginning			<u>126,726</u>	
Fund balance – ending			<u>\$ 97,188</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
CDBG Street Improvement
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
Federal grants	\$ 450,000	\$ 450,000	\$ 409,000	\$ (41,000)
Intergovernmental	20,000	20,000	-	(20,000)
Total revenues	470,000	470,000	409,000	(61,000)
Add: beginning cash	-	-		
	\$ 470,000	\$ 470,000		
Expenditures:				
Capital outlay	470,000	470,000	409,000	61,000
Total expenditures	470,000	470,000	409,000	61,000
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		(395,148)		
Adjust accrued expenditures		47,236		
Adjust note payment		(923,480)		
Adjust transfers		385,833	(885,559)	
Net change in fund balance (Modified-GAAP basis)			(885,559)	
Fund balance – beginning			885,759	
Fund balance – ending			\$ 200	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Capital Projects Funds
A Nunez Health Building
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 240,000	\$ 240,000	\$ 60,958	\$ (179,042)
Total revenues	<u>240,000</u>	<u>240,000</u>	<u>60,958</u>	<u>(179,042)</u>
Add: beginning cash	<u>-</u>	<u>-</u>		
	<u>240,000</u>	<u>240,000</u>		
Expenditures:				
Capital outlay	240,000	240,000	62,470	177,530
Total expenditures	<u>240,000</u>	<u>240,000</u>	<u>62,470</u>	<u>177,530</u>
Excess (deficiency) revenues over expenditures			(1,512)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)			(1,512)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenses			<u>-</u>	
Net change in fund balance (Modified-GAAP basis)			(1,512)	
Fund balance – beginning			<u>19,827</u>	
Fund balance – ending			<u>\$ 18,315</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
Legislative Appropriations
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
State grant	\$ 410,263	\$ 410,263	\$ 76,181	\$ (334,082)
Total revenues	410,263	410,263	76,181	(334,082)
 Add: beginning cash				
	-	-		
	\$ 410,263	\$ 410,263		
 Expenditures:				
Capital outlay	328,321	328,321	137,736	190,585
Total expenditures	328,321	328,321	137,736	190,585
 Excess (deficiency) revenues over expenditures			(61,555)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			(61,555)	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		96,896		
Adjust accrued expenditures		(57,759)		
Adjust transfers		68,018	107,155	
		68,018	107,155	
 Net change in fund balance (Modified-GAAP basis)			45,600	
 Fund balance – beginning			9,412	
 Fund balance – ending			\$ 55,012	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
Airport Action Plan
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 72,465	\$ 72,465	\$ 20,314	\$ (52,151)
State grants	535	535	535	-
Total revenues	73,000	73,000	20,849	(52,151)
Add: beginning cash	-	-		
	\$ 73,000	\$ 73,000		
Expenditures:				
Capital outlay	73,000	73,000	18,281	54,719
Total expenditures	73,000	73,000	18,281	54,719
Excess (deficiency) revenues over expenditures			2,568	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			2,568	
Differences between Modified-GAAP and Non-GAAP				
Adjust deferred revenue			(2,568)	
Net change in fund balance (Modified-GAAP basis)			-	
Fund balance – beginning			27,823	
Fund balance – ending			\$ 27,823	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
FEMA Disaster Grant
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable) Final to Actual
Revenues:				
State grants	\$ 18,000	\$ 18,000	\$ 121,504	\$ 103,504
Other	-	-	-	-
Total revenues	18,000	18,000	121,504	103,504
Add: beginning cash	31,458	31,458		
	\$ 49,458	\$ 49,458		
Expenditures:				
Capital outlay	236,787	236,787	236,787	-
Total expenditures	236,787	236,787	236,787	-
Excess (deficiency) revenues over expenditures			(115,283)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(115,283)	
Differences between Modified-GAAP and Non-GAAP				
Adjust transfer			83,825	
Net change in fund balance (Modified-GAAP)			(31,458)	
Fund balance – beginning			31,458	
Fund balance – ending			\$ -	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
Street Improvement
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009**

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable) Final to Actual
Revenues:				
State grants	\$ 1,254,480	\$ 1,254,480	\$ 33,212	\$ (1,221,268)
Federal grants	-	-	-	-
Other	50,000	50,000	-	(50,000)
Total revenues	1,304,480	1,304,480	33,212	(1,271,268)
Add: beginning cash	-	-		
	\$ 1,304,480	\$ 1,304,480		
Expenditures:				
Capital outlay	1,004,480	1,004,480	25,865	978,615
Total expenditures	1,004,480	1,004,480	25,865	978,615
Excess (deficiency) revenues over expenditures			7,347	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			7,347	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		127,845		
Adjust accrued expenditures		-		
Adjust transfers		(111,442)	16,403	
Net change in fund balance (Modified-GAAP)			23,750	
Fund balance – beginning			104,876	
Fund balance – ending			\$ 128,626	

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

PROPRIETARY FUND BUDGET

STATE OF NEW MEXICO
VILLAGE OF HATCH
PROPRIETARY FUND
Statement of Revenues, Expenses, and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 1,246,200	\$ 1,246,200	\$ 1,278,799	\$ 32,599
Municipal taxes	153,312	153,312	131,950	(21,362)
Connection charges	8,700	8,700	7,865	(835)
State grants	-	-	-	-
Miscellaneous	12,279	12,279	13,448	1,169
Total revenues	1,420,491	1,420,491	1,432,062	11,571
Add: beginning cash				
	\$ 1,420,491	\$ 1,420,491		
Expenses:				
Personnel services	354,536	354,536	370,940	(16,404)
Purchase of gas	706,000	706,000	492,270	213,730
Contract services	200,250	200,250	223,112	(22,862)
Other operating expenses	397,615	397,615	318,907	78,708
Capital outlay	-	-	-	-
Total expenses	1,658,401	1,658,401	1,405,229	253,172
Excess (deficiency) revenues over expenses			26,833	
Other financing sources (uses)				
Principal payments	(7,000)	(7,000)	(7,000)	-
Interest payments	(16,897)	(16,897)	(16,540)	357
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(23,897)	(23,897)	(23,540)	357
Net change in fund balance (Non-GAAP basis)			3,293	
Difference between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		110,692		
Purchase of capital assets		-		
Adjust accrued expenses		(7,260)		
Principal payments on notes		7,000		
Depreciation expense		(307,214)	(196,782)	
Net change in fund balance (Modified-GAAP basis)			(193,489)	
Net asset – beginning			4,569,156	
Net asset – ending			\$ 4,375,667	

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

FIDUCIARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
June 30, 2009
FIDUCIARY FUNDS LISTING

AGENCY FUNDS:

Motor Vehicle Fund

To account for receipts collected from the public on behalf of the New Mexico Motor Vehicle Department and the transfer of such receipts thereto.

Garden Club Fund

To account for receipts collected from the public for maintenance of the cemetery.

Jones Reed Cemetery Trust

To account for the collection and disbursement of Jones Reed Cemetery

PRIVATE-PURPOSE TRUST FUND

Revolving Loan Fund

To account for loans for community improvements and the collection of payments. This fund is for the benefit of private citizens as assistance in development of the Village of Hatch.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
SCHEDULE OF CHANGES IN ASSETS AND
LIABILITIES – AGENCY FUNDS
For the Year-Ended June 30,**

	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Motor Vehicle Fund							
Assets							
Cash	\$ 5,541	\$ 356,909	\$ 359,937	\$ 2,513	\$ 392,157	\$ 392,157	\$ 2,513
Liabilities							
Due to other Government Agencies	\$ 5,541	\$ 356,909	\$ 359,937	\$ 2,513	\$ 392,157	\$ 392,157	\$ 2,513
Garden Club							
Assets							
Cash	\$ 90,750	\$ 5,930	\$ 6,734	\$ 89,946	\$ 115,622	\$ 96,948	\$ 108,620
Liabilities							
Due to Garden Club	\$ 90,750	\$ 5,930	\$ 6,734	\$ 89,946	\$ 115,622	\$ 96,948	\$ 108,620
Jones Reed Cemetery Trust							
Assets							
Cash	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 2,000
Liabilities							
Due to Other Governmental Agencies	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 2,000
Total Agency Funds							
Assets							
Cash	\$ 94,459	\$ 362,839	\$ 366,671	\$ 94,459	\$ 507,779	\$ 489,105	\$ 113,133
Total Assets	\$ 94,459	\$ 362,839	\$ 366,671	\$ 94,459	\$ 507,779	\$ 489,105	\$ 113,133
Liabilities							
Due to Garden Club	\$ 89,946	\$ 5,930	\$ 6,734	\$ 89,946	\$ 115,622	\$ 96,948	\$ 108,620
Due to Other Governmental Agencies	4,513	356,909	359,937	4,513	392,157	392,157	4,513
Fund Balances – End of Year	\$ 94,459	\$ 362,839	\$ 366,671	\$ 94,459	\$ 507,779	\$ 489,105	\$ 113,133

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
PRIVATE-PURPOSE TRUST FUND
REVOLVING LOAN FUND
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Modified-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Loan payments and interest	\$ 23,508	\$ 23,508	\$ 21,549	\$ (1,959)
Total revenues	23,508	23,508	21,549	(1,959)
 Add: beginning cash	 155,396	 155,396		
	\$ 178,904	\$ 178,904		
 Expenditures:				
Other expenditures	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
 Excess (deficiency) revenues over expenditures			 21,549	
 Other financing sources (uses)				
Transfers in	-	-	121,180	121,180
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	121,180	121,180
 Net change in fund balance (Non-GAAP basis)			 142,729	
 Difference between Modified-GAAP and Non-GAAP				
Adjust for principal payments		(11,817)		
Adjust transfers		(121,180)	(132,997)	
 Net change in fund balance (Modified-GAAP basis)			 9,732	
 Fund balance – beginning			 378,623	
 Fund balance – ending			 \$ 388,355	

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Depositories
June 30, 2009

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
Bank of the West					
Water operating	CK	\$ 71,917	\$ 636	\$ 21,335	\$ 51,218
Library	CK	43	-	-	43
Fire Department operating	CK	15,178	-	742	14,436
Payroll	CK	(420)	48,183	20,269	27,494
Wastewater reserve	MM	25,676	-	-	25,676
Meter deposit	CK	55,627	100	223	55,504
1976 JT UT GI	CK	4,441	-	-	4,441
BAHC/EMS	CK	25	-	-	25
1998 JT UT repair and replacement	CK	17,979	-	-	17,979
A Nunez health building	CK	18,315	-	-	18,315
CDBG	CK	200	-	-	200
Public Safety building	CK	55,193	-	-	55,193
Swim-train facility	CK	221,041	-	165,310	55,731
Bank of the West total		<u>485,215</u>	<u>48,919</u>	<u>207,879</u>	<u>326,255</u>
Wells Fargo					
1976 JT UT	SAV	22,030	-	-	22,030
Juvenile recreation	CK	128,417	-	-	128,417
1987 Repair & Replacement	CK	20,834	-	-	20,834
1987 Revenue Bond / Gross Income	CK	8,692	-	-	8,692
Water Operating Reserve	CK	69,845	-	-	69,845
Wells Fargo total		<u>249,818</u>	<u>-</u>	<u>-</u>	<u>249,818</u>
Bank of the Southwest					
Wastewater Repair and Replacement	SAV	23,546	-	-	23,546
General fund operating	CK	423,738	165,159	60,013	528,884
PD Seizure	CK	135,786	-	1,570	134,216
Gas operating	CK	347,958	6	7,445	340,519
Bank of the Southwest total		<u>931,028</u>	<u>165,165</u>	<u>69,028</u>	<u>1,027,165</u>
1st New Mexico Bank					
1976 Repair & Replacement	CK	17,393	-	-	17,393
1998 Revenue Bond G.I.	CK	23,856	3,133	-	26,989
Parks & Recreation	CK	24,435	2,637	4,409	22,663
Hatch Fire Dept	CK	78,391	-	-	78,391
Library	CK	11,576	129	4,605	7,100
General Fund	MM	127,255	-	-	127,255
1987 Jt Ut Reserve	CK	73,914	-	-	73,914
1998 Reserve	CK	16,486	-	-	16,486
1st New Mexico Bank		<u>373,306</u>	<u>5,899</u>	<u>9,014</u>	<u>370,191</u>
Total					1,973,429
Legend					
SAV-Savings					
CK-Checking					
MM-Money Market					
CD-Certificate of Deposit					
			Petty Cash		<u>200</u>
			Total		<u>\$ 1,973,629</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Custodial Risk
June 30, 2009**

	Bank of the West	Wells Fargo Bank	Bank of the Southwest	1st New Mexico Bank	Total
Amount Held in Bank June 30, 2009	\$ 485,215	\$ 249,818	\$ 931,028	\$ 373,306	\$ 2,039,367
Less FDIC Insurance	250,000	250,000	931,028	250,000	1,681,028
Uninsured Public Funds	235,215	(182)	-	123,306	358,339
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	117,608	(91)	-	61,653	179,170
Pledged Security	622,132	-	-	350,000	972,132
Over (Under) Collateral	<u>\$ 504,525</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 288,347</u>	<u>\$ 792,963</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Collateral Pledged to Secure the
Deposits of Public Funds
June 30, 2009

BANK OF THE WEST

Name of Depository	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2009
Bank of the West	8/1/2012 STHWT Southern Sandoval NMA	\$ 450,000	\$ 478,881
Bank of the West	3/1/2010 FHLMC FG M80806	75,000	17,792
Bank of the West	2/1/2019 FHLMC FG C90252 (14)	2,386,000	125,459
Total		<u>\$ 2,911,000</u>	<u>\$ 622,132</u>

1ST BANK OF NEW MEXICO

Name of Depository	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2009
1st Bank of New Mexico	5/1/2015 Dylce NM ISD 254430GJ2	\$ 350,000	\$ 350,000
Total		<u>\$ 350,000</u>	<u>\$ 350,000</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Grant Expenditures
June 30, 2009

	CFDA Number	County Grant	State Grant	Federal Grant	Total
Doña Ana County, DAC 08-046		20,561	-	-	20,561
Department of Finance and Administration, Local Government Division, 07-L-G-5183		-	113,827	-	113,827
Department of Finance and Administration, Local Government Division, ST-7513 (328)		-	59,250	-	59,250
Department of Finance and Administration, Local Government Division, 05-L-444		-	70,721	-	70,721
Department of Finance and Administration, Local Government Division, 08-L-4271		-	127,847	-	127,847
Department of Finance and Administration, Local Government Division,		-	50,000	-	50,000
Department of Finance and Administration, Local Government Division, 08-L-G-5160		-	24,429	-	24,429
Department of Finance and Administration, Local Government Division, SAP-08-3852-GF		-	8,781	-	8,781
Department of Finance and Administration, Local Government Division, 04-L-G-872		-	130,680	-	130,680
Department of Finance and Administration, Local Government Division, 06-L-G-389		-	109,000	-	109,000
Department of Finance and Administration, Local Government Division, 06-L-G-1576		-	212,609	-	212,609
Department of Finance and Administration, Local Government Division, 07-L-G-3750		-	380,186	-	380,186
Libraries,0619300443		-	2,169	-	2,169
U.S. Department of Housing and Urban Development, Community Development Block Grant, passed through Department of Finance & Administration, Local Government Division, #07-C-RS-I-1-G-21	14.218	-	-	2,664	2,664
U.S. Department of Transportation, Federal Aviation Administration, #E 3-35-0021-003-2007	20.106	-	-	17,746	17,746
New Mexico Department of Transportation, Aviation Division #E08-10-001		-	535	-	535
Office of Emergency Management, State of New Mexico, #FEMA-1659-DR-NM		-	121,504	-	121,504
Total Grants		<u>\$ 20,561</u>	<u>\$ 1,411,538</u>	<u>\$ 20,410</u>	<u>\$ 1,452,509</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2009**

Mesilla Valley Regional Dispatch Authority (MVRDA)

Participants	Village of Hatch, Dona Aña County (DAC), City of Las Cruces, Town of Mesilla, City of Sunland Park
Responsible Party	DAC
Description	DAC shall continue to provide space, utilities, and janitorial services for MVRDA, consistent with DAC policies and procedures providing space and services for DAC entities.
Period	Perpetual
Project Costs	Undeterminable
County Contributions	Undeterminable
Audit Responsibility	MVRDA

Housing of Prisoners

Participants	Village of Hatch and Dona Ana County (DAC)
Responsible Party	DAC
Description	DAC shall continue to house and feed Municipal prisoners, space permitting. The County will operate the detention facility and provide security for prisoners. Any Jurisdiction housing prisoners in the facility may inspect the jail at pre-arranged times.
Period	July 1, 2006 through June 30, 2009. May be extended for additional one-year periods by written mutual consent of both parties.
Project Costs	\$79 per day per prisoner effective July 1, 2009, and any costs of medical care not covered by prisoner or if the prisoner is not covered by the indigent health care fund. \$8.00 per prisoner for booking and fingerprinting.
County Contributions	None
Audit Responsibility	DAC

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2009**

Animal Control Services

Participants	Village of Hatch and Dona Ana County (DAC)
Responsible Party	DAC
Description	DAC shall provide animal control services to the Village upon request of the Village.
Period	July 7, 2008 to June 30, 2009
Project Costs	The Village shall pay DAC a fee of \$15.00 for each requested trip, \$25.00 as compensation for the officer's time and use of County equipment, and \$12.00 per day for shelter charges.
County Contributions	None
Audit Responsibility	DAC

Building Permits and Inspections

Participants	Village of Hatch and Dona Ana County (DAC)
Responsible Party	DAC
Description	DAC shall perform plan review services, building inspections pursuant to the County's Building Ordinance No. 170-97, in its entirety, within the limits of the Village's planning and platting jurisdiction.
Period	Perpetual
Project Costs	Applicant fees collected by DAC in accordance with DAC's fee schedule
County Contributions	None
Audit Responsibility	DAC

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2009**

Fire Protection and Emergency Response

Participants	Village of Hatch and City of Las Cruces
Responsible Party	Both parties will keep records
Description	To provide for mutual fire protection and emergency response between the jurisdictional areas of both governmental entities upon request from the Hatch Fire Chief or their designee, or any Las Cruces Fire Chief ranking officer or their designee.
Period	Perpetual
Project Costs	Neither party shall be entitled to any reimbursement for all or any part of the costs or expenses incurred by such party in furnishing mutual aid outside of its jurisdiction.
County Contributions	None
Audit Responsibility	Both parties have individual audit responsibility

Northern DAC Recreation Committee

Participants	Village of Hatch and Northern DAC Recreation Committee
Responsible Party	Village of Hatch
Description	To provide safe and affordable recreational activities for the youth of Northern Dona Ana County. The program is open to any youth or teens between 5 and 18 years of age
Period	July 1, 2006 to June 30, 2009
Project Costs	\$32.00 per youth/teen per activity
County Contributions	None
Audit Responsibility	Village of Hatch

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2009**

Dona Ana County and Hatch Public Library

Participants	Village of Hatch and Dona Ana County
Responsible Party	Village of Hatch Public Library
Description	To provide free computer classes to adults and children, as well as tutoring services for area children.
Period	July 1, 2008 to June 30, 2009
Project Costs	\$8.33 per encounter
County Contributions	\$20,000
Audit Responsibility	Village of Hatch

EMNR Department and Village of Hatch

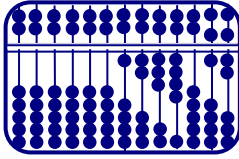
Participants	Village of Hatch and Energy, Minerals and Natural Resources, Department
Responsible Party	Joint responsibility
Description	For wildfire protection and suppression
Period	Perpetual
Project Costs	Various rates depending on type of vehicle requirements
County Contributions	None
Audit Responsibility	Both parties have individual audit responsibility

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2009**

State of NM Taxation and Revenue Department and Village of Hatch

Participants	Village of Hatch and State of New Mexico Taxation and Revenue Department (TRD), Motor Vehicle Division
Responsible Party	Village of Hatch
Description	Pursuant to the provisions of NMSA 1978, Section 66-2-14, the TRD appoints the provider as an agent to act on their behalf to perform certain functions of the Motor Vehicle Division.
Period	Perpetual
Project Costs	Unknown
County Contributions	None
Audit Responsibility	Village of Hatch

COMPLIANCE SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

**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***

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Village of Hatch, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the Village of Hatch as of and for the year-ended June 30, 2009, which collectively comprise the Village of Hatch's basic financial statements and have issued our report thereon dated February 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described as 07-01, 08-01, and 08-02 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above it is not a material weakness.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the Board of Trustees, management, Federal and State Awarding agencies, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and the Office of the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Marcus, Fairall, Bristol + Co., L.L.P." The signature is written in dark ink on a light-colored background.

Marcus, Fairall, Bristol + Co., L.L.P.
El Paso, Texas

February 10, 2010

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2009**

Section I - Financial Statement Findings

PRIOR YEAR FINDINGS:

2007-01 – Failure to Apply GAAP – repeated
2008-01 – Audit Report submission to the New Mexico State Auditor – repeated
2008-02 – Legal compliance with budget - repeated

CURRENT YEAR FINDINGS:

SIGNIFICANT DEFICIENCIES:

Finding 07-01 Failure to Apply GAAP

Condition

The Village did not maintain adequate accounting records in accordance with accounting principles generally accepted in the United States of America and could not provide complete, accurate, and timely information.

Criteria

Key employees or management should be trained in GAAP principles in recording the Village's financial transactions and in preparing its financial statements (Subsection H, 2.2.2.8 NMAC; SAS 112)

Cause

Key employees need the qualifications and training to apply GAAP principles in preparing the Village's financial statements.

Effect

The employees need to be able to apply GAAP principles when recording transactions.

Recommendation

We suggest that management ensure that all employees receive training in applying generally accepted accounting principles when recording daily transactions. The Village is strongly encouraged to implement a computerized accounting system that will assist in applying GAAP principals.

Response

Management is in the process in evaluating a computerized accounting system and employees are training with applying GAAP principals in recording transactions.

Finding 08-01 Audit Report submission to the New Mexico State Auditor

Condition

The required submission date of the audit report for the fiscal year ended June 30, 2009 to the New Mexico State Auditor was December 1, 2009. The June 30, 2009 audited financial statements were submitted February 12, 2010.

Criteria

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2-2-2-9 requires that the Village submit the audit report by December 1 following the end of each fiscal year at June 30.

Cause

Additional time was needed for the Auditors to receive confirmations from various agencies to support the accuracy of the information reported in the financial statements.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2009**

Section I - Financial Statement Findings (continued)

Finding 08-01 Audit Report submission to the New Mexico State Auditor (continued)

Effect

Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and local governments.

Recommendation

Insist that the audit field work be started earlier so that the audit report can be submitted on a timely basis.

Response

Management will start the process in a timely manner to insure completion by state deadline

Finding 08-02 Legal Compliance with Budget

Condition

The Village authorized budget was under funded by revenues and exceeded by the expenditures in the following areas:

Fund	Category	Over Expended/ Under Funded Amount	Reason
FEMA Disaster Grant	Total	\$ 187,329	Received less funds than expected
Proprietary Fund	Total	261,807	Increase in costs
Total		<u>\$ 449,136</u>	

Criteria

Section 6-6-6 of the New Mexico State statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. County officials and governing authorities have the obligation to follow applicable state statutes.

Effect

Non-compliance with New Mexico State statutes could subject officials and employees to penalties and fines required by state statutes.

Cause

Failure of management to monitor the expenses and compare them to the budget.

Recommendation

We suggest that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions.

Response

Management will include a budget system in the new computerized system to insure that the Village Budget will be adhering to.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2009**

Section II – Findings – Major Federal Award Program Audit

PRIOR YEAR FINDINGS:

2008-03 – Failure to Submit the Required Data Collection form - resolved

CURRENT YEAR FINDINGS:

N/A

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Exit Conference
June 30, 2009**

EXIT CONFERENCE

As exit conference was held on February 10, 2010, with Jack Fairall, CPA of Marcus, Fairall, Bristol + Co., L.L.P. with the following Village officials:

Judd L. Nordyke	Mayor
Jim Schoonover	Clerk
Robert Torres	Trustee

COMPILATION OF FINANCIAL STATEMENTS

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol, + Co., L.L.P. However, the contents of the financial statements remain the responsibility of management.