

STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2010 and 2009

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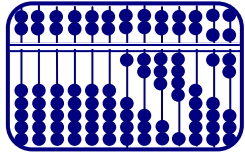
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Official Roster

June 30, 2010

Judd L. Nordyke	Mayor
Andy Nunez	Mayor Pro-tem
Kathie M. Franzoy	Trustee
Lloyd Burns	Trustee
Robert Torres	Trustee
Jim Schoonover	Clerk Administrator
Shirley Rice	Judge
Danny Ross	Police Chief

FINANCIAL SECTION



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

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, 2010 and 2009, 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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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.

A Firm of Certified Public Accountants
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In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2011 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.

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 inquiries 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.

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 additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and is not a required part of the 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.

El Paso, Texas
February 16, 2011

**STATE OF NEW MEXICO
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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, 2010. 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 \$18,896,108. Of this amount, \$1,761,422 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Program and general revenues for governmental activities including special items and transfers increased \$186,846.
- Expenditures for governmental activities increased \$200,698.
- As of June 30, 2010, the Village's governmental funds reported combined ending fund balances of \$1,389,237.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$368,425.
- The debt service in the proprietary fund was reduced by \$25,025

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 two individual governmental funds organized according to their type (major, 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 twenty 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 39-57 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 61-101 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 \$18,896,108 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 \$16,810,842 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.

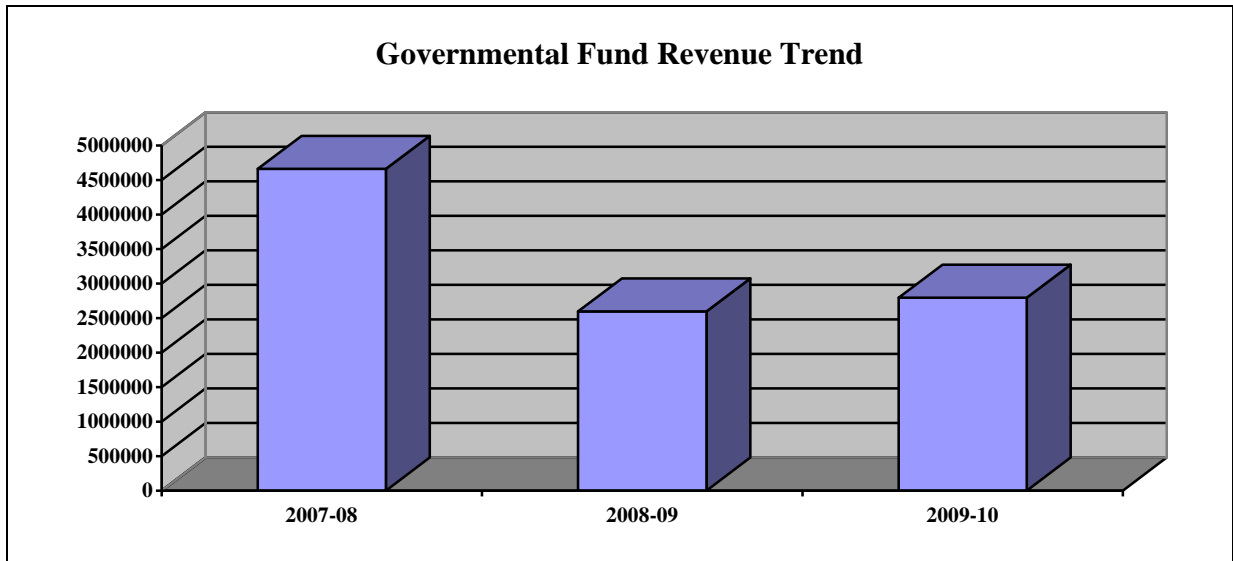
The balance of *unrestricted net assets* \$1,761,422 may be used to meet the government's ongoing obligations to citizens and creditors.

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 \$461,308 during the current fiscal year. These increases are explained in the government activities discussion below, and are primarily a result of increased total state shared taxes. (See analysis on page 7.)

Governmental Activities. Governmental activities increased Village of Hatch's net assets by \$942,467 compared to the prior year's increase of \$956,319. Property, franchise, cigarette, and state-shared taxes contributed \$1,028,862 for covering the \$1,839,962 net program expense associated with general governmental activities.



**STATE OF NEW MEXICO
VILLAGE OF HATCH**

**Management's Discussion and Analysis
Summary of Net Assets**

	Government-Type Activities		Business-Type Activities		Totals		Percent Change 2009-2010
	2010	2009	2010	2009	2010	2009	
ASSETS							
Current and other assets	\$ 1,508,914	\$ 1,148,632	\$ 901,962	\$ 1,037,503	\$ 2,410,876	\$ 2,186,135	10.28%
Capital assets, net of accumulated depreciation	13,824,804	13,255,778	3,391,693	3,695,866	17,216,497	16,951,644	1.56%
Total assets	<u>\$ 15,333,718</u>	<u>\$ 14,404,410</u>	<u>\$ 4,293,655</u>	<u>\$ 4,733,369</u>	<u>\$ 19,627,373</u>	<u>\$ 19,137,779</u>	2.56%
LIABILITIES							
Current and other liabilities	\$ 151,151	\$ 159,284	\$ 181,862	\$ 118,375	\$ 333,013	\$ 277,659	19.94%
Long-term liabilities	180,967	185,993	217,285	239,327	398,252	425,320	-6.36%
Total liabilities	<u>332,118</u>	<u>345,277</u>	<u>399,147</u>	<u>357,702</u>	<u>731,265</u>	<u>702,979</u>	4.02%
NET ASSETS							
Invested in capital assets, net of related debt	13,644,102	13,093,144	3,166,740	3,445,888	16,810,842	16,539,032	1.64%
Restricted	-	-	323,844	552,825	323,844	552,825	-41.42%
Unrestricted	1,357,498	965,989	403,924	376,954	1,761,422	1,342,943	31.16%
Total net assets	<u>15,001,600</u>	<u>14,059,133</u>	<u>3,894,508</u>	<u>4,375,667</u>	<u>18,896,108</u>	<u>18,434,800</u>	2.50%
Total liabilities and net assets	<u>\$ 15,333,718</u>	<u>\$ 14,404,410</u>	<u>\$ 4,293,655</u>	<u>\$ 4,733,369</u>	<u>\$ 19,627,373</u>	<u>\$ 19,137,779</u>	2.56%

**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
	2010	2009	2010	2009	2010	2009	2009-2010
REVENUES							
Program revenues:							
Charges for services	\$ 124,039	\$ 145,335	\$ 1,292,719	\$ 1,297,328	\$ 1,416,758	\$ 1,442,663	-1.80%
Operating grants and contributions	153,520	20,561	-	8,378	153,520	28,939	430.50%
Capital grants and contributions	950,008	1,422,185	-	-	950,008	1,422,185	-33.20%
General revenues:							
Taxes	1,028,862	686,640	244,845	222,986	1,273,707	909,626	40.03%
Small cities assistance	147,906	147,949	-	-	147,906	147,949	-0.03%
Other income	209,096	128,333	-	-	209,096	128,333	62.93%
Interest income	4,054	44,580	9,231	13,813	13,285	58,393	-77.25%
Total revenues	<u>2,617,485</u>	<u>2,595,583</u>	<u>1,546,795</u>	<u>1,542,505</u>	<u>4,164,280</u>	<u>4,138,088</u>	0.63%
EXPENSES							
General government	452,172	360,885	-	-	452,172	360,885	25.30%
Public safety	913,455	832,662	-	-	913,455	832,662	9.70%
Public works	272,534	238,307	-	-	272,534	238,307	14.36%
Health and welfare	35,274	35,403	-	-	35,274	35,403	-0.36%
Culture and recreation	166,527	172,007	-	-	166,527	172,007	-3.19%
Proprietary expenses	-	-	1,731,309	1,735,994	1,731,309	1,735,994	-0.27%
Total expenses	<u>1,839,962</u>	<u>1,639,264</u>	<u>1,731,309</u>	<u>1,735,994</u>	<u>3,571,271</u>	<u>3,375,258</u>	5.81%
Change in net assets before special items and transfers	777,523	956,319	(184,514)	(193,489)	593,009	762,830	-22.26%
Special item - loss on sale of asset	(10,511)	-	-	-	(10,511)	-	100.00%
Transfers	175,455	-	(296,645)	-	(121,190)	-	100.00%
Change in net assets	<u>942,467</u>	<u>956,319</u>	<u>(481,159)</u>	<u>(193,489)</u>	<u>461,308</u>	<u>762,830</u>	-39.53%
Net assets - beginning	<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%
Net assets - ending	<u>15,001,600</u>	<u>14,059,133</u>	<u>3,894,508</u>	<u>4,375,667</u>	<u>18,896,108</u>	<u>18,434,800</u>	2.50%

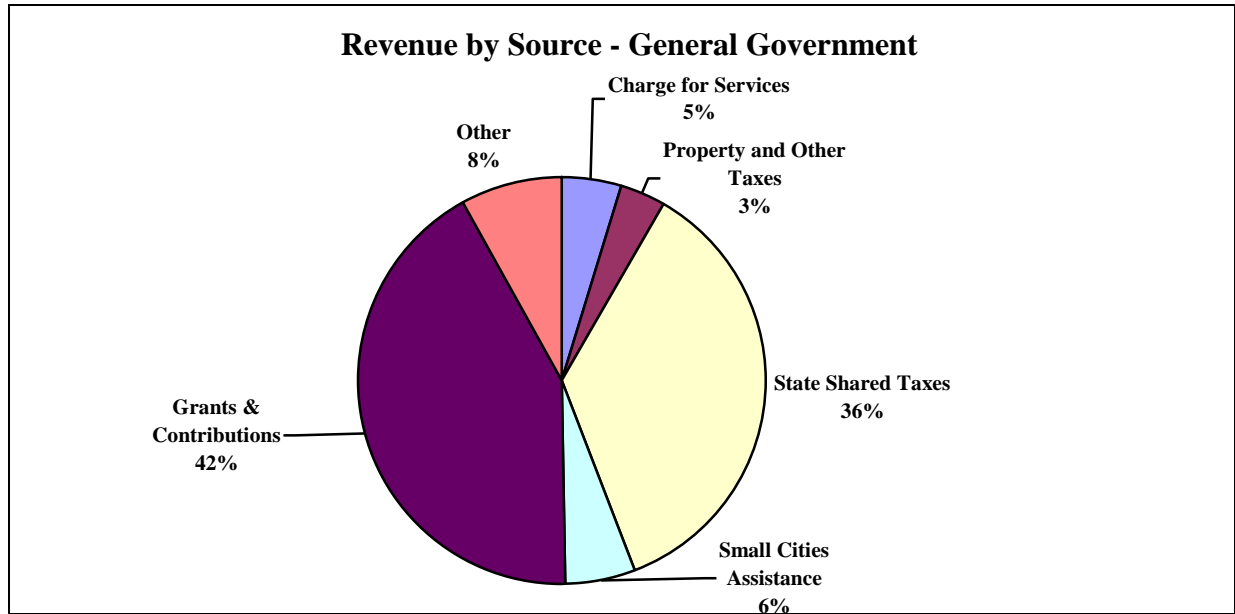
**STATE OF NEW MEXICO
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Management's Discussion and Analysis

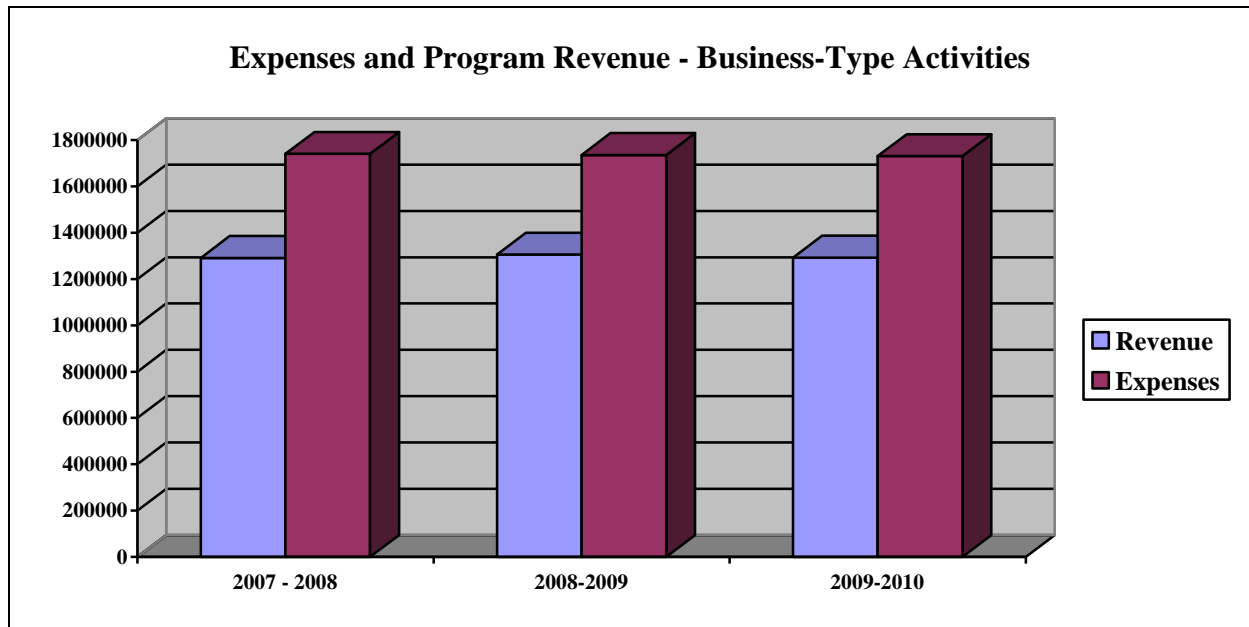
Analysis of Changes in Net Assets (continued)

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 (not including transfers) increased \$21,902 due to an increase in state shared income.

Total revenues from governmental activities (not including transfers) are summarized below. For fiscal year 2009-2010, local and state taxes made up 39% of the total governmental revenues compared to 26% of the prior year's revenues.



Business-Type Activities. Business-type activities decreased the Village's net assets by \$481,159. The key element of this change is from decreased revenue and fund transfers 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 \$1,389,237 an increase of \$376,529 in comparison with the prior year. The increase is primarily due to the an increase in state shared income along with a decrease in expenditures. The unreserved fund balance for general, gas tax, and special revenue fund is \$938,861. This is available for spending at the government's discretion. The remainder of the fund balance, \$450,376 is reserved in accordance with capital grant agreements.

Revenues for governmental functions (excluding other financing sources) overall totaled approximately \$2,617,485 in the fiscal year-ended June 30, 2010, which represents an increase of \$21,902 from the fiscal year-ended June 30, 2009. Expenditures for governmental functions (excluding other financing uses) totaled \$2,443,765. This was a decrease of approximately \$724,155 from the fiscal year-ended June 30, 2009. In the fiscal year-ended June 30, 2010, revenues exceeded expenditures of governmental functions by approximately \$173,720.

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 \$368,425.

The fund balance of Village of Hatch's General Fund had a net increase of \$278,649 during the current fiscal year, due to an increase in state shared taxes.

The Gas Tax Fund has a fund balance of \$139,644. The net decrease in fund balance during the current year was \$27,464. 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 \$403,924. The total decrease in net assets for the Proprietary Funds was \$481,159. 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.

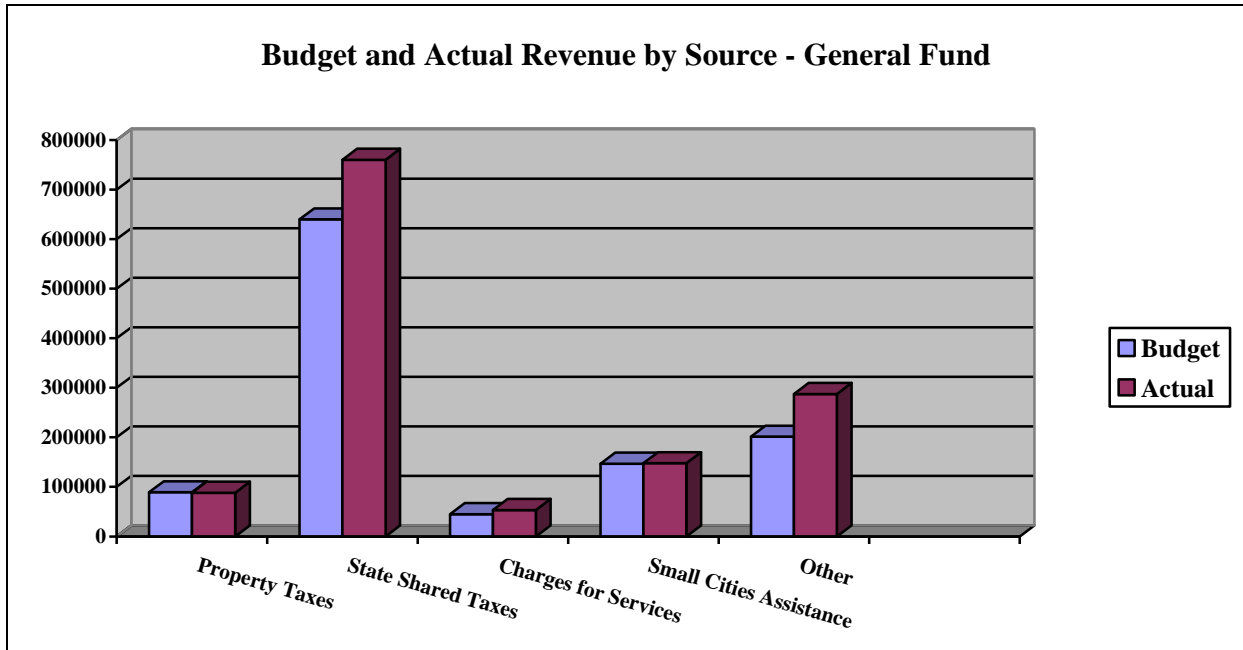
**STATE OF NEW MEXICO
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Management's Discussion and Analysis

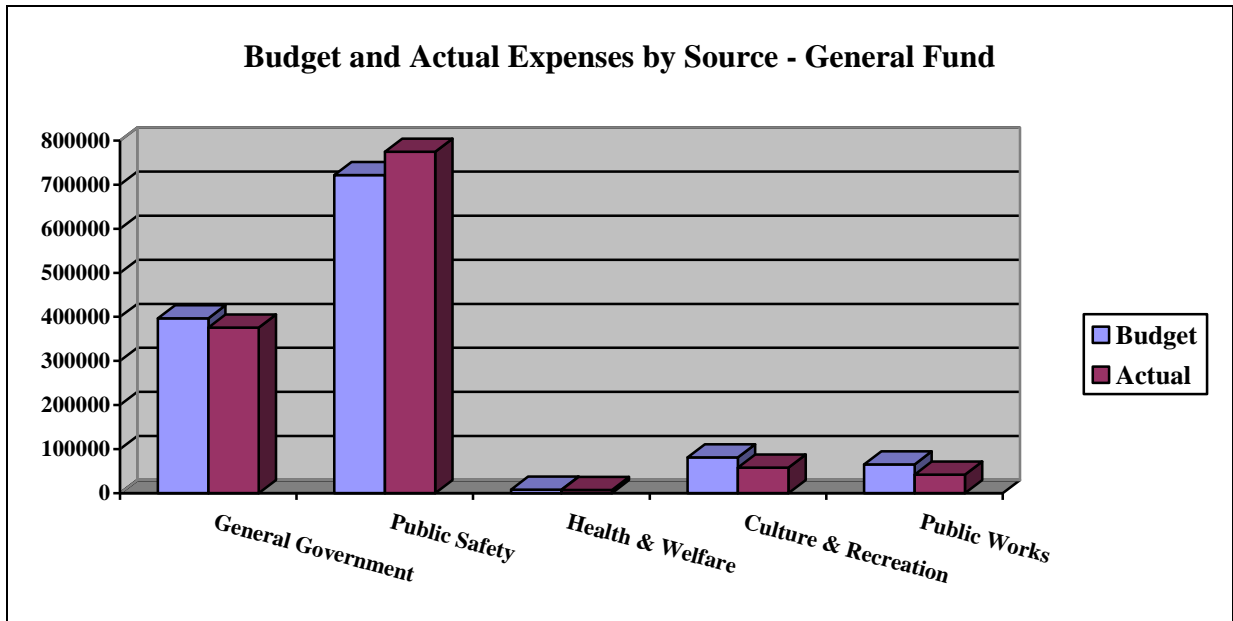
General Fund Budgetary Highlights (continued)

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

At the end of 2010, the cash balance of the General Fund had increased by \$131,403. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund. The actual revenue exceeded budget by \$210,258.



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, 2010 amount to \$17,216,497 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure. The additions in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year was \$875,096 for construction in progress and land, and \$3,931,974 to other improvements and infrastructure for completed capital projects, of which, \$3,837,266 was transferred from construction in progress. Other deletions totaled \$65,686. No additional business-type capital assets (excluding accumulated depreciation) for the current fiscal year were incurred, but deletions totaling \$5,250 occurred.

**Capital Assets, Net of Depreciation
June 30, 2010**

	Government- Type Activities	Business-Type Activities	Total
Land and construction in process	\$ 4,026,116	\$ 62,099	\$ 4,088,215
Buildings	1,418,286	-	1,418,286
Other improvements	5,700,788	-	5,700,788
Infrastructure	2,653,187	-	2,653,187
Utility system	-	2,835,859	2,835,859
Machinery and equipment	26,427	493,735	520,162
Capital assets, net of accumulated depreciation	<u>\$ 13,824,804</u>	<u>\$ 3,391,693</u>	<u>\$ 17,216,497</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 \$16,810,842. 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	\$ 13,824,804	\$ 3,391,693	\$ 17,216,497
Long-term debt principal balance:			
Revenue bonds payable	-	207,399	207,399
NM Environmental - Improvement loans	-	17,554	17,554
NM Finance Authority - fire pumper truck	149,670	-	149,670
ARRA loan	31,032	-	31,032
Total Long-term Debt Principal	<u>180,702</u>	<u>224,953</u>	<u>405,655</u>
Total Investment in Capital Assets			
Net of Related Debt	<u>\$ 13,644,102</u>	<u>\$ 3,166,740</u>	<u>\$ 16,810,842</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.

The Village is also expecting increased revenue from a 30 year lease of the industrial park to a solar project company as well as the completion of a low income housing development.

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, 2010

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,302,517	\$ 464,387	\$ 1,766,904
Accounts receivable	-	47,477	47,477
Property taxes receivable	8,544	-	8,544
Other receivable	87,270	8,416	95,686
Due from BTA funds	31,675	-	31,675
Due from other governments	78,908	-	78,908
Restricted cash and investments	-	381,682	381,682
Capital assets:			
Land and work in process	4,026,116	62,099	4,088,215
Other capital assets, net of depreciation	9,798,688	3,329,594	13,128,282
Total Assets	\$ 15,333,718	\$ 4,293,655	\$ 19,627,373
LIABILITIES			
Current Liabilities:			
Accounts payable	95,755	54,733	150,488
Due to other GTA funds	-	31,675	31,675
Reserve funds payable	-	-	-
Accrued interest payable	-	7,800	7,800
Customer deposits	-	58,051	58,051
Deferred revenue	23,922	-	23,922
Long-term liabilities:			
Compensated absences-current portion	15,870	10,968	26,838
Notes payable-current portion	15,604	18,635	34,239
Compensated absences-long-term	15,869	10,967	26,836
Notes payable-long-term	165,098	206,318	371,416
Total liabilities	332,118	399,147	731,265
NET ASSETS			
Invested in capital assets, net of related debt	13,644,102	3,166,740	16,810,842
Restricted for:			
Bond reserve	-	147,435	147,435
Wastewater	-	49,432	49,432
System improvements	-	56,535	56,535
Water operating reserve	-	70,442	70,442
Unrestricted assets	1,357,498	403,924	1,761,422
Total net assets	\$ 15,001,600	\$ 3,894,508	\$ 18,896,108

The accompanying notes are an integral part of these 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 Activities
June 30, 2010**

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	\$ 452,172	\$ 45,489	\$ -	\$ 186,357	\$ (220,326)	\$ -	\$ (220,326)
Public safety	913,455	62,059	129,271	-	(722,125)	-	(722,125)
Public works	272,534	-	-	505,379	232,845	-	232,845
Culture and recreation	166,527	16,484	24,249	258,272	132,478	-	132,478
Health and welfare	35,274	7	-	-	(35,267)	-	(35,267)
Total governmental-type activities	<u>1,839,962</u>	<u>124,039</u>	<u>153,520</u>	<u>950,008</u>	<u>(612,395)</u>	<u>-</u>	<u>(612,395)</u>
Business-Type Activities:							
Joint Utilities	1,731,309	1,292,719	-	-	-	(438,590)	(438,590)
Total business-type activities	<u>1,731,309</u>	<u>1,292,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(438,590)</u>	<u>(438,590)</u>
Total Primary Government					(612,395)	(438,590)	(1,050,985)
General Revenues:							
Taxes							
Franchise taxes					28,130	-	28,130
Property taxes					59,562	-	59,562
Cigarette taxes					3,846	-	3,846
State-shared taxes					937,324	244,845	1,182,169
Intergovernmental income					29,370	-	29,370
State shared assistance							
Small cities assistance					147,906	-	147,906
Miscellaneous					179,726	-	179,726
Interest					4,054	9,231	13,285
Special item - loss on sale of asset					(10,511)	-	(10,511)
Transfer					175,455	(296,645)	(121,190)
Total general revenues and transfers					<u>1,554,862</u>	<u>(42,569)</u>	<u>1,512,293</u>
Changes in net assets					942,467	(481,159)	461,308
Net assets - beginning					<u>14,059,133</u>	<u>4,375,667</u>	<u>18,434,800</u>
Net assets - ending					<u>\$ 15,001,600</u>	<u>\$ 3,894,508</u>	<u>\$ 18,896,108</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	<u>1,639,264</u>	<u>145,335</u>	<u>20,561</u>	<u>1,422,185</u>	<u>(51,183)</u>	<u>-</u>	<u>(51,183)</u>
Business-Type Activities:							
Joint Utilities	1,735,994	1,297,328	8,378	-	-	(430,288)	(430,288)
Total business-type activities	<u>1,735,994</u>	<u>1,297,328</u>	<u>8,378</u>	<u>-</u>	<u>-</u>	<u>(430,288)</u>	<u>(430,288)</u>
Total Primary Government					<u>(51,183)</u>	<u>(430,288)</u>	<u>(481,471)</u>
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					<u>1,007,502</u>	<u>236,799</u>	<u>1,244,301</u>
Changes in net assets					<u>956,319</u>	<u>(193,489)</u>	<u>762,830</u>
Net assets - beginning					<u>13,102,814</u>	<u>4,569,156</u>	<u>17,671,970</u>
Net assets - ending					<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.

GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Gasoline Tax Fund	Total Non-Major Funds	Total Funds
ASSETS				
Cash	\$ 240,429	\$ 138,921	\$ 923,167	\$ 1,302,517
Taxes receivable	8,544	-	-	8,544
Other receivables	86,547	723	-	87,270
Due from BTA fund	27,843	-	3,832	31,675
Due from other funds	29,947	-	44,814	74,761
Due from other governments	-	-	78,908	78,908
Total assets	<u>\$ 393,310</u>	<u>\$ 139,644</u>	<u>\$ 1,050,721</u>	<u>\$ 1,583,675</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 24,885	\$ -	\$ 70,870	\$ 95,755
Due to other funds	-	-	74,761	74,761
Deferred revenue	-	-	23,922	23,922
Reserve funds payable	-	-	-	-
Total liabilities	<u>24,885</u>	<u>-</u>	<u>169,553</u>	<u>194,438</u>
Fund balances:				
Reserved for capital projects funds	-	-	450,376	450,376
Unreserved for special revenue funds	-	-	430,792	430,792
Unreserved	368,425	139,644	-	508,069
Total fund balances	<u>368,425</u>	<u>139,644</u>	<u>881,168</u>	<u>1,389,237</u>
Total liabilities and fund balances	<u>\$ 393,310</u>	<u>\$ 139,644</u>	<u>\$ 1,050,721</u>	<u>\$ 1,583,675</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, 2010**

Total fund balances – governmental funds	\$	1,389,237
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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	\$	16,651,450	
Accumulated depreciation		(2,826,646)	
		13,824,804	13,824,804

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		(31,739)	
Notes Payable		(180,702)	
		(212,441)	(212,441)

Total net assets – governmental activities	\$	<u>15,001,600</u>
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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
Unreserved 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)	
		\$ 13,255,778	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)	
		\$ (209,353)	(209,353)

Total net assets – governmental activities	\$	<u>14,059,133</u>
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STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year-Ended June 30, 2010

	General Fund	Gasoline Tax Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Fanchise taxes	\$ 28,130	\$ -	\$ -	\$ 28,130
Property taxes	59,562	-	-	59,562
Cigarette taxes	3,846	-	-	3,846
State shared taxes	928,928	8,337	59	937,324
Intergovernmental income	27,789	-	1,581	29,370
State allotment	-	-	101,968	101,968
Charges for services	45,489	-	78,550	124,039
Small cities assistance	147,906	-	-	147,906
Other income	174,754	-	4,972	179,726
Interest income	3,880	-	174	4,054
Federal grants	-	-	300,017	300,017
State grants	-	74,166	613,296	687,462
County grants	-	-	14,081	14,081
Total revenues	<u>1,420,284</u>	<u>82,503</u>	<u>1,114,698</u>	<u>2,617,485</u>
EXPENDITURES				
Current:				
General government	389,795	-	-	389,795
Public safety	670,776	-	87,903	758,679
Public works	37,080	109,967	14,755	161,802
Culture and recreation	57,921	-	92,532	150,453
Health and welfare	6,822	-	6,408	13,230
Capital outlay	85,058	-	884,748	969,806
Total expenditures	<u>1,247,452</u>	<u>109,967</u>	<u>1,086,346</u>	<u>2,443,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>172,832</u>	<u>(27,464)</u>	<u>28,352</u>	<u>173,720</u>
OTHER FINANCING SOURCES (USES)				
Loan payments	-	-	(12,964)	(12,964)
Loan interest	-	-	(5,203)	(5,203)
Loan proceeds	-	-	31,032	31,032
Proceeds from sale of fixed asset	14,489	-	-	14,489
Transfers in	278,772	-	187,444	466,216
Transfers out	(187,444)	-	(103,317)	(290,761)
Total other financing sources and uses	<u>105,817</u>	<u>-</u>	<u>96,992</u>	<u>202,809</u>
Net change in fund balances	278,649	(27,464)	125,344	376,529
Fund balances-beginning	89,776	167,108	755,824	1,012,708
Fund balances-ending	<u>\$ 368,425</u>	<u>\$ 139,644</u>	<u>\$ 881,168</u>	<u>\$ 1,389,237</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, 2010

Total net change in fund balances-governmental funds \$ 376,529

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	\$ 969,806	
Depreciation expense	(375,778)	
	<u>\$ 594,028</u>	594,028

Proceeds from the sale of capital assets are reported in governmental funds as revenue. However, in the statement of activities, the gain or (loss) from the sale of the capital asset is reported.

Proceeds from the sale of capital assets	\$ (14,489)	
Gain (loss) from sale of capital assets	(10,511)	
	<u>\$ (25,000)</u>	(25,000)

In the statement of activities, proceeds from loans are reported as revenue. In the governmental funds, however, these funds are recorded in accordance with the terms of the note. The interest paid on the loans is reported as an expenditure.

NM Finance Authority loan payment	\$ 12,964	
ARRA Loan	(31,032)	
	<u>\$ (18,068)</u>	(18,068)

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	\$ (13,909)	
Current year deletions	28,887	
	<u>\$ 14,978</u>	<u>14,978</u>

Change in net assets of governmental activities \$ 942,467

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)	
	\$ 1,567,535	1,567,535

In the statement of activities, proceeds from loans are reported as revenue. In the governmental funds, however, these funds are recorded in accordance with the terms of the note. The interest paid on the loans is reported as an expenditure.

NM Finance Authority loan payment	\$ 873,559	
New Fire Truck loan	-	
	\$ 873,559	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	
	\$ 11,042	11,042

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

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable Final to Actual
Revenues:				
Taxes	\$ 89,073	\$ 89,073	\$ 87,992	\$ (1,081)
State shared taxes	640,000	640,000	760,087	120,087
Federal grants	4,000	4,000	-	(4,000)
Intergovernmental income	12,500	12,500	66,473	53,973
Charges for services	44,875	44,875	53,273	8,398
Small cities assistance	147,000	147,000	147,906	906
Interest income	1,000	1,000	3,262	2,262
Other income	187,782	187,782	217,495	29,713
Total revenues	<u>1,126,230</u>	<u>1,126,230</u>	<u>1,336,488</u>	<u>210,258</u>
Add: beginning cash	255,151	255,151		
	<u>\$ 1,381,381</u>	<u>\$ 1,381,381</u>		
Expenditures:				
Current:				
General government	396,698	396,698	375,912	20,786
Public safety	722,050	722,050	774,606	(52,556)
Public works	65,310	65,310	42,128	23,182
Culture and recreation	81,148	81,148	57,921	23,227
Health and welfare	8,000	8,000	6,822	1,178
Capital outlay	51,858	51,858	40,692	11,166
Total expenditures	<u>1,325,064</u>	<u>1,325,064</u>	<u>1,298,081</u>	<u>26,983</u>
Excess (deficiency) of revenues over (under) expenditures			38,407	
Other financing sources (uses)				
Proceeds from sale of fixed asset	-	-	14,489	14,489
Transfers in	-	-	-	-
Transfers out	(56,317)	(56,317)	(51,409)	4,908
Total other financing sources (uses)	<u>(56,317)</u>	<u>(56,317)</u>	<u>(36,920)</u>	<u>19,397</u>
Net change in fund balance (Non-GAAP basis)			1,487	
Difference between GAAP and Non-GAAP				
Adjust transfers		142,737		
Adjust accrued revenue		83,796		
Adjust accrued expenses		<u>50,629</u>	<u>277,162</u>	
Net change in fund balance (Modified-GAAP basis)			278,649	
Fund balance-beginning			<u>89,776</u>	
Fund balance-ending			<u>\$ 368,425</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, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State shared taxes	\$ 13,000	\$ 13,000	\$ 7,614	\$ (5,386)
State grants	122,166	122,166	74,166	(48,000)
Total revenues	135,166	135,166	81,780	(53,386)
Add: beginning cash	44,608	44,608		
	<u>179,774</u>	<u>179,774</u>		
Expenditures:				
Public works	177,774	177,774	101,858	75,916
Capital outlay	-	-	-	-
Total expenditures	<u>177,774</u>	<u>177,774</u>	<u>101,858</u>	<u>75,916</u>
Excess (deficiency) revenues over expenditures			(20,078)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(2,000)	(2,000)	-	2,000
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
Net change in fund balance (Non-GAAP basis)			(20,078)	
Differences between GAAP and Non-GAAP				
Adjust accrued revenue		723		
Adjust accrued expenditures		(8,109)		
Adjust transfers		-	(7,386)	
Net change in fund balance (Modified -GAAP basis)			(27,464)	
Fund balance – beginning			<u>167,108</u>	
Fund balance – ending			<u>\$ 139,644</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>2010</u>	<u>2009</u>
Current assets:		
Cash	\$ 464,387	\$ 400,870
Other receivable	8,416	5,869
Accounts receivable (Net of allowance for doubtful accounts)	47,477	22,435
Total current assets	<u>520,280</u>	<u>429,174</u>
Noncurrent assets:		
Restricted cash:		
Revenue bond service	32,884	40,122
Revenue bond reserve	114,551	112,430
Customer deposits	57,841	55,504
System improvements	56,532	56,206
Water operating reserve	70,442	294,845
Wastewater repair and replacement	23,621	23,546
Wastewater fund	25,811	25,676
Total restricted cash	<u>381,682</u>	<u>608,329</u>
Capital assets:		
Land	62,099	62,099
Other capital assets net of depreciation	3,329,594	3,633,767
Total capital assets	<u>3,391,693</u>	<u>3,695,866</u>
Total assets	<u>\$ 4,293,655</u>	<u>\$ 4,733,369</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 54,733	\$ 25,736
Due to other GTA funds	31,675	-
Accrued interest payable	7,800	8,210
Customer deposits	58,051	55,504
Current portion of long-term liabilities	29,603	28,925
Total current liabilities	<u>181,862</u>	<u>118,375</u>
Noncurrent liabilities:		
Accrued compensated absences	10,967	9,137
Revenue bonds payable	200,399	205,400
Note payable	5,919	24,790
Total long-term liabilities	<u>217,285</u>	<u>239,327</u>
Total liabilities	<u>399,147</u>	<u>357,702</u>
NET ASSETS		
Invested in capital assets-net of related debt	3,166,740	3,445,888
Restricted for:		
Bond reserve	147,435	152,552
Wastewater repairs and replacement	49,432	49,222
System improvements	56,535	56,206
Water operating reserve	70,442	294,845
Unrestricted	403,924	376,954
Total net assets	<u>\$ 3,894,508</u>	<u>\$ 4,375,667</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>2010</u>	<u>2009</u>
WATER OPERATING REVENUES		
Charges for services	\$ 242,269	\$ 222,227
Municipal taxes	193,593	176,616
Connection charges	7,415	6,789
Total operating revenues	<u>443,277</u>	<u>405,632</u>
WATER OPERATING EXPENSES		
Personnel services	151,842	154,087
Other operating expenses	145,754	140,494
Total operating expenses	<u>297,596</u>	<u>294,581</u>
Net operating income (loss) from water operations	145,681	111,051
GAS OPERATING REVENUES		
Charges for services	\$ 656,673	\$ 700,317
Municipal taxes	31,247	35,658
Connection charges	3,291	5,865
Total operating revenues	<u>691,211</u>	<u>741,840</u>
GAS OPERATING EXPENSES		
Personnel services	176,877	156,984
Purchase of gas	501,640	501,525
Other operating expenses	53,723	83,727
Total operating expenses	<u>732,240</u>	<u>742,236</u>
Net operating income (loss) from gas operations	(41,029)	(396)
SANITATION OPERATING REVENUES		
Charges for services	215,666	208,016
Municipal taxes	11,273	10,937
Total operating revenues	<u>226,939</u>	<u>218,953</u>
SANITATION OPERATING EXPENSES		
Garbage contract	221,197	212,732
Other operating expenses	11,286	10,182
Total operating expenses	<u>232,483</u>	<u>222,914</u>
Net operating income (loss) from sanitation operations	(5,544)	(3,961)

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>2010</u>	<u>2009</u>
WASTEWATER OPERATING REVENUES		
Charges for services	\$ 166,805	\$ 153,514
Municipal taxes	8,732	8,152
Connection charges	600	600
Total operating revenues	<u>176,137</u>	<u>162,266</u>
WASTEWATER OPERATING EXPENSES		
Personnel services	61,416	58,477
Other operating expenses	88,291	86,548
Total operating expenses	<u>149,707</u>	<u>145,025</u>
Net operating income (loss) from wastewater operations	<u>26,430</u>	<u>17,241</u>
Net operating income (loss) before depreciation and amortization	125,538	123,935
Depreciation and amortization	<u>(304,173)</u>	<u>(307,214)</u>
Operating income (loss)	(178,635)	(183,279)
NONOPERATING REVENUES (EXPENSES)		
Interest income	9,231	13,813
Interest expense	(15,110)	(24,023)
Transfer	(296,645)	-
Total non-operating revenues (expenses)	<u>(302,524)</u>	<u>(10,210)</u>
Change in net assets:	(481,159)	(193,489)
Total net assets-beginning	<u>4,375,667</u>	<u>4,569,156</u>
Total net assets-ending	<u>\$ 3,894,508</u>	<u>\$ 4,375,667</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>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from agencies and customers	\$ 1,509,975	\$ 1,533,919
Cash used for operating expenses	(958,672)	(1,039,595)
Cash used for salaries	(386,474)	(370,940)
Net cash used for operating activities	<u>164,829</u>	<u>123,384</u>
Cash flows from financing activities:		
Principal payment on notes	(20,024)	(12,179)
Principal payment on bonds	(5,001)	(7,000)
Interest expense	(15,520)	(24,523)
Transfer	(296,645)	-
Net cash used for financing activities	<u>(337,190)</u>	<u>(43,702)</u>
Cash flows from investing activities:		
Interest income	9,231	14,063
Net cash provided by investing activities	<u>9,231</u>	<u>14,063</u>
Net decrease in cash and cash equivalents	(163,130)	93,745
Cash and cash equivalents – beginning	<u>1,009,199</u>	<u>915,454</u>
Cash and cash equivalents – ending	<u>\$ 846,069</u>	<u>\$ 1,009,199</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (178,635)	\$ (183,279)
Adjustments to reconcile operating income (loss) to net cash provided (used) by Operating activities:		
Depreciation	304,173	307,214
Changes in assets and liabilities:		
Accounts receivable	(25,042)	11,098
Other receivable	(2,547)	(5,869)
Accounts payable	28,997	(6,806)
Due from other GTA funds	31,675	-
Customer deposits	2,547	2,418
Accrued compensated absences	3,661	(1,392)
Net cash provided (used) by operating activities	<u>\$ 164,829</u>	<u>\$ 123,384</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, 2010

	Private-Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 321,411	\$ 111,376
Note receivable	198,516	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 519,927</u>	<u>\$ 111,376</u>
Liabilities and net assets		
Liabilities		
Due to other governmental agencies	\$ -	\$ 2,000
Due to Garden Club	-	109,376
	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ 111,376</u>
Net assets		
Held in trust for private purpose	<u>\$ 519,927</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, 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 Changes in Fiduciary Net Assets
For the Year-ended June 30,

	Private Purpose Trust	
	2010	2009
Additions		
Investment earnings		
Interest	\$ 10,382	\$ 9,732
Transfer from BTA Fund	121,190	-
Total	<u>131,572</u>	<u>9,732</u>
Deduction		
T-Hangers	-	-
Total	<u>-</u>	<u>-</u>
Change in net assets	131,572	9,732
Net assets – beginning of the year	<u>388,355</u>	<u>378,623</u>
Net assets – end of the year	<u>\$ 519,927</u>	<u>\$ 388,355</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, 2010

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, 2010

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, 2010

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 pursuant to GASB 34, ¶ 75 - 77.

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, 2010

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Net Assets or Equity

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.

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.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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, 2010 and 2009 is presented.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

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 excluding transfers.

	<u>2010</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)	\$ 172,832	\$ (27,464)	\$ 28,352	\$ (178,635)
Adjustments:				
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	(83,796)	(723)	(13,641)	(55,893)
Adjustments:				
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	(50,629)	8,109	(7,531)	362,567
Excess (deficiency) of revenues (uses) over expenditures (Budget Basis)	<u>\$ 38,407</u>	<u>\$ (20,078)</u>	<u>\$ 7,180</u>	<u>\$ 128,039</u>

	<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>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

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>	<u>Bank Balance</u>	
	<u>2010</u>	<u>2009</u>
Insured	\$ 1,136,944	\$ 1,681,028
Collateralized:		
Collateral held by pledging bank's trust department not in the Village's name	1,513,303	972,132
Uninsured and uncollateralized	(352,796)	(613,793)
 Total Cash held at bank, Primary Government	 <u>\$ 2,297,451</u>	 <u>\$ 2,039,367</u>

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, 2010, \$1,160,507 of the Village's bank balance of \$2,297,451 and as of June 30, 2009, \$358,339 of the Village's bank balance of \$2,039,367 was exposed to custodial credit risk as follows:

	<u>2010</u>	<u>2009</u>
Uninsured and uncollateralized	\$ (352,796)	\$ (613,793)
Uninsured and collateral held by pledging bank's trust department not in Village's name	1,513,303	972,132
Total Cash, Primary Government	<u>\$ 1,160,507</u>	<u>\$ 358,339</u>

NOTE 4 RECEIVABLES

Receivables as of June 30, 2010 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Property tax receivables	\$ 8,544	\$ -	\$ 8,544
Other receivables	87,270	8,416	95,686
Due from other governments	78,908	-	78,908
Accounts receivable	-	47,477	47,477
Net receivables	<u>\$ 174,722</u>	<u>\$ 55,893</u>	<u>\$ 230,615</u>

These receivables are considered fully collectible as of June 30, 2010.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 4 RECEIVABLES (continued)

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	5,869	66,023
Due from other governments	113,879	-	113,879
Accounts receivable	-	22,435	22,435
Net receivables	<u>\$ 184,202</u>	<u>\$ 28,304</u>	<u>\$ 212,506</u>

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

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 6/30/2010	Loan Balance 6/30/2009
All Aboard Preschool	\$ 45,000	4% per annum	\$ 31,526	\$ 34,201
All Aboard Preschool	100,000	4% per annum	63,341	69,548
Esther and Willie Villegas	70,000	4% per annum	62,327	63,615
Hatch Auto Electric	50,000	4% per annum	41,322	44,047
Net receivables	<u>\$ 265,000</u>		<u>\$ 198,516</u>	<u>\$ 211,411</u>

These notes receivable are considered fully collectible as of June 30, 2010 and June 30, 2009 with the exception of the note to Esther and Willie Villegas is considered to be in default. Please refer to note 16 for detailed information.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 6 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2010 and 2009. Land is not subject to depreciation.

Governmental Activities:	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:							
Land	\$ 2,187,228	\$ -	\$ -	\$ 2,187,228	\$ 17,500	\$ 25,000	\$ 2,179,728
Construction in progress	4,102,408	1,835,185	1,111,535	4,826,058	857,596	3,837,266	1,846,388
Total	<u>6,289,636</u>	<u>1,835,185</u>	<u>1,111,535</u>	<u>7,013,286</u>	<u>875,096</u>	<u>3,862,266</u>	<u>4,026,116</u>
Other capital assets being depreciated							
Buildings	2,818,477	-	-	2,818,477	-	-	2,818,477
Other improvements	3,902,953	1,111,535	-	5,014,488	1,260,705	-	6,275,193
Infrastructure	388,773	-	-	388,773	2,576,560	-	2,965,333
Machinery and equipment	512,308	-	-	512,308	94,709	40,686	566,331
Total	<u>7,622,511</u>	<u>1,111,535</u>	<u>-</u>	<u>8,734,046</u>	<u>3,931,974</u>	<u>40,686</u>	<u>12,625,334</u>
Accumulated depreciation:							
Buildings	1,135,507	132,342	-	1,267,849	132,342	-	1,400,191
Other improvements	415,163	71,558	-	486,721	87,684	-	574,405
Infrastructure	255,084	13,554	-	268,638	84,194	40,686	312,146
Machinery and equipment	418,150	50,196	-	468,346	71,558	-	539,904
Total	<u>2,223,904</u>	<u>267,650</u>	<u>-</u>	<u>2,491,554</u>	<u>375,778</u>	<u>40,686</u>	<u>2,826,646</u>
Net book value	<u>\$ 11,688,243</u>	<u>\$ 2,679,070</u>	<u>\$ 1,111,535</u>	<u>\$ 13,255,778</u>	<u>\$ 4,431,292</u>	<u>\$ 3,862,266</u>	<u>\$ 13,824,804</u>

During the fiscal year 2010, the Village sold land valued at \$25,000 for \$14,489 resulting in a loss of \$10,511.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 6 CAPITAL ASSETS (continued)

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

	<u>2010</u>	<u>2009</u>
General governmental	\$ 77,357	\$ 77,356
Public safety	149,573	124,476
Public works	110,733	31,795
Culture and recreation	16,073	11,981
Health and welfare	22,042	22,042
Total expense	\$ 375,778	\$ 267,650

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Business-Like Activities:							
Capital assets not being depreciated							
Land	\$ 62,099	\$ -	\$ -	\$ 62,099	\$ -	\$ -	\$ 62,099
Total	62,099	-	-	62,099	-	-	62,099
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	1,264,680	-	-	1,264,680	-	5,250	1,259,430
Total	8,688,505	-	-	8,688,505	-	5,250	8,683,255
Accumulated depreciation							
Buildings	53,541	1,125	-	54,666	-	-	54,666
Utility system	4,054,486	239,407	-	4,293,893	239,407	-	4,533,300
Machinery and equipment	639,497	66,682	-	706,179	64,766	5,250	765,695
Total	4,747,524	307,214	-	5,054,738	304,173	5,250	5,353,661
Net book value	\$ 4,003,080	\$ (307,214)	\$ -	\$ 3,695,866	\$ (304,173)	\$ -	\$ 3,391,693

Depreciation expense relating to business-like activities for the year-ended June 30, 2010 and 2009 totaled \$304,173 and \$307,214, respectively.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 7 LONG-TERM DEBT

During the year-ended June 30, 2010 and 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Funds:	Balance June 30, 2008	Additions	Decreases	Balance June 30, 2009	Additions	Decreases	Balance June 30, 2010	Due Within One Year
NM Finance Authority - fire pumper truck	\$ 162,634	\$ -	\$ -	\$ 162,634	\$ -	\$ 12,964	\$ 149,670	\$ 15,604
ARRA loan	-	-	-	-	31,032	-	31,032	-
Compensated absences	57,761	3,074	14,116	46,719	13,907	28,887	31,739	15,870
Total long-term liabilities	\$ 220,395	\$ 3,074	\$ 14,116	\$ 209,353	\$ 44,939	\$ 41,851	\$ 212,441	\$ 31,474

Compensated absences typically have been liquidated in the general and other governmental funds. Interest expense of \$5,203 and \$49,921 was paid during the year-ended June 30, 2010 and 2009, respectively.

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,	Principal	Interest	Total
2011	\$ 15,604	\$ 2,648	\$ 18,252
2012	15,805	2,448	18,253
2013	16,034	2,219	18,253
2014 - 2019	102,227	7,289	109,516
	\$ 149,670	\$ 14,604	\$ 164,274

On December 2010, the Village entered into a contract to receive funds from the New Mexico Environmental Department portion of the American Recovery and Reinvestment Act of 2009. The village is to receive a loan of \$50,000 and a subsidy grant of \$495,851. The loan terms are 0% interest repayable in 20 equal yearly payments. As of the June 30, 2010, draw downs of \$31,032 were received. The repayment period begins within one year of the project completion date.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 7 LONG-TERM DEBT (continued)

Proprietary Fund:	Balance June 30, 2008	Additions	Decreases	Balance June 30, 2009	Additions	Decreases	Balance June 30, 2010	One Year
New Mexico Environment Dept	\$ 49,757	\$ -	\$ 12,179	\$ 37,578	\$ -	\$ 20,024	\$ 17,554	\$ 11,635
Revenue Bonds	219,400	-	7,000	212,400	-	5,001	207,399	7,000
Compensated absences	19,666	761	2,153	18,274	6,846	3,185	21,935	10,968
Total long-term debt	\$ 288,823	\$ 761	\$ 21,332	\$ 268,252	\$ 6,846	\$ 28,210	\$ 246,888	\$ 29,603

Interest expense of \$15,110 and \$24,023 was paid during the year-ended June 30, 2010 and 2009, respectively.

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 loan was refinanced in May 2002 at the amount of \$52,002. The collateral is net revenues from operation of the water system. The note bears interest at 1.00% and is payable at \$6,096 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 loan was refinanced in July 2000 at the amount of \$62,278. The collateral is net revenues from operation of the joint gas system. The note bears interest at 1.00% and is payable at \$5,948 per year through July 1, 2011.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 11,635	\$ 409	\$ 12,044
2012	5,919	178	6,097
	<u>\$ 17,554</u>	<u>\$ 587</u>	<u>\$ 18,141</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 7 LONG-TERM DEBT (continued)

Revenue bonds payable at June 30 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
2011	\$ 7,000
2012	7,000
2013-2017	32,999
2018-2022	24,000
2023-2027	31,000
2028-2032	39,000
2033-2037	49,000
2038	17,400
	\$ 207,399

NOTE 8 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. 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 \$43,926 and \$38,267 in insurance premiums for the year ended June 30, 2010 and 2009, respectively.

NOTE 9 PERA PENSION PLAN

Plan Description. Substantially all of the 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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 9 PERA PENSION PLAN (continued)

Funding Policy. Plan members are required to contribute 7% for municipal employees and 13.5% for law enforcement employees of their gross salary. The Village of Hatch is required to contribute 9.15% of the gross covered salary for all plan members. The contribution requirements of plan members and the Village of Hatch are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village of Hatch's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$55,633, \$53,015, and \$53,854, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10 POST-EMPLOYMENT BENEFITS

Plan Description. Village of Hatch contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

(1)The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	0.833%
FY12	1.834%	0.917%
FY13	2.000%	1.000%

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 10 POST-EMPLOYMENT BENEFITS (continued)

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The Village of Hatch's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$8,893, \$8,640 and \$7,993, respectively, which equal the required contributions for each year.

NOTE 11 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 12 INTER-FUND TRANSFERS AND BALANCES

Transfers to/from other funds at June 30, 2010, consist of the following:

		<u>From</u>	<u>To</u>	<u>Purpose</u>
\$	51,409	General	Library	To cover operational expenditures
	175,455	Joint Utility	General	To transfer funds for non renewed CD
	121,190	Joint Utility	Revolving Loan	To transfer funds for non renewed CD
	900	Fire	General	Transfer for funds deposited into wrong account
	102,392	Swim Train	General	To transfer funds for expenditures paid from General Account
	136,035	General	Swim Train	Transfer for funds deposited into wrong account
	25	BAHC EMS	General	To transfer for account closure
	<u>\$ 587,406</u>	Total		

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 12 INTER-FUND TRANSFERS AND BALANCES (continued)

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		

Amounts due as of June 30, 2010, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
ARRA Project	Joint utilities	Deposit error	\$ 3,832
General	Joint utilities	Deposit error	34,340
Joint utilities	General	Deposit error	6,497
Corrections	Juvenile Recreation	Direct deposit error	5,184
General	Juvenile Recreation	Direct deposit error	9,899
General	FEMA	To offset negative cash	8,135
General	Law Enforcement	To offset negative cash	4,022
ARRA Project	Juvenile Recreation	Direct deposit error	4,059
General	ARRA Project	To offset negative cash	7,891
Air	Juvenile Recreation	Direct deposit error	1,224
Swim Train Facility	Juvenile Recreation	Direct deposit error	34,347
		Total	<u>\$ 119,430</u>

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>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 13 RIO GRANDE NATURAL GAS ASSOCIATION

The Commissioners of the City of Las Cruces and the Trustees of 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 3-28-1 through 3-28-22, New Mexico Statutes Annotated, 1978.

The location of the principal office of the Association is 715 East Idaho, Suite 2B, Las Cruces, New Mexico.

The Association shall be a non-profit municipally owned corporation organized pursuant to Sections 3-28-1 through 3-28-22, New Mexico Statutes Annotated, 1978 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 14 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, 2010:

Fund	Category	Over Expended	Reason
Law Enforcement	Public safety	\$ 4,022	Expenditures incurred greater than expected
Juvenile Recreation	Culture & Recreation	254	Expenditures incurred greater than expected
FEMA	Capital Outlay	135	Expenditures incurred greater than expected
ARRA Project	Capital Outlay	116,480	Budget not amended for new grant awarded
Total		<u>\$ 120,891</u>	

The following was the excess over the approved budget for the fiscal year ending June 30, 2009:

Fund	Category	Over Expended	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>	

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2010**

NOTE 15 NEGATIVE FUND BALANCES IN NON MAJOR FUNDS

The following are negative fund balances as of June 30, 2010. No negative funds balances existed on June 30, 2009.

Fund	Negative fund amount	Reason
FEMA Disaster Grant	\$ 8,135	Over expended funds.
Law Enforcement	4,022	Over expended funds.
Total	<u>\$ 12,157</u>	

NOTE 16 CONTINGENT LIABILITY

Private purpose trust foreclosure: Willie and Esther Villegas received a loan on November 15, 2006 from the Village for \$70,000. Beginning on April 15, 2008, payments become delinquent. The last partial payment was received on April 13, 2010. Beginning September 16, 2010, a default notice was sent regarding the delinquency. In a November 9, 2010 board meeting, a vote was approved to begin foreclosure proceedings. The Village is currently in the process of foreclosing on the loan collateral of land. The Village may incur a loss no greater than the amount owed for the note of \$62,327 plus lawyer fees, but the loss is expected to less given the loan collateral being foreclosed.

Village Plaza Motel closed during the year leaving outstanding utility of \$13,735 and lodger's tax bills of \$7,090. The Village filed a lien against the property. The bank offered \$4,000 for settlement to cancel the lien. The Board voted on October 18, 2010 to accept offer. The remaining balance of \$16,825 will be paid by the previous owners of the Motel, Tony and Sharon Cutbirth. The Cutbirth's are required to pay \$100 per month by the 5th of the month until the balance is paid. The payments began on January 5, 2011.

NOTE 17 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.

On September 1, 2010, the Village was granted board oversight in Rio Grande Natural Gas Association. Currently, the Public Regulation Commission (PRC) in Santa Fe, NM has been petitioned to dissolve the not for profit.

NOTE 18 WATER OPERATING RESERVE

Funds from the water operating reserve in the amount of \$225,000 were utilized to reimburse expenditures incurred from the flood of 2006.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Non-Major Governmental Funds
June 30, 2010**

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).

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, 2010**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 508,265	\$ 414,902	\$ 923,167
Due from other funds	5,184	39,630	44,814
Due from BTA funds	-	3,832	3,832
Due from other governments	-	78,908	78,908
Other receivables	-	-	-
Total assets	<u>\$ 513,449</u>	<u>\$ 537,272</u>	<u>\$ 1,050,721</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 70,870	\$ 70,870
Deferred revenue	23,922	-	23,922
Due to other funds	58,735	16,026	74,761
Total liabilities	<u>82,657</u>	<u>86,896</u>	<u>169,553</u>
Fund Balances:			
Reserved for capital projects funds	-	450,376	450,376
Unreserved for special revenue funds	430,792	-	430,792
Total fund balance	<u>430,792</u>	<u>450,376</u>	<u>881,168</u>
Total liabilities and fund balance	<u>\$ 513,449</u>	<u>\$ 537,272</u>	<u>\$ 1,050,721</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, 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:			
Reserved 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 Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
State shared taxes	\$ 59	\$ -	\$ 59
Intergovernmental income	1,581	-	1,581
State allotment	101,968	-	101,968
Charges for services	78,550	-	78,550
Other income	4,972	-	4,972
Interest income	74	100	174
Federal grants	-	300,017	300,017
State grants	37,471	575,825	613,296
County grants	14,081	-	14,081
Total revenues	<u>238,756</u>	<u>875,942</u>	<u>1,114,698</u>
EXPENDITURES			
Current:			
Public safety	87,317	586	87,903
Public works	340	14,415	14,755
Culture and recreation	92,532	-	92,532
Health & welfare	6,408	-	6,408
Capital outlay	27,151	857,597	884,748
Total expenditures	<u>213,748</u>	<u>872,598</u>	<u>1,086,346</u>
Excess (deficiency) revenues over expenditures	<u>25,008</u>	<u>3,344</u>	<u>28,352</u>
OTHER FINANCING SOURCES (USES)			
Principal payments	(12,964)	-	(12,964)
Interest payments	(5,203)	-	(5,203)
Loan proceeds	-	31,032	31,032
Transfers in	51,409	136,035	187,444
Transfers out	(925)	(102,392)	(103,317)
Total other financing sources (uses)	<u>32,317</u>	<u>64,675</u>	<u>96,992</u>
Net change in fund balances	57,325	68,019	125,344
Fund balances – beginning	<u>373,467</u>	<u>382,357</u>	<u>755,824</u>
Fund balances – ending	<u>\$ 430,792</u>	<u>\$ 450,376</u>	<u>\$ 881,168</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
Special Revenue Funds
Combining Balance Sheet
June 30, 2010**

	Police Seizure	BAHC EMS	Library	Lodger's Tax	Parks	Corrections	Cemetery	Sub-total
ASSETS								
Cash and cash equivalents	\$ 161,158	\$ -	\$ 9,999	\$ 1,081	\$ 16,688	\$ 62,648	\$ 40,925	\$ 292,499
Due from other funds	-	-	-	-	-	5,184	-	5,184
Other receivables	-	-	-	-	-	-	-	-
Total assets	161,158	-	9,999	1,081	16,688	67,832	40,925	297,683
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund balances:								
Unreserved for special revenue funds	161,158	-	9,999	1,081	16,688	67,832	40,925	297,683
Total fund balances	161,158	-	9,999	1,081	16,688	67,832	40,925	297,683
Total liabilities and fund balances	\$ 161,158	\$ -	\$ 9,999	\$ 1,081	\$ 16,688	\$ 67,832	\$ 40,925	\$ 297,683

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, 2010**

	Law Enforcement	Juvenile Recreation	Fire	EMS	Sub-total page 1	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 62,280	\$ 153,052	\$ 434	\$ 292,499	\$ 508,265
Due from other funds	-	-	-	-	5,184	5,184
Other receivables	-	-	-	-	-	-
Total assets	\$ -	\$ 62,280	\$ 153,052	\$ 434	\$ 297,683	\$ 513,449
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	-	\$ -
Deferred revenue	-	-	23,922	-	-	23,922
Due to other funds	4,022	54,713	-	-	-	58,735
Total liabilities	4,022	54,713	23,922	-	-	82,657
Fund balances:						
Unreserved for special revenue funds	(4,022)	7,567	129,130	434	297,683	430,792
Total fund balances	(4,022)	7,567	129,130	434	297,683	430,792
Total liabilities and fund balances	\$ -	\$ 62,280	\$ 153,052	\$ 434	\$ 297,683	\$ 513,449

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
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
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 Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2010**

	Police Seizure	BAHC EMS	Library	Lodger's Tax	Parks	Corrections	Sub-total
REVENUES							
State shared taxes	\$ -	\$ -	\$ -	\$ 59	\$ -	\$ -	\$ 59
Intergovernmental income	-	-	-	-	-	-	-
State allotment	-	-	-	-	-	-	-
Charges for services	55,770	-	-	-	11,286	6,289	73,345
Other income	-	-	972	-	-	-	972
Interest income	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-
State grants	-	-	10,168	-	-	-	10,168
County grants	-	-	9,250	-	4,831	-	14,081
Total revenues	<u>55,770</u>	<u>-</u>	<u>20,390</u>	<u>59</u>	<u>16,117</u>	<u>6,289</u>	<u>98,625</u>
EXPENDITURES							
Current:							
Public safety	28,828	-	-	-	-	3,265	32,093
Public works	-	-	-	340	-	-	340
Culture and recreation	-	-	68,943	-	22,335	-	91,278
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>28,828</u>	<u>-</u>	<u>68,943</u>	<u>340</u>	<u>22,335</u>	<u>3,265</u>	<u>123,711</u>
Excess (deficiency) revenues over expenditures	26,942	-	(48,553)	(281)	(6,218)	3,024	(25,086)
OTHER FINANCING SOURCES (USES)							
Proceeds from loan	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Transfers in	-	-	51,409	-	-	-	51,409
Transfers out	-	(25)	-	-	-	-	(25)
Total other financing sources (uses)	<u>-</u>	<u>(25)</u>	<u>51,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,384</u>
Net change in fund balances	26,942	(25)	2,856	(281)	(6,218)	3,024	26,298
Fund balances - beginning	<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>
Fund balances-ending	<u>\$ 161,158</u>	<u>\$ -</u>	<u>\$ 9,999</u>	<u>\$ 1,081</u>	<u>\$ 16,688</u>	<u>\$ 67,832</u>	<u>\$ 256,758</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, 2010**

	Cemetery	Law Enforcement	Juvenile Recreation	Fire	EMS	Sub-total	Total
REVENUES							
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59	\$ 59
Intergovernmental income	-	-	1,581	-	-	-	1,581
State allotment	-	24,800	-	69,299	7,869	-	101,968
Charges for services	5,205	-	-	-	-	73,345	78,550
Other income	-	-	-	4,000	-	972	4,972
Interest income	-	-	-	74	-	-	74
Federal grants	-	-	-	-	-	-	-
State grants	-	-	-	27,303	-	10,168	37,471
County grants	-	-	-	-	-	14,081	14,081
Total revenues	5,205	24,800	1,581	100,676	7,869	98,625	238,756
EXPENDITURES							
Current:							
Public safety	-	7,993	-	39,362	7,869	32,093	87,317
Public works	-	-	-	-	-	340	340
Culture and recreation	-	-	1,254	-	-	91,278	92,532
Health and welfare	6,408	-	-	-	-	-	6,408
Capital outlay	-	27,151	-	-	-	-	27,151
Total expenditures	6,408	35,144	1,254	39,362	7,869	123,711	213,748
Excess (deficiency) revenues over expenditures	(1,203)	(10,344)	327	61,314	-	(25,086)	25,008
OTHER FINANCING SOURCES (USES)							
Proceeds from loan	-	-	-	-	-	-	-
Principal payment	-	-	-	(12,964)	-	-	(12,964)
Interest payment	-	-	-	(5,203)	-	-	(5,203)
Transfers in	-	-	-	-	-	51,409	51,409
Transfers out	-	-	-	(900)	-	(25)	(925)
Total other financing sources (uses)	-	-	-	(19,067)	-	51,384	32,317
Net change in fund balances	(1,203)	(10,344)	327	42,247	-	26,298	57,325
Fund balances - beginning	42,128	6,322	7,240	86,883	434	230,460	373,467
Fund balances-ending	\$ 40,925	\$ (4,022)	\$ 7,567	\$ 129,130	\$ 434	\$ 256,758	\$ 430,792

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	-	-	-	-	-	-	-
State allotment	-	-	-	-	-	-	-
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 778	\$ 778
Intergovernmental income	-	-	1,423	-	-	-	1,423
State allotment	-	24,200	-	58,864	10,939	-	94,003
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	10,056	24,200	1,423	59,037	10,939	112,957	218,612
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	5,940	17,878	215	30,512	10,939	121,875	187,359
Excess (deficiency) revenues over expenditures	4,116	6,322	1,208	28,525	-	(8,918)	31,253
OTHER FINANCING SOURCES (USES)							
Proceeds from loan	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	54,644	54,644
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	54,644	54,644
Net change in fund balances	4,116	6,322	1,208	28,525	-	45,726	85,897
Fund balances - beginning	38,012	-	6,032	58,358	434	184,734	287,570
Fund balances-ending	\$ 42,128	\$ 6,322	\$ 7,240	\$ 86,883	\$ 434	\$ 230,460	\$ 373,467

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, 2010**

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 55,770	\$ 25,770
Total revenues	30,000	30,000	55,770	25,770
Add: beginning cash	-	-		
	\$ 30,000	\$ 30,000		
Expenditures:				
Public safety	30,000	30,000	28,828	1,172
Total expenditures	30,000	30,000	28,828	1,172
Excess (deficiency) revenues over expenditures			26,942	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			26,942	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue			-	
Net change in fund balance (Modified-GAAP basis)			26,942	
Fund balance – beginning			134,216	
Fund balance – ending			\$ 161,158	

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, 2010

	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	-	-	(25)	(25)
Total other financing sources (uses)	-	-	(25)	(25)
Net change in fund balance (Non-GAAP basis)			(25)	
Fund balance – beginning			25	
Fund balance – ending			\$ -	

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, 2010

	Budgeted Amounts		Actual (Modified- GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State allotment	\$ 3,400	\$ 3,400	\$ 10,168	\$ 6,768
County grant	6,000	6,000	9,250	3,250
Other income	1,100	1,100	972	(128)
Total revenues	<u>10,500</u>	<u>10,500</u>	<u>20,390</u>	<u>9,890</u>
Add: beginning cash	7,143	7,143		
	<u>\$ 17,643</u>	<u>\$ 17,643</u>		
Expenditures:				
Culture and recreation	73,409	73,409	68,943	4,466
Capital outlay	-	-	-	-
Total expenditures	<u>73,409</u>	<u>73,409</u>	<u>68,943</u>	<u>4,466</u>
Excess (deficiency) revenues over expenditures			(48,553)	
Other financing sources (uses)				
Transfers in	51,409	51,409	51,409	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>51,409</u>	<u>51,409</u>	<u>51,409</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)			2,856	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expense		-	-	
Net change in fund balance (Modified-GAAP basis)			2,856	
Fund balance – beginning			<u>7,143</u>	
Fund balance – ending			<u>\$ 9,999</u>	

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State-shared taxes	\$ 2,000	\$ 2,000	\$ 59	\$ (1,941)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>59</u>	<u>(1,941)</u>
Add: beginning cash	-	-		
	<u>\$ 2,000</u>	<u>\$ 2,000</u>		
Expenditures:				
Public works	2,000	2,000	340	1,660
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>340</u>	<u>1,660</u>
Excess (deficiency) revenues over expenditures			(281)	
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)			(281)	
Differences between Modified-GAAP and Non-GAAP				
Adjust for accrued revenue			<u>-</u>	
Net change in fund balance (Modified-GAAP Basis)			(281)	
Fund balance – beginning			<u>1,362</u>	
Fund balance – ending			<u>\$ 1,081</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, 2010**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
County grants	\$ 4,750	\$ 4,750	\$ 4,831	\$ 81
Charges for services	11,000	11,000	12,163	1,163
Total revenues	15,750	15,750	16,994	1,244
 Add: beginning cash	 12,353	 12,353		
	\$ 28,103	\$ 28,103		
 Expenditures:				
Culture & recreation	28,103	28,103	22,969	5,134
Total expenditures	28,103	28,103	22,969	5,134
 Excess (deficiency) revenues over expenditures			 (5,975)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			 (5,975)	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		(877)		
Adjust accrued expenses		634	(243)	
Net change in fund balance (Modified-GAAP basis)			(6,218)	
 Fund balance – beginning			22,906	
 Fund balance – ending			\$ 16,688	

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 7,100	\$ 7,100	\$ 6,289	\$ (811)
Total revenues	<u>7,100</u>	<u>7,100</u>	<u>6,289</u>	<u>(811)</u>
Add: beginning cash	-	-		
	<u>\$ 7,100</u>	<u>\$ 7,100</u>		
Expenditures:				
Public safety	7,100	7,100	3,265	3,835
Total expenditures	<u>7,100</u>	<u>7,100</u>	<u>3,265</u>	<u>3,835</u>
Excess (deficiency) revenues over expenditures			3,024	
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)			3,024	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenditures		-		
Adjust accrued revenues		-	-	
Net change in fund balance (Modified-GAAP basis)			3,024	
Fund balance – beginning			<u>64,808</u>	
Fund balance – ending			<u>\$ 67,832</u>	

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, 2010**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
Charges for services	\$ 8,700	\$ 8,700	\$ 5,205	\$ (3,495)
Total revenues	8,700	8,700	5,205	(3,495)
 Add: beginning cash	 1,263	 1,263		
	\$ 9,963	\$ 9,963		
 Expenditures:				
Health and welfare	9,963	9,963	6,408	3,555
Capital outlay	-	-	-	-
Total expenditures	9,963	9,963	6,408	3,555
 Excess (deficiency) revenues over expenditures			 (1,203)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			 (1,203)	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenses		-	-	
		-	-	
 Net change in fund balance (Modified-GAAP basis)			 (1,203)	
 Fund balance – beginning			 42,128	
 Fund balance – ending			 \$ 40,925	

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State allotment	\$ 24,800	\$ 24,800	\$ 24,800	\$ -
Total revenues	24,800	24,800	24,800	-
Add: beginning cash	6,322	6,322		
	\$ 31,122	\$ 31,122		
Expenditures:				
Public safety	31,122	31,122	35,144	(4,022)
Total expenditures	31,122	31,122	35,144	(4,022)
Excess (deficiency) revenues over expenditures			(10,344)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance			(10,344)	
Fund balance – beginning			6,322	
Fund balance – ending			\$ (4,022)	

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Intergovernmental income	\$ 1,000	\$ 1,000	\$ 1,581	\$ 581
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,581</u>	<u>581</u>
Add: beginning cash	-	-		
	<u>\$ 1,000</u>	<u>\$ 1,000</u>		
Expenditures:				
Culture and recreation	1,000	1,000	1,254	(254)
Capital outlay	-	-	-	-
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,254</u>	<u>(254)</u>
Excess (deficiency) revenues over expenditures			327	
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)			327	
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)			327	
Fund balance – beginning			<u>7,240</u>	
Fund balance – ending			<u>\$ 7,567</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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State allotment	\$ 51,132	\$ 51,132	\$ 69,299	\$ 18,167
State grant	-	-	51,225	51,225
Other income	3,600	3,600	4,000	400
Investment income	-	-	74	74
Total revenues	54,732	54,732	124,598	69,866
Add: beginning cash	-	-		
	\$ 54,732	\$ 54,732		
Expenditures:				
Public safety	39,889	39,889	45,304	(5,415)
Capital outlay	13,695	13,695	-	13,695
Total expenditures	53,584	53,584	45,304	8,280
Excess (deficiency) revenues over expenditures			79,294	
Other financing sources (uses)				
Principal payment	-	-	(12,964)	(12,964)
Interest payment	-	-	(5,203)	(5,203)
Transfers in	-	-	-	-
Transfers out	-	-	(900)	(900)
Total other financing sources (uses)	-	-	(19,067)	(19,067)
Net change in fund balance (Non-GAAP)			60,227	
Difference between Modified-GAAP and Non-GAAP				
Adjust deferred revenue		(23,922)		
Adjust accrued expenditures		5,942	(17,980)	
Net change in fund balance (Modified-GAAP)			42,247	
Fund balance – beginning			86,883	
Fund balance – ending			\$ 129,130	

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, 2010**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State allotment	\$ 15,500	\$ 15,500	\$ 7,869	\$ (7,631)
Total revenues	15,500	15,500	7,869	(7,631)
 Add: beginning cash	 -	 -		
	\$ 15,500	\$ 15,500		
 Expenditures:				
Public safety	15,500	15,500	7,869	7,631
Total expenditures	15,500	15,500	7,869	7,631
 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, 2010

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.

American Recovery and Investment Act (ARRA) Project - To account for the receipt and expenditures of the Federal Funds received to stimulate the economy. Authorized by the ARRA grant contract.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NON-MAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Balance Sheet
June 30, 2010**

	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	\$ 55,293	\$ 87,634	\$ 45,200	\$ 17,729	\$ 57,361	\$ 24,530	\$ -	\$ 287,747
Due from other funds	-	34,347	-	-	-	1,224	-	35,571
Due from BTA funds	-	-	-	-	-	-	-	-
Due from other governments	-	43,780	-	-	-	-	-	43,780
Total assets	\$ 55,293	\$ 165,761	\$ 45,200	\$ 17,729	\$ 57,361	\$ 25,754	\$ -	\$ 367,098
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 35,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,742
Deferred revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	8,135	8,135
Total liabilities	-	35,742	-	-	-	-	8,135	43,877
Fund balances:								
Reserved for capital projects funds	55,293	130,019	45,200	17,729	57,361	25,754	(8,135)	323,221
Total fund balances	55,293	130,019	45,200	17,729	57,361	25,754	(8,135)	323,221
Total liabilities and fund balances	\$ 55,293	\$ 165,761	\$ 45,200	\$ 17,729	\$ 57,361	\$ 25,754	\$ -	\$ 367,098

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, 2010**

	Street Improvement	ARRA Project	Subtotal Page 1	Total
ASSETS				
Cash and cash equivalents	\$ 127,155	\$ -	\$ 287,747	\$ 414,902
Due from other funds	-	4,059	35,571	39,630
Due from BTA funds	-	3,832	-	3,832
Due from other governments	-	35,128	43,780	78,908
Total assets	\$ 127,155	\$ 43,019	\$ 367,098	\$ 537,272
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 35,128	\$ 35,742	\$ 70,870
Deferred revenue	-	-	-	-
Due to other funds	-	7,891	8,135	16,026
Total liabilities	-	43,019	43,877	86,896
Fund balances:				
Reserved for capital projects funds	127,155	-	323,221	450,376
Total fund balances	127,155	-	323,221	450,376
Total liabilities and fund balances	\$ 127,155	\$ 43,019	\$ 367,098	\$ 537,272

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**

	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
	<u> </u>	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 130,064</u>	<u>\$ 290,944</u>	<u>\$ 421,008</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,438	\$ 34,645	\$ 36,083
Deferred revenue	-	2,568	2,568
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,438	37,213	38,651
 Fund balances:			
Reserved for capital projects funds	128,626	253,731	382,357
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>128,626</u>	<u>253,731</u>	<u>382,357</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 130,064</u>	<u>\$ 290,944</u>	<u>\$ 421,008</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, 2010**

	Public Safety Building	Swim-Train Facility	CDBG Street Improvement	A Nunez Health Bldg	Legislative Appropriations	Airport Action Plan	FEMA Disaster	Subtotal
REVENUES								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,441	\$ -	\$ 179,441
State grants	-	258,272	45,000	-	208,960	6,916	-	519,148
Interest income	100	-	-	-	-	-	-	100
Total revenues	100	258,272	45,000	-	208,960	186,357	-	698,689
EXPENDITURES								
Current:								
Public safety	-	-	-	586	-	-	-	586
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Capital outlay	-	259,084	-	-	206,611	188,426	8,135	662,256
Total expenditures	-	259,084	-	586	206,611	188,426	8,135	662,842
Excess (deficiency) revenues over expenditures	100	(812)	45,000	(586)	2,349	(2,069)	(8,135)	35,847
OTHER FINANCING SOURCES (USES)								
Principal payments	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-
Transfers in	-	136,035	-	-	-	-	-	136,035
Transfers out	-	(102,392)	-	-	-	-	-	(102,392)
Total other financing sources (uses)	-	33,643	-	-	-	-	-	33,643
Net change in fund balances	100	32,831	45,000	(586)	2,349	(2,069)	(8,135)	69,490
Fund balances - beginning	55,193	97,188	200	18,315	55,012	27,823	-	253,731
Fund balances-ending	<u>\$ 55,293</u>	<u>\$ 130,019</u>	<u>\$ 45,200</u>	<u>\$ 17,729</u>	<u>\$ 57,361</u>	<u>\$ 25,754</u>	<u>\$ (8,135)</u>	<u>\$ 323,221</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, 2010**

	Street Improvements	ARRA Project	Subtotal Page 1	Total
REVENUES				
Federal grants	\$ -	\$ 120,576	\$ 179,441	\$ 300,017
State grants	56,677	-	519,148	575,825
Interest income	-	-	100	100
Total revenues	<u>56,677</u>	<u>120,576</u>	<u>698,689</u>	<u>875,942</u>
EXPENDITURES				
Current:				
Public safety	-	-	586	586
Public works	14,415	-	-	14,415
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	43,733	151,608	662,256	857,597
Total expenditures	<u>58,148</u>	<u>151,608</u>	<u>662,842</u>	<u>872,598</u>
Excess (deficiency) revenues over expenditures	(1,471)	(31,032)	35,847	3,344
OTHER FINANCING SOURCES (USES)				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Loan proceeds	-	31,032	-	31,032
Transfers in	-	-	136,035	136,035
Transfers out	-	-	(102,392)	(102,392)
Total other financing sources (uses)	<u>-</u>	<u>31,032</u>	<u>33,643</u>	<u>64,675</u>
Net change in fund balances	(1,471)	-	69,490	68,019
Fund balances - beginning	<u>128,626</u>	<u>-</u>	<u>253,731</u>	<u>382,357</u>
Fund balances-ending	<u>\$ 127,155</u>	<u>\$ -</u>	<u>\$ 323,221</u>	<u>\$ 450,376</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, 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	161,057	1,270,147	1,431,204
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	25,865	1,839,375	1,865,240
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)	(111,442)	(502,616)	(614,058)
Net change in fund balances	23,750	(1,071,844)	(1,048,094)
Fund balances - beginning	104,876	1,325,575	1,430,451
Fund balances-ending	\$ 128,626	\$ 253,731	\$ 382,357

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Investment income	\$ -	\$ -	\$ 100	\$ 100
Total revenues	-	-	100	100
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over expenditures			100	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance (Non-GAAP basis)			100	
Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenditures		-	-	
Net Change in Fund Balance (Modified-GAAP basis)			100	
Fund balance – beginning			55,193	
Fund balance – ending			\$ 55,293	

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 (Modified- GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State grants	\$ 1,174,571	\$ 1,174,571	\$ 214,484	\$ (960,087)
County grants	-	-	-	-
Total revenues	1,174,571	1,174,571	214,484	(960,087)
 Add: beginning cash	 36,350	 36,350		
	\$ 1,210,921	\$ 1,210,921		
 Expenditures:				
Capital outlay	1,210,921	1,210,921	278,388	932,533
Total expenditures	1,210,921	1,210,921	278,388	932,533
 Excess (deficiency) revenues over expenditures			 (63,904)	
 Other financing sources (uses)				
Transfers in	-	-	136,035	136,035
Transfers out	-	-	(102,392)	(102,392)
Total other financing sources (uses)	-	-	33,643	33,643
 Net Change in Fund Balance (Non-GAAP basis)			 (30,261)	
 Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		43,788		
Adjust accrued expenditures		19,304		
Adjust transfers		-	63,092	
		43,788	63,092	
 Net Change in Fund Balance (Modified-GAAP basis)			 32,831	
 Fund balance – beginning			 97,188	
 Fund balance – ending			 \$ 130,019	

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, 2010

	Budgeted Amounts		Actual (Modified- GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State grants	\$ 22,500	\$ 22,500	\$ 45,000	\$ 22,500
Intergovernmental	-	-	-	-
Total revenues	22,500	22,500	45,000	22,500
Add: beginning cash	-	-		
	\$ 22,500	\$ 22,500		
Expenditures:				
Capital outlay	22,500	22,500	-	22,500
Total expenditures	22,500	22,500	-	22,500
Excess (deficiency) revenues over expenditures			45,000	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			45,000	
Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenues			-	
Adjust accrued expenditures			-	
Adjust note payment			-	
Adjust transfers			-	
Net change in fund balance (Modified-GAAP basis)			45,000	
Fund balance – beginning			200	
Fund balance – ending			\$ 45,200	

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 169,280	\$ 169,280	\$ -	\$ (169,280)
Total revenues	<u>169,280</u>	<u>169,280</u>	-	<u>(169,280)</u>
Add: beginning cash	-	-		
	<u>169,280</u>	<u>169,280</u>		
Expenditures:				
Public Safety	-	-	586	(586)
Capital outlay	169,280	169,280	-	169,280
Total expenditures	<u>169,280</u>	<u>169,280</u>	<u>586</u>	<u>168,694</u>
Excess (deficiency) revenues over expenditures			(586)	
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)			(586)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenses			<u>-</u>	
Net change in fund balance (Modified-GAAP basis)			(586)	
Fund balance – beginning			<u>18,315</u>	
Fund balance – ending			<u>\$ 17,729</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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grant	\$ 656,819	\$ 656,819	\$ 209,605	\$ (447,214)
Total revenues	<u>656,819</u>	<u>656,819</u>	<u>209,605</u>	<u>(447,214)</u>
Add: beginning cash	-	-		
	<u>\$ 656,819</u>	<u>\$ 656,819</u>		
Expenditures:				
Capital outlay	403,029	403,029	221,952	181,077
Total expenditures	<u>403,029</u>	<u>403,029</u>	<u>221,952</u>	<u>181,077</u>
Excess (deficiency) revenues over expenditures			(12,347)	
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)			(12,347)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		(645)		
Adjust accrued expenditures		15,341		
Adjust transfers		-	14,696	
Net change in fund balance (Modified-GAAP basis)			2,349	
Fund balance – beginning			<u>55,012</u>	
Fund balance – ending			<u>\$ 57,361</u>	

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, 2010**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 744,546	\$ 744,546	\$ 182,009	\$ (562,537)
State grants	14,724	14,724	6,916	(7,808)
Total revenues	759,270	759,270	188,925	(570,345)
Add: beginning cash	-	-		
	\$ 759,270	\$ 759,270		
Expenditures:				
Capital outlay	759,270	759,270	188,426	570,844
Total expenditures	759,270	759,270	188,426	570,844
Excess (deficiency) revenues over expenditures			499	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			499	
Differences between Modified-GAAP and Non-GAAP				
Adjust deferred revenue			(2,568)	
Net change in fund balance (Modified-GAAP basis)			(2,069)	
Fund balance – beginning			27,823	
Fund balance – ending			\$ 25,754	

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, 2010**

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable) Final to Actual
Revenues:				
State grants	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Other	-	-	-	-
Total revenues	5,000	5,000	-	(5,000)
 Add: beginning cash	 -	 -		
	\$ 5,000	\$ 5,000		
 Expenditures:				
Capital outlay	8,000	8,000	8,135	(135)
Total expenditures	8,000	8,000	8,135	(135)
 Excess (deficiency) revenues over expenditures			 (8,135)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP)			 (8,135)	
 Differences between Modified-GAAP and Non-GAAP				
Adjust transfer			-	
 Net change in fund balance (Modified-GAAP)			 (8,135)	
 Fund balance – beginning			-	
 Fund balance – ending			\$ (8,135)	

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, 2010**

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable) Final to Actual
Revenues:				
State grants	\$ 633,393	\$ 633,393	\$ 93,940	\$ (539,453)
Other	-	-	-	-
Total revenues	633,393	633,393	93,940	(539,453)
Add: beginning cash	2,218	2,218		
	\$ 635,611	\$ 635,611		
Expenditures:				
Public works	250,100	250,100	14,415	235,685
Capital outlay	574,496	574,496	45,171	529,325
Total expenditures	824,596	824,596	59,586	765,010
Excess (deficiency) revenues over expenditures			34,354	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			34,354	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		(37,263)		
Adjust accrued expenditures		1,438		
Adjust transfers		-	(35,825)	
Net change in fund balance (Modified-GAAP)			(1,471)	
Fund balance – beginning			128,626	
Fund balance – ending			\$ 127,155	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
ARRA Project
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable)
				Final to Actual
Revenues:				
Federal grant	\$ -	\$ -	\$ 85,448	\$ 85,448
Total revenues	-	-	85,448	85,448
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
Capital outlay	-	-	116,480	(116,480)
Total expenditures	-	-	116,480	(116,480)
Excess (deficiency) revenues over expenditures			(31,032)	
Other financing sources (uses)				
Loan proceeds	-	-	31,032	31,032
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	31,032	31,032
Net change in fund balance (Non-GAAP)			-	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		35,128		
Adjust accrued expenditures		(35,128)	-	
Net change in fund balance (Modified-GAAP)			-	
Fund balance – beginning			-	
Fund balance – ending			\$ -	

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, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(Modified-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 1,187,170	\$ 1,187,170	\$ 1,233,936	\$ 46,766
Municipal taxes	134,172	134,172	236,429	102,257
Connection charges	15,200	15,200	11,306	(3,894)
State grants	-	-	-	-
Total revenues	<u>1,336,542</u>	<u>1,336,542</u>	<u>1,481,671</u>	<u>145,129</u>
Add: beginning cash	222,588	222,588		
	<u>\$ 1,559,130</u>	<u>\$ 1,559,130</u>		
Expenses:				
Personnel services	384,536	384,536	386,474	(1,938)
Purchase of gas	605,000	605,000	501,640	103,360
Contract services	200,500	200,500	221,197	(20,697)
Other operating expenses	352,779	352,779	244,321	108,458
Capital outlay	-	-	-	-
Total expenses	<u>1,542,815</u>	<u>1,542,815</u>	<u>1,353,632</u>	<u>189,183</u>
Excess (deficiency) revenues over expenses			128,039	
Other financing sources (uses)				
Principal payments	(7,000)	(7,000)	(25,025)	(18,025)
Interest payments	(21,294)	(21,294)	(15,520)	5,774
Interest income	11,979	11,979	9,231	(2,748)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>(16,315)</u>	<u>(16,315)</u>	<u>(31,314)</u>	<u>(14,999)</u>
Net change in fund balance (Non-GAAP basis)			96,725	
Difference between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		55,893		
Transfers		(296,645)		
Adjust accrued interest		410		
Adjust accrued expenses		(58,394)		
Principal payments on notes		25,025		
Depreciation expense		(304,173)	(577,884)	
Net change in fund balance (Modified-GAAP basis)			(481,159)	
Net asset – beginning			<u>4,375,667</u>	
Net asset – ending			<u>\$ 3,894,508</u>	

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

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
VILLAGE OF HATCH
June 30, 2010
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, 2008	Additions	Deletions	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Motor Vehicle Fund							
Assets							
Cash	\$ 2,513	\$ 392,157	\$ 392,157	\$ 2,513	\$ -	\$ 2,513	\$ -
Liabilities							
Due to other Government Agencies	\$ 2,513	\$ 392,157	\$ 392,157	\$ 2,513	\$ -	\$ 2,513	\$ -
Garden Club							
Assets							
Cash	\$ 89,946	\$ 115,622	\$ 96,948	\$ 108,620	\$ 7,794	\$ 7,038	\$ 109,376
Liabilities							
Due to Garden Club	\$ 89,946	\$ 115,622	\$ 96,948	\$ 108,620	\$ 7,794	\$ 7,038	\$ 109,376
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	\$ 507,779	\$ 489,105	\$ 113,133	\$ 7,794	\$ 9,551	\$ 111,376
Total Assets	\$ 94,459	\$ 507,779	\$ 489,105	\$ 113,133	\$ 7,794	\$ 9,551	\$ 111,376
Liabilities							
Due to Garden Club	\$ 89,946	\$ 115,622	\$ 96,948	\$ 108,620	\$ 7,794	\$ 7,038	\$ 109,376
Due to Other Governmental Agencies	4,513	392,157	392,157	4,513	-	2,513	2,000
Fund Balances – End of Year	\$ 94,459	\$ 507,779	\$ 489,105	\$ 113,133	\$ 7,794	\$ 9,551	\$ 111,376

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, 2010

	Budgeted Amounts		Actual (Modified- GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Loan payments and interest	\$ 23,508	\$ 23,508	\$ 10,382	\$ (13,126)
Total revenues	23,508	23,508	10,382	(13,126)
 Add: beginning cash	 -	 -		
	\$ 23,508	\$ 23,508		
 Expenditures:				
Other expenditures	-	-	-	-
Total expenditures	-	-	-	-
 Excess (deficiency) revenues over expenditures			10,382	
 Other financing sources (uses)				
Transfers in	-	-	121,190	121,190
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	121,190	121,190
 Net change in fund balance (Non-GAAP basis)			131,572	
 Difference between Modified-GAAP and Non-GAAP				
Adjust for principal payments		-		
Adjust transfers		-	-	
		-	-	
 Net change in fund balance (Modified-GAAP basis)			131,572	
 Fund balance – beginning			388,355	
 Fund balance – ending			\$ 519,927	

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Depositories
June 30, 2010

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
Bank of the West					
Water operating	CK	\$ 137,729	\$ -	\$ 14,035	\$ 123,694
Fire Department	MM	15,251	-	-	15,251
Payroll	CK	25,385	-	-	25,385
Wastewater reserve	MM	25,811	-	-	25,811
Meter deposit	CK	58,051	-	210	57,841
98 JT UT repair and replacement	CK	17,979	-	-	17,979
Hatch joint utility system	CK	3,177	-	-	3,177
A Nunez health building	CK	18,047	-	318	17,729
CDBG	CK	45,200	-	-	45,200
Public Safety building	CK	55,293	-	-	55,293
Swim-train facility	CK	87,634	-	-	87,634
Bank of the West total		<u>489,557</u>	<u>-</u>	<u>14,563</u>	<u>474,994</u>
Wells Fargo					
1976 JT UT	SAV	22,039	-	-	22,039
Juvenile recreation	CK	273,419	-	211,139	62,280
1987 Repair & Replacement	CK	20,842	-	-	20,842
1987 Revenue Bond / Gross Income	CK	8,692	-	-	8,692
Water Operating Reserve	CD	70,442	-	-	70,442
Wells Fargo total		<u>395,434</u>	<u>-</u>	<u>211,139</u>	<u>184,295</u>
Bank of the Southwest					
Wastewater Repair and Replacement	SAV	23,621	-	-	23,621
General fund operating	CK	514,402	160,646	130,595	544,453
PD Seizure	CK	161,158	-	-	161,158
Gas operating	CK	333,669	3,941	3,989	333,621
Bank of the Southwest total		<u>1,032,850</u>	<u>164,587</u>	<u>134,584</u>	<u>1,062,853</u>
1st New Mexico Bank					
1976 Repair & Replacement	CK	17,711	-	-	17,711
1998 Revenue Bond G.I.	CD	21,015	-	-	21,015
1998 JT UT repair and replacement	CD	16,703	-	-	16,703
Fire Department operating	CK	86,736	51,224	159	137,801
Parks & Recreation	CK	19,931	-	3,243	16,688
Library	CK	11,187	-	1,188	9,999
General Fund	MM	130,519	-	-	130,519
1987 Jt Ut Reserve	CD	75,808	-	-	75,808
1st New Mexico Bank		<u>379,610</u>	<u>51,224</u>	<u>4,590</u>	<u>426,244</u>
Total					2,148,386
Legend					
SAV-Savings					
CK-Checking			Petty Cash		<u>200</u>
MM-Money Market					
CD-Certificate of Deposit			Total		<u><u>\$ 2,148,586</u></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, 2010**

	Bank of the West	Wells Fargo Bank	Bank of the Southwest	1st New Mexico Bank	Total
Amount Held in Bank June 30, 2010	\$ 489,557	\$ 395,434	\$ 1,032,850	\$ 379,610	\$ 2,297,451
Less FDIC Insurance	250,000	363,323	273,621	250,000	1,136,944
Uninsured Public Funds	239,557	32,111	759,229	129,610	1,160,507
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	119,779	16,056	379,615	64,805	580,254
Pledged Security	615,324	47,979	500,000	350,000	1,513,303
Over (Under) Collateral	\$ 495,546	\$ 31,924	\$ 120,386	\$ 285,195	\$ 933,050

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, 2010

BANK OF THE WEST

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2010
Bank of the West	8/1/2012	STHWT Southern Sandoval NMA	\$ 450,000	\$ 479,484
Bank of the West	8/20/2035	GNR 2010-10 KC	106,000	105,995
Bank of the West	9/20/2033	GNR 2004-104 FJ	30,000	29,845
Total			<u>\$ 586,000</u>	<u>\$ 615,324</u>

WELLS FARGO

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2010
Wells Fargo	4/1/2037	FN923865	\$ 75,000	\$ 47,979
Total			<u>\$ 75,000</u>	<u>\$ 47,979</u>

BANK OF THE SOUTHWEST

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2010
Bank of the Southwest	6/6/2011	Letter of credit - FHLB	\$ 450,000	\$ 450,000
Bank of the Southwest	1/5/2011	Letter of credit - FHLB	50,000	50,000
Total			<u>\$ 500,000</u>	<u>\$ 500,000</u>

1ST BANK OF NEW MEXICO

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2010
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, 2010

	CFDA Number	County Grant	State Grant	Federal Grant	Total
Doña Ana County, DAC 08-046		14,081	-	-	14,081
Department of Finance and Administration, Local Government Division, 07-L-G-5183		-	13,727	-	13,727
Department of Finance and Administration, Local Government Division, ST-7513 (328)		-	72,098	-	72,098
Department of Finance and Administration, Local Government Division, 08-L-4271		-	31,449	-	31,449
Department of Finance and Administration, Local Government Division, 08-L-G-5160		-	14,415	-	14,415
Department of Finance and Administration, Local Government Division, SAP-08-3852-GF		-	10,813	-	10,813
Department of Finance and Administration, Local Government Division, 06-L-G-1576		-	8,038	-	8,038
Department of Finance and Administration, Local Government Division, 07-L-G-3750		-	52,579	-	52,579
New Mexico Environment Department, Construction Programs Bureau, 06-1114-GF		-	103,029	-	103,029
Department of Finance and Administration, Local Government Division, 06-1101-GF		-	2,350	-	2,350
Department of Finance and Administration, Local Government Division, 06-C-R-S-I-1-G-21		-	45,000	-	45,000
Department of Finance and Administration, Local Government Division, 08-L-G-3219		-	197,655	-	197,655
New Mexico Environment Department, Construction Programs Bureau, 08-L-G-4272		-	17,756	-	17,756
New Mexico Department of Transportation, SP-1-09(958)		-	74,166	-	74,166
New Mexico State Grant in Aid to Public Libraries, 0619300443		-	10,168	-	10,168
Fire Equipment Grant		-	27,303	-	27,303
U.S. Department of Transportation, Federal Aviation Administration, #E 3-35-0021-003-2007	20.106	-	-	179,441	179,441
American Recovery and Reinvestment Act, pass through the New Mexico Environment Department, Construction Program Bureau, ARRA CWSRF 07	20.205	-	-	120,576	120,576
New Mexico Department of Transportation, Aviation Division #E08-10-001		-	6,916	-	6,916
Total Grants		\$ 14,081	\$ 687,462	\$ 300,017	\$ 1,001,560

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2010**

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, 2010. 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, 2010**

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, 2010
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, 2010**

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, 2010
Project Costs	Varies depending on participation
County Contributions	\$32.00 per youth/teen per activity
Audit Responsibility	Village of Hatch

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2010**

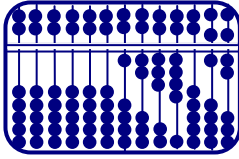
EMNR Department and Village of Hatch

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 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., P.L.L.C.

**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 and related budgetary comparisons presented as supplemental information of the Village of Hatch as of and for the year-ended June 30, 2010, and have issued our report thereon dated February 16, 2011. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. (10-02)

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A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. (07-01, 08-01, 08-02, and 10-01)

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 10-03.

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 management, the Board of Trustees, others within the entity, the New Mexico Department of Finance and Administration, the Office of the New Mexico State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

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

February 16, 2011

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2010**

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

The Village is currently implementing a computerized accounting system that will conform to GAAP Principals.

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, 2010 to the New Mexico State Auditor was December 1, 2010. The June 30, 2010 audited financial statements were submitted March 8, 2011.

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 Village of Hatch to review and reconcile the general ledger accounts to the bank statements. The Auditors also was waiting 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, 2010**

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

Verify the account balances reconcile before the fieldwork begins so that the audit report can be submitted on a timely basis.

Response

All accounts will be reconciled before the audit work begins allowing time to complete the audit on time.

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
Law Enforcement	Public safety	\$ 4,022	Expenditures incurred greater than expected
Juvenile Recreation	Culture & Recreation	254	Expenditures incurred greater than expected
FEMA	Capital Outlay	135	Expenditures incurred greater than expected
ARRA Project	Capital Outlay	116,480	Budget not amended for new grant awarded
Total		<u>\$ 120,891</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

Once the computerized accounting system is in place, all budgets will be adhered to.

Finding 10-01 Allowance for Doubtful Accounts

Condition

The Village should establish an allowance for doubtful accounts in the Proprietary Funds.

Criteria

GASB Statement No. 34, ¶100 states Proprietary Fund revenues should be reported net of allowances with the allowance amount disclosed on the financial statements.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2010

Section I - Financial Statement Findings (continued)

Finding 10-01 Allowance for Doubtful Accounts (continued)

Effect

Uncollectible receivable amounts from customers that are not being charged off. There are balances which have been due from customers for months.

Cause

The Village personnel did not realize the actual uncollectible balance because the manual accounting system that is currently being used makes this task time consuming and inaccurate.

Recommendation

The Village personnel need to establish a policy for determining an allowance for uncollectible receivables.

Response

The Village of Hatch will establish an allowance for doubtful account for non collectible account receivable.

Finding 10-02 Failure to reconcile Control Ledgers to Subsidiary Accounts

Condition

The Village failed to reconcile the control ledgers to the subsidiary accounts.

Criteria

For internal control purposes, GAAP requires all control ledgers to be reconciled to subsidiary accounts.

Effect

The failure to reconcile the subsidiary accounts caused the trial balance to out of balance due to incorrect and missing postings.

Cause

The manual system that the Village has been using, allows for posting errors and omissions.

Recommendation

The Village should adopt a monthly procedure to ensure the reconciliations are completed and accurate.

Response

The Village of Hatch is currently working on establishing an automated system which will eliminate the deficiency.

Finding 10-03 Compliance of American Recovery and Reinvestment Act (ARRA) Supporting Documentation Regulations

Condition

Expenditures for the ARRA project (CFDA #20.205) did not have the invoices supporting them clearly identified as expenditures for that program nor was the expenditures separately record in the general ledger. The expenditures totaled \$91,841 and were all spent for capital outlay.

Criteria

Regulations set forth by the ARRA require the invoices supporting the invoices of the contractors be coded to reflect it was purchased for that particular program which makes it an allowable expense and the expenditures and revenues should be recorded as a separate fund.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2010

Section I - Financial Statement Findings (continued)

Finding 10-03 Compliance of American Recovery and Reinvestment Act (ARRA) Supporting Documentation Regulations (continued)

Cause

Management has knowledge and records that reflect that these invoices were incurred for this particular program. This information was not recorded on the invoices supporting the expenditures nor was the expenditures correctly accounted in the general ledger.

Effect

The possibility of the expenditure of being disallowed by the sub-recipient of the ARRA funds.

Recommendation

All invoices identify which program the expenditures are allowable expenses and the Village sets up a fund to account for all transactions separately.

Responses

Concur will work to ensure all expenditures are accounted for separately.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Exit Conference
June 30, 2010**

EXIT CONFERENCE

An exit conference was held on February 16, 2011, with Jack Fairall, CPA and Mary Auger of Marcus, Fairall, Bristol + Co., P.L.L.C., meeting with the following Village officials:

Judd L. Nordyke	Mayor
Jim Schoonover	Clerk

COMPILATION OF FINANCIAL STATEMENTS

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol, + Co., P.L.L.C. However, the contents of the financial statements remain the responsibility of management. The individuals responsible for the accounting and reporting function possess the skills and knowledge to apply generally accepted accounting principles in recording the agency's financial transactions or preparing its financial statements.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Passed Journal Entries
June 30, 2010**

There are no passed journal entries.