

STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

Prepared by
Marcus, Fairall, Bristol + Co., P.L.L.C.
Certified Public Accountants
6090 Surety Drive Suite 100
El Paso, Texas 79905
Telephone (915) 775-1040

INTRODUCTORY SECTION

STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011
TABLE OF CONTENTS

Official Roster		iv
 FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-12
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Assets	A-1	14
Statement of Activities	A-3	15
Fund Financial Statements:		
Balance Sheet – Government Funds	B-1	17
Reconciliation of the Balance Sheet to the Statement of Net Assets	B-2	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-3	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	20
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget (Non-GAAP Budgetary Basis and Actual)		
General Fund	C-1	21
Fire Fund	C-2	22
Cemetery	C-2	23
Statement of Net Assets – Proprietary Funds	D-1	25
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	D-2	26
Statement of Cash Flows – Proprietary Funds	D-3	27
Statement of Fiduciary Net Assets	E-1	29
Statement of Changes in Fiduciary Net Assets	E-2	30
 Notes to the Financial Statements		 32 - 52

STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011
TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION	<u>Statement/ Schedule</u>	
Combining and Individual Fund Statements and Schedules:		
Non-Major Governmental Funds		54
Combining Balance Sheet -- Non-Major Governmental Funds	F-1	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	F-3	56
Combining Balance Sheet -- Non-Major Governmental Funds--Special Revenue Funds	G-1	57-58
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis and Actual)	G-2	59-60
Police Seizure Fund	G-3	61
Library	G-4	62
Lodger’s Tax	G-5	63
Parks and Recreation	G-6	64
Corrections	G-7	65
Law Enforcement	G-8	66
EMS	G-9	67
Capital Projects Funds Listing		69
Combining Balance Sheet - Non-Major Governmental Funds-Capital Projects Funds	H-1	70-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	H-2	72-73
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (Non-GAAP Budgetary Basis and Actual)		
Swim-Train Facility	H-3	74
CDBG Street Improvements	H-4	75
Municipal Street	H-5	76
Legislative Appropriations	H-6	77
Airport Action Plan	H-7	78
Placitas Arroyo	H-8	79
Street Improvements	H-9	80
ARRA Project	H-10	81
Combining Balance Sheet - Proprietary Funds	I-1	83
Combination of Revenues - Proprietary Funds	I-2	84
Expenditures and Changes in Fund Balances		
Proprietary Fund Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (Non-GAAP Budgetary Basis and Actual)	J-2	85

**STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2011
TABLE OF CONTENTS

OTHER SUPPLEMENTAL INFORMATION	<u>Statement/ Schedule</u>	
Schedule of Changes in Assets and Liabilities – Agency Funds	K-1	87
Statement of Revenues, Expenditures and Changes in Fund Balance - Revolving Loan Fund	K-2	89
Schedule of Depositories	1	90
Schedule of Custodial Risk	2	91
Schedule of Collateral Pledged by to Secure the Deposits of Public Funds	3	92
Schedule of Grant Expenditures	4	93
Schedule of Joint Powers Agreements	5	95-98
Schedule of Expenditures of Federal Awards	6	99
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>		101-102
Schedule of Findings and Responses		103-108
Exit Conference		109

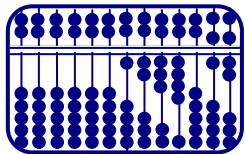
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

**Official Roster
June 30, 2011**

Judd L. Nordyke
Andy Nunez
Kathie M. Franzoy
Lloyd Burns
Robert Torres
Jim Schoonover
Shirley Rice
Danny Ross

Mayor
Mayor Pro-tem
Trustee
Trustee
Trustee
Clerk Administrator
Judge
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 year-ended June 30, 2011, 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 year-ended June 30, 2011 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, 2011, 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2012 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
June 25, 2012

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

As management of Village of Hatch, we offer readers of Village of Hatch financial statements this narrative overview and analysis of the financial activities of Village of Hatch for the fiscal year-ended June 30, 2011. 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 \$19,870,386. Of this amount, \$2,818,772 (*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 \$277,461.
- Expenditures for governmental activities increased \$1,101,670.
- As of June 30, 2011, the Village's governmental funds reported combined ending fund balances of \$1,099,277.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$578,879.
- The debt service in the proprietary fund was reduced by \$18,837.

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-2 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-one 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, Fire Fund and the Cemetery 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 B-4 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.

The basic fiduciary fund financial statements can be found at Exhibit E-2 of this report.

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

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 31-51 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 54-80 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 \$19,905,105 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 \$16,739,133 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.

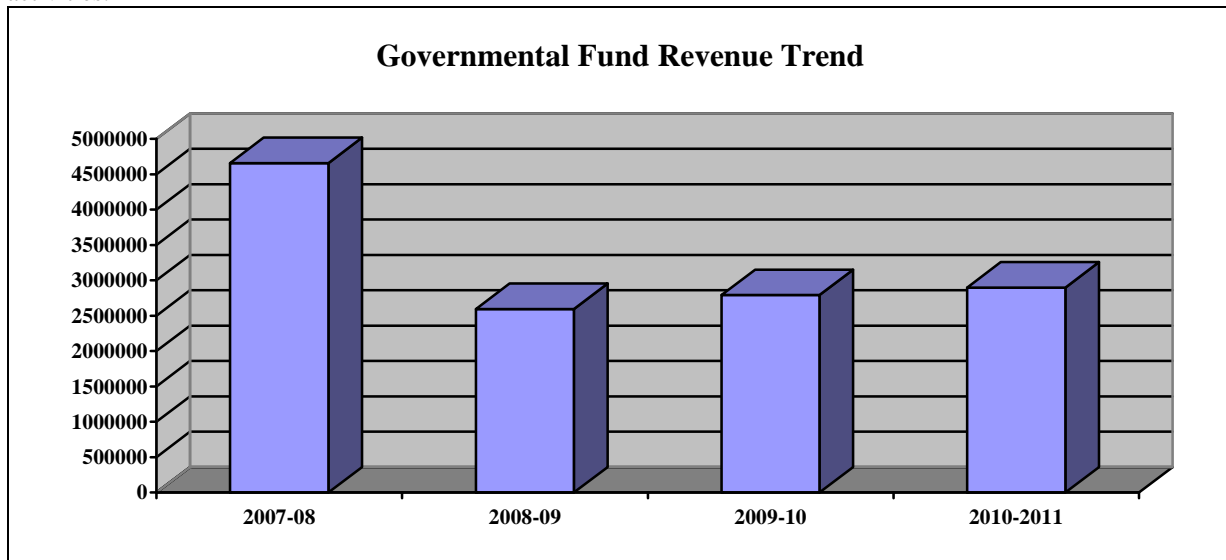
The balance of *unrestricted net assets* \$2,818,772 may be used to meet the government's ongoing obligations to citizens and creditors.

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, decreased by \$34,739 during the current fiscal year. These decreases are explained in the government activities discussion below, and are primarily a result of decreased total state shared taxes. (See analysis on page 8.)

Governmental Activities. Governmental activities decreased Village of Hatch's net assets by \$426,212 compared to the prior year's increase of \$943,467. Property, franchise, cigarette, and state-shared taxes contributed \$737,102 for covering the \$3,280,822 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 2010-2011
	2011	2010	2011	2010	2011	2010	
ASSETS							
Current and other assets	\$ 1,208,204	\$ 1,508,914	\$ 2,081,655	\$ 901,962	\$ 3,289,859	\$ 2,410,876	36.46%
Capital assets, net of accumulated depreciation	13,946,013	13,824,804	3,164,314	3,391,693	17,110,327	17,216,497	-0.62%
Total assets	\$ 15,154,217	\$ 15,333,718	\$ 5,245,969	\$ 4,293,655	\$ 20,400,186	\$ 19,627,373	3.94%
LIABILITIES							
Current and other liabilities	\$ 124,732	\$ 151,151	\$ 62,559	\$ 181,862	\$ 187,291	\$ 333,013	-43.76%
Long-term liabilities	149,273	180,967	193,256	217,285	342,529	398,252	-13.99%
Total liabilities	274,005	332,118	255,815	399,147	529,820	731,265	-27.55%
NET ASSETS							
Invested in capital assets, net of related debt	13,780,935	13,644,102	2,958,198	3,166,740	16,739,133	16,810,842	-0.43%
Restricted	-	-	312,461	332,841	312,461	323,844	-3.51%
Unrestricted	1,099,277	1,357,498	1,719,495	4,293,655	2,818,772	1,761,422	60.03%
Total net assets	14,880,212	15,001,600	4,990,154	3,894,508	19,870,366	18,896,108	5.16%
Total liabilities and net assets	\$ 15,154,217	\$ 15,333,718	\$ 5,245,969	\$ 4,293,655	\$ 20,400,186	\$ 19,623,373	3.96%

**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
	2011	2010	2011	2010	2011	2010	2010-2011
REVENUES							
Program revenues:							
Charges for services	\$ 646,730	\$ 124,039	\$ 1,304,094	\$ 1,292,719	\$ 1,950,824	\$ 1,416,758	37.70%
Operating grants and contributions	125,887	153,520	-	-	125,887	153,520	-18.00%
Capital grants and contributions	1,225,056	950,008	-	-	1,225,056	950,008	28.95%
General revenues:							
Taxes	737,349	1,028,862	125,024	244,845	862,373	1,273,707	-32.29%
Small cities assistance	124,301	147,906	-	-	124,301	147,906	-15.96%
Other income	34,223	209,096	-	-	34,223	209,096	-83.63%
Interest income	1,400	4,054	623	9,231	2,023	13,285	-84.77%
Total revenues	2,894,946	2,617,485	1,429,741	1,546,795	4,324,687	4,164,280	3.85%
EXPENSES							
General government	697,791	452,172	-	-	697,791	452,172	54.32%
Public safety	925,843	913,455	-	-	925,843	913,455	1.36%
Public works	760,667	272,534	-	-	760,667	272,534	179.11%
Health and welfare	45,833	35,274	-	-	45,833	35,274	29.93%
Culture and recreation	511,498	166,527	-	-	511,498	166,527	207.16%
Proprietary expenses	-	-	1,317,105	1,731,309	1,317,105	1,731,309	-23.92%
Total expenses	2,941,632	1,839,962	1,317,105	1,731,309	4,258,737	3,571,271	19.25%
Change in net assets before special items and transfers	(46,686)	777,523	112,636	(184,514)	65,950	593,009	-88.88%
Sale of gas infrastructure	-	-	983,010	-	983,010	1,966,020	-50.00%
Special item - loss on sale of asset	-	10,511	-	-	-	10,511	0.00%
Transfers out	(74,702)	154,433	-	(296,645)	(74,702)	(121,190)	100.00%
Change in net assets	(121,388)	942,467	1,095,646	(481,159)	974,258	461,308	111.19%
Net assets - beginning	15,001,600	14,059,133	3,894,308	3,894,508	18,895,908	18,434,489	2.50%
Net assets - ending	14,880,212	15,001,600	4,989,954	3,413,349	19,870,166	18,896,108	5.15%

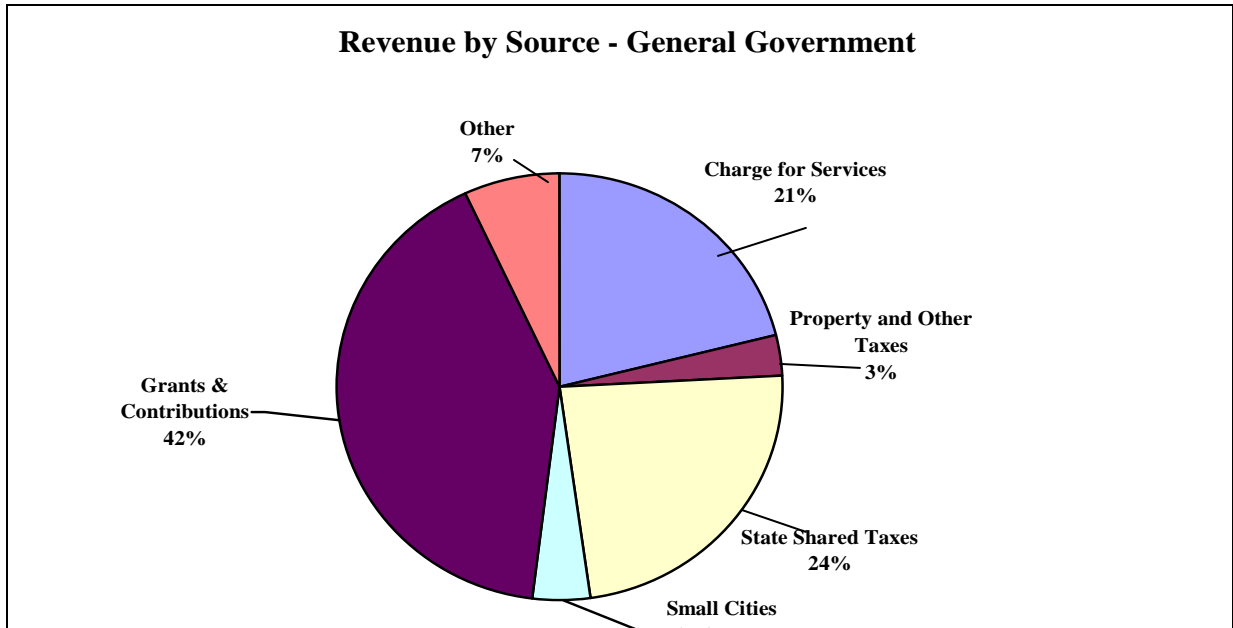
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

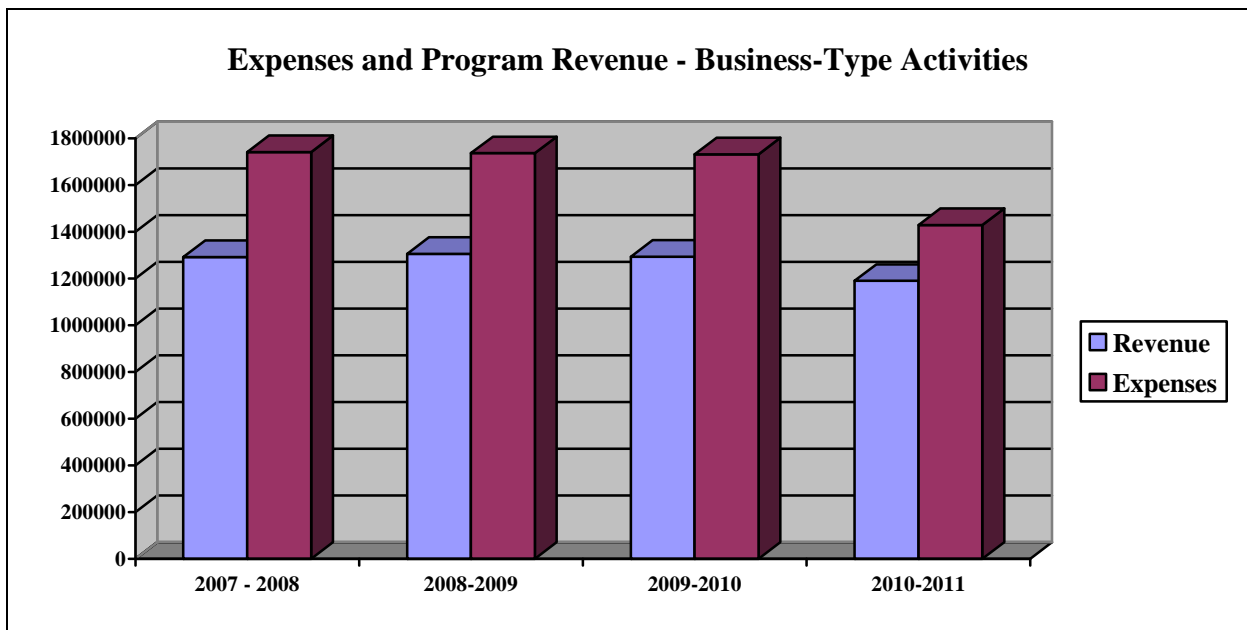
Analysis of Changes in Net Assets (continued)

Governmental revenues, consisting mostly of taxes and grant revenue, are not directly associated with any government function. The chart on page 7 provides a comparison of prior two years. The total revenues (not including transfers) increased \$277,461 due to an increase in state shared income.

Total revenues from governmental activities (not including transfers) are summarized below. For fiscal year 2010-2011, local and state taxes made up 27% of the total governmental revenues compared to 26% of the prior year's revenues.



Business-Type Activities. Business-type activities increased the Village's net assets by \$605,512. The key element of this change is from sale of gas department infrastructure during the current fiscal year. The following chart demonstrates the comparison of expenses and program revenues for business-type activities.



**STATE OF NEW MEXICO
VILLAGE OF HATCH**

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 \$1,099,277 an increase of \$118,410 in comparison with the prior year. The increase is primarily due to an increase in state shared income along with a decrease in expenditures. The unreserved fund balance for general, fire fund and cemetery special revenue fund is \$257,442. This is available for spending at the government's discretion. The remainder of the fund balance, \$520,397 is reserved in accordance with capital grant agreements.

The Garden Club of the Cemetery was consolidated with the regular cemetery in the amount of \$79,105 during the current fiscal year.

Revenues for governmental functions (excluding other financing sources) overall totaled approximately \$2,897,480 in the fiscal year-ended June 30, 2011, which represents an increase of \$1,560,992 from the fiscal year-ended June 30, 2010. Expenditures for governmental functions (excluding other financing uses) totaled \$3,230,822. This was a decrease of approximately \$1,932,741 from the fiscal year-ended June 30, 2010. In the fiscal year-ended June 30, 2011, expenditures exceeded revenues of governmental functions by approximately \$332,342.

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 \$565,958.

The fund balance of Village of Hatch's General Fund had a net decrease of \$426,212 during the current fiscal year, due to an increase in state shared taxes.

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 \$1,719,495. The total increase in net assets for the Proprietary Funds was \$627,140. 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.

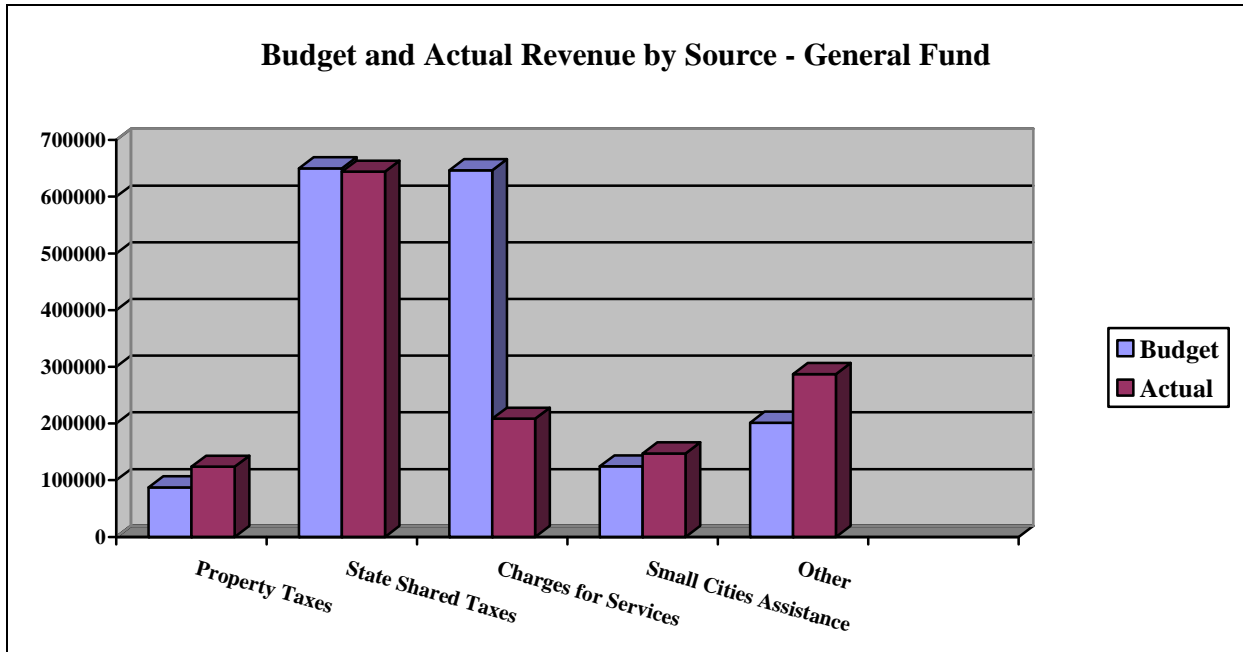
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

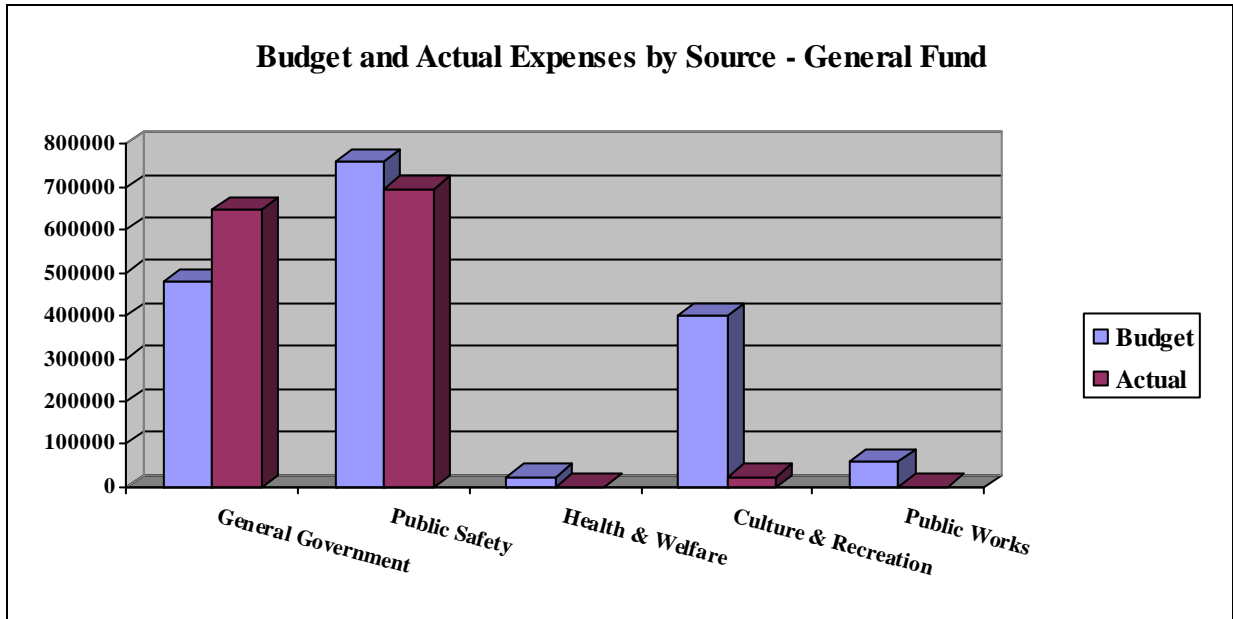
General Fund Budgetary Highlights (continued)

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

At the end of 2011, the cash balance of the General Fund had increased by \$210,976. 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 \$378,501.



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
VILLAGE OF HATCH**

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, 2011 amount to \$17,110,327 (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 \$540,760 for construction in progress and land, and \$1,177,228 to other improvements and infrastructure for completed capital projects, of which, \$315,899 was transferred from construction in progress.

**Capital Assets, Net of Depreciation
June 30, 2011**

	Government- Type Activities	Business-Type Activities	Total
Land and construction in process	\$ 4,250,977	\$ 62,099	\$ 4,313,076
Buildings	1,291,571	-	1,291,571
Other improvements	5,717,313	-	5,717,313
Infrastructure	2,645,288	-	2,645,288
Utility system	-	2,828,509	2,828,509
Machinery and equipment	40,864	273,706	314,570
Capital assets, net of accumulated depreciation	<u>\$ 13,946,013</u>	<u>\$ 3,164,314</u>	<u>\$ 17,110,327</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	\$ 13,946,013	\$ 3,164,314	\$ 17,110,327
Long-term debt principal balance:			
Revenue bonds payable	-	200,257	200,257
NM Environmental - improvement loans	-	5,859	5,859
NM Finance Authority - fire pumper truck	134,046	-	134,046
ARRA loan	31,032	-	31,032
Total debt principal	<u>165,078</u>	<u>206,116</u>	<u>371,194</u>
Total investment in capital assets			
Net of related debt	<u>\$ 13,780,935</u>	<u>\$ 2,958,198</u>	<u>\$ 16,739,133</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. The Village has acquired the accounts receivable from the Rio Grande Natural Gas Association which will increase cash flow considerably.

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, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,041,175	\$ 1,632,543	\$ 2,673,718
Accounts receivable	68,726	54,193	122,919
Property taxes receivable	517	-	517
Other receivables	63,262	8,750	72,012
Due from GTA funds	-	132,326	132,326
Due from other governments	34,524	-	34,524
Restricted cash and investments	-	253,843	253,843
Capital assets:			
Land and work in process	4,250,977	62,099	4,313,076
Other capital assets, net of depreciation	9,695,036	3,102,215	12,797,251
Total Assets	<u>\$ 15,154,217</u>	<u>\$ 5,245,969</u>	<u>\$ 20,400,186</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 5,540	\$ 5,328	\$ 10,868
Due to other BTA funds	92,073	-	92,073
Reserve funds payable	-	-	-
Accrued interest payable	-	7,649	7,649
Customer deposits	-	35,504	35,504
Long-term liabilities:			
Compensated absences-current portion	11,314	1,219	12,533
Notes payable-current portion	15,805	12,859	28,664
Notes payable-long-term	149,273	193,256	342,529
Total liabilities	<u>274,005</u>	<u>255,815</u>	<u>529,820</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,780,935	2,958,198	16,739,133
Restricted for:			
Bond reserve	-	135,649	135,649
Wastewater	-	49,522	49,522
System improvements	-	56,848	56,848
Water operating reserve	-	70,442	70,442
Unrestricted assets	1,099,277	1,719,495	2,818,772
Total net assets	<u>\$ 14,880,212</u>	<u>\$ 4,990,154</u>	<u>\$ 19,870,366</u>

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Activities
June 30, 2011

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	\$ 697,791	\$ 356,502	\$ 98,039	\$ 144,580	\$ (98,670)	\$ -	\$ (98,670)
Public safety	925,843	95,372	-	-	(830,471)	-	(830,471)
Public works	760,667	-	-	800,399	39,732	-	39,732
Culture and recreation	511,498	186,778	-	280,077	(44,643)	-	(44,643)
Health and welfare	45,833	8,078	-	-	(37,755)	-	(37,755)
Total governmental-type activities	2,941,632	646,730	98,039	1,225,056	(971,807)	-	(971,807)
Business-type Activities:							
Joint Utilities	981,254	1,304,094	-	-	-	322,840	322,840
Total business-type activities	1,643,043	1,304,094	-	-	-	(338,949)	322,840
Total Primary Government					(971,807)	-	(648,967)
General Revenues:							
Taxes							
Franchise taxes					34,543	-	34,543
Property taxes					52,884	-	52,884
State-shared taxes					-	-	-
Intergovernmental income					649,922	125,024	774,946
State shared assistance					27,848	-	27,848
Small cities assistance					124,301	-	124,301
Miscellaneous					36,757	-	36,757
Interest					1,400	(9,360)	(7,960)
Special item - gain on sale of asset					(2,534)	972,218	969,684
Transfer					(74,702)	346,713	272,011
Total general revenues and transfers					850,419	1,434,595	2,285,014
Changes in net assets					(121,388)	1,095,646	1,636,047
Net assets - beginning					15,001,600	3,894,508	18,896,108
Net assets - ending					\$ 14,880,212	\$ 4,990,154	\$ 20,532,155

GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Fire	Cemetery	Total Non-Major Funds	Total Funds
ASSETS					
Cash	\$ 460,405	\$ 117,461	\$ 109,820	\$ 353,489	\$ 1,041,175
Taxes receivable	-	-	-	-	-
Accounts Receivable	50,274	-	18,452	-	68,726
Other receivables	63,779	-	-	-	63,779
Due from BTA fund	-	-	-	-	-
Due from other funds	-	159	-	244,697	244,856
Due from other governments	-	-	13,276.00	34,524	47,800
Total assets	<u>\$ 574,458</u>	<u>\$ 117,620</u>	<u>\$ 141,548</u>	<u>\$ 632,710</u>	<u>\$ 1,466,336</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	5,540	-	-	-	5,540
Accrued salaries	11,314	-	-	-	11,314
Due to other funds	300,162	-	-	50,043	350,205
Total liabilities	<u>317,016</u>	<u>-</u>	<u>-</u>	<u>50,043</u>	<u>367,059</u>
Fund balances:					
Restricted	-	117,620	141,548	274,506	533,674
Unreserved	257,442	-	-	308,161	565,603
Total fund balances	<u>257,442</u>	<u>117,620</u>	<u>141,548</u>	<u>582,667</u>	<u>1,099,277</u>
Total liabilities and fund balances	<u>\$ 574,458</u>	<u>\$ 117,620</u>	<u>\$ 141,548</u>	<u>\$ 632,710</u>	<u>\$ 1,466,336</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, 2011**

Total fund balances – governmental funds	\$	1,099,277
---	----	-----------

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	\$	17,191,122	
Accumulated depreciation		(3,245,109)	
		13,946,013	13,946,013

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:

Notes payable		(165,078)	
		(165,078)	(165,078)

Total net assets – governmental activities	\$	14,880,212
---	----	------------

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year-Ended June 30, 2011

	General Fund	Fire	Cemetery	Total Non-Major Funds	Total Governmental Funds
REVENUES					
Franchise taxes	\$ 34,543	\$ -	\$ -	\$ -	\$ 34,543
Property taxes	52,884	-	-	-	52,884
State shared taxes	649,675	-	-	247	649,922
Intergovernmental income	27,848	-	-	-	27,848
State allotment	-	49,317	-	24,800	74,117
Charges for services	323,183	-	33,319	290,228	646,730
Small cities assistance	124,301	-	-	-	124,301
Other income	10,008	24,206	-	2,543	36,757
Interest income	1,341	-	-	59	1,400
Federal grants	344	-	-	450,875	451,219
State grants	-	23,922	-	773,837	797,759
Total revenues	<u>1,224,127</u>	<u>97,445</u>	<u>33,319</u>	<u>1,542,589</u>	<u>2,897,480</u>
EXPENDITURES					
Current:					
General government	439,471	-	-	-	439,471
Public safety	610,582	77,641	-	70,522	758,745
Public works	58,175	-	-	-	58,175
Culture and recreation	70,901	-	-	288,654	359,555
Health and welfare	7,990	-	11,801	4,000	23,791
Capital outlay	36,384	13,146	-	1,541,555	1,591,085
Total expenditures	<u>1,223,503</u>	<u>90,787</u>	<u>11,801</u>	<u>1,904,731</u>	<u>3,230,822</u>
Excess (deficiency) of revenues over	<u>624</u>	<u>6,658</u>	<u>21,518</u>	<u>(362,142)</u>	<u>(333,342)</u>
OTHER FINANCING SOURCES (USES)					
Loan payments	-	15,634	-	-	15,634
Loan interest	-	2,534	-	-	2,534
Loan proceeds	-	-	-	-	-
Proceeds from sale of fixed asset	-	-	-	-	-
Transfers in	(73,022)	-	-	(382,162)	(455,184)
Transfers out	382,162	-	-	147,724	529,886
Total other financing sources and uses	<u>309,140</u>	<u>18,168</u>	<u>-</u>	<u>(234,438)</u>	<u>92,870</u>
Net change in fund balances	<u>(308,516)</u>	<u>(11,510)</u>	<u>21,518</u>	<u>(127,704)</u>	<u>(426,212)</u>
Fund balances-beginning	565,998	129,130	40,925	710,371	1,446,424
Add: Garden Club	-	-	79,105	-	-
Fund balances-beginning adjusted	<u>565,998</u>	<u>129,130</u>	<u>120,030</u>	<u>710,371</u>	<u>1,525,489</u>
Fund balances-ending	<u>\$ 257,442</u>	<u>\$ 258,260</u>	<u>\$ 141,548</u>	<u>\$ 1,420,742</u>	<u>\$ 2,971,913</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, 2011

Total net change in fund balances-governmental funds \$ (426,212)

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	\$ 687,228	
Depreciation expense	(418,463)	
	<u>\$ 268,765</u>	268,765

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	\$ 15,634	
	<u>\$ 15,634</u>	15,634

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	\$ (11,314)	
Current year deletions	31,739	
	<u>\$ 20,425</u>	<u>20,425</u>

Change in net assets of governmental activities \$ (121,388)

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes	\$ 121,714	\$ 123,714	\$ 87,427	\$ (36,287)
State shared taxes	644,000	644,000	649,922	5,922
State allotment	-	-	74,117	74,117
Federal grants	225,000	225,000	451,219	226,219
State grants	1,168,865	1,168,865	797,759	(371,106)
Intergovernmental income	-	-	27,848	27,848
Charges for services	208,400	208,400	646,730	438,330
Small cities assistance	147,000	147,000	124,301	(22,699)
Interest income	2,000	2,000	1,400	(600)
Other income	-	-	36,757	36,757
Total revenues	<u>2,516,979</u>	<u>2,518,979</u>	<u>2,897,480</u>	<u>378,501</u>
Add: beginning cash	368,425	368,425		
	<u>\$ 2,885,404</u>	<u>\$ 2,887,404</u>		
Expenditures:				
Current:				
General government	647,840	647,840	439,471	208,369
Public safety	695,867	695,867	758,795	(62,928)
Public works	423	423	58,175	(57,752)
Culture and recreation	24,625	24,625	359,555	(334,930)
Health and welfare	503	503	23,791	(23,288)
Capital outlay	1,393,865	1,393,865	1,591,085	(197,220)
Total expenditures	<u>2,763,123</u>	<u>2,763,123</u>	<u>3,230,872</u>	<u>(467,749)</u>
Excess (deficiency) of revenues over (under)			(333,392)	
Other financing sources (uses)				
Loss from sale of fixed asset	-	-	(18,168)	(18,168)
Transfers in	-	-	-	-
Transfers out	-	104,205	(74,702)	29,503
Total other financing sources (uses)	<u>-</u>	<u>104,205</u>	<u>(92,870)</u>	<u>11,335</u>
Net change in fund balance (Non-GAAP basis)			(426,212)	
Difference between GAAP and Non-GAAP				
Adjust transfers		-		
Adjust accrued revenue		-		
Adjust accrued expenses		-	-	
Net change in fund balance (Modified-GAAP basis)			-	
Fund balance-beginning adjusted			<u>1,525,489</u>	
Fund balance-ending			<u>\$ 1,099,277</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, 2011**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
State allotment	\$ 52,419	\$ 52,419	\$ 49,317	\$ (3,102)
State grant	-	-	23,922	23,922
Other income	16,681	16,681	24,206	7,525
Investment income	199	199	-	(199)
Total revenues	69,299	69,299	97,445	28,146
Add: beginning cash	79,130	79,130		
	\$ 148,429	\$ 148,429		
Expenditures:				
Public safety	143,881	143,881	77,641	66,240
Capital outlay	13,146	13,146	13,146	-
Total expenditures	157,027	157,027	90,787	66,240
Excess (deficiency) revenues over expenditures			6,658	
Other financing sources (uses)				
Principal payment	-	-	15,634	15,634
Interest payment	-	-	2,534	2,534
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	18,168	18,168
Net change in fund balance (Non-GAAP)			(11,510)	
Difference between Modified-GAAP and Non-GAAP				
Adjust deferred revenue		-		
Adjust accrued expenditures		-	-	
Net change in fund balance (Modified-GAAP)			(11,510)	
Fund balance – beginning			129,130	
Fund balance – ending			\$ 117,620	

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 9,600	\$ 9,600	\$ 33,319	\$ 23,719
Total revenues	<u>9,600</u>	<u>9,600</u>	<u>33,319</u>	<u>23,719</u>
 Add: beginning cash				
	<u>120,030</u>	<u>120,030</u>		
	<u>\$ 129,630</u>	<u>\$ 129,630</u>		
 Expenditures:				
Health and welfare	17,168	-	11,801	5,367
Capital outlay	-	-	-	-
Total expenditures	<u>17,168</u>	<u>-</u>	<u>11,801</u>	<u>5,367</u>
 Excess (deficiency) revenues over expenditures			21,518	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance (Non-GAAP basis)			21,518	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenses		<u>-</u>	<u>-</u>	
 Net change in fund balance (Modified-GAAP basis)			21,518	
 Fund balance – beginning adjusted			<u>12,030</u>	
 Fund balance – ending			<u>\$ 141,548</u>	

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

PROPRIETARY FUNDS

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Proprietary Funds – Utilities
Statement of Net Assets
June 30, 2011**

ASSETS		
Current assets:		
Cash	\$ 1,632,543	
Other receivable	8,750	
Accounts receivable (Net of allowance for doubtful accounts)	-	
Due from other funds	54,193	
Total current assets	<u>132,326</u>	1,827,812
Noncurrent assets:		
Restricted cash:		
Revenue bond service	25,911	
Revenue bond reserve	109,738	
Customer deposits	35,504	
System improvements	56,848	
Water operating reserve	-	
Wastewater repair and replacement	-	
Wastewater fund	<u>25,842</u>	
Total restricted cash		253,843
Capital assets:		
Land	62,099	
Other capital assets, net of depreciation	<u>3,102,215</u>	
Total capital assets		3,164,314
Total assets		<u>\$ 5,245,969</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,328	
Accrued interest payable	7,649	
Customer deposits	35,504	
Current portion of long-term liabilities	<u>14,078</u>	
Total current liabilities		62,559
Noncurrent liabilities:		
Revenue bonds payable		<u>193,256</u>
Total liabilities		255,815
NET ASSETS		
Invested in capital assets-net of related debt	2,958,198	
Restricted for:		
Bond reserve	135,649	
Wastewater repairs and replacement	49,522	
System improvements	56,848	
Water operating reserve	70,442	
Unrestricted	<u>1,719,495</u>	
Total net assets		<u>\$ 4,990,154</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, 2011

Revenues		
Charges for service	\$ 1,295,236	
Municipal taxes	125,024	
Connection fees	8,858	
Total operating revenues	<hr/>	\$ 1,429,118
Expenses		
Personnel services	239,505	
Contractual expenses	5,154	
Other operating expenses	295,453	
Loan payments	18,837	
Purchase of gas	413,257	
Garbage contract	195,849	
Total operating expenses	<hr/>	1,168,055
Net operating income income (loss) from operations		261,063
Depreciation		<hr/> 273,675
Operating income (loss)		(12,612)
Non-operating revenues (expenses)		
Gain on sale of gas infrastructure	983,010	
Loss on capital assets retired	10,792	
Interest income	(623)	
Interest expense	9,983	
Transfer in	346,713	
Transfer out	-	
Total non-operating revenues (expenditures)	<hr/>	1,349,875
Net operating income income (loss)		1,315,571
Total net assets beginning		<hr/> 403,924
Total net assets ending		<hr/> <hr/> \$ 1,719,495

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Cash Flows
Proprietary Funds - Utilities
For the Year-Ended June 30, 2011

Cash flows from operating activities:		
Cash received from agencies and customers	\$ 1,429,118	
Cash used for operating expenses	(929,859)	
Cash used for salaries	<u>(239,205)</u>	
Net cash provided for operating activities		\$ 260,054
Cash flows from financing activities:		
Principal payment on notes	(5,919)	
Principal payment on bonds	(7,147)	
Interest expense	(9,983)	
Due from other GTA funds	(180,321)	
Sale of gas intrasturcture	<u>983,010</u>	
Net cash provided for financing activities		779,640
Cash flows from investing activities		
Interest income	<u>623</u>	
Net cash provided by investing activities		<u>623</u>
Net increase in cash and cash equivalents		1,040,317
		<u>846,069</u>
Cash and cash equivalents - beginning		<u><u>1,886,386</u></u>
Cash and cash equivalents - ending		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)		(12,612)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		273,675
Changes in assets and liabilities:		
Accounts receivable	(6,716)	
Other receivable	(334)	
Accounts payable	49,455	
Accrued interest payable	(151)	
Customer deposits	(22,547)	
Uncompensated absences	<u>(20,716)</u>	
		<u>(1,009)</u>
Net cash provided (used) by operating activities		<u><u>\$ 260,054</u></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, 2011

	Private-Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 339,750	\$ 2,000
Note receivable	181,190	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 520,940</u>	<u>\$ 2,000</u>
Liabilities and net assets		
Liabilities		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Net assets		
Held in trust for private purpose	<u>\$ 520,940</u>	<u>\$ 2,000</u>

STATE OF NEW MEXICO
VILLAGE OF HATCH
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Year-ended June 30, 2011

	<u>Private Purpose</u>
Additions	
Investment earnings	
Interest	\$ 643
Transfer from BTA Fund	-
Total	643
 Change in net assets	 643
 Net assets – beginning of the year	 <u>520,297</u>
 Net assets – end of the year	 <u><u>\$ 520,940</u></u>

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011

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, 2011

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, 2011

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 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, 2011

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 Aña 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, 2011**

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 financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets-In the fund financial statements, investment in capital assets are reported net of depreciation.

Restricted net assets-This category reflects the portion of net assets that have third party limitations on their use.

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance: During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. The spendable portion of the fund balance can be divided into: 1) Restricted fund balance 2) Unrestricted fund balance.

Non-spendable – The non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

Restricted fund balance – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted fund balance – The fund balance is classified into three classifications: 1) Committed fund balance 2) Assigned fund balance 3) Unassigned fund balance.

Committed – The fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

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, 2011 is presented.

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>General Fund</u>	<u>Fire Protection</u>	<u>Cemetery</u>	<u>Non-Major Funds</u>	<u>Proprietary Fund</u>
Excess (deficiency) of revenues (uses) over expenditures (Modified-GAAP Basis)	\$ (333,392)	\$ 6,658	\$ 8,247	\$ (362,142)	\$ 279,900
Adjustments:					
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	(92,870)	(18,168)	-	234,438	138,821
Excess (deficiency) of revenues (uses) over expenditures (Budget Basis)	<u>\$ (426,262)</u>	<u>\$ (11,510)</u>	<u>\$ 8,247</u>	<u>\$ (127,704)</u>	<u>\$ 418,721</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

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>2011</u>
Insured	\$ 2,716,411
Collateralized:	
Collateral held by pledging bank's trust department not in the Village's name	1,314,598
Uninsured and uncollateralized	<u>(103,648)</u>
 Total Cash held at bank, Primary Government	 <u>\$ 2,927,361</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, 2011, \$(103,648) of the Village's bank balance of \$2,927,361 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>2011</u> \$ (110,341)
Uninsured and collateral held by pledging bank's trust department not in Village's name	1,214,585
Total Cash, Primary Government	<u>\$ (110,937)</u>

NOTE 4 RECEIVABLES

Receivables as of June 30, 2011 are as follows:

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Property tax receivables	\$ 517	\$ -	\$ 517
Other receivables	63,262	8,750	72,012
Due from other governments	34,524	-	34,524
Accounts receivable	68,726	54,193	122,919
Net receivables	<u>\$ 167,029</u>	<u>\$ 62,943</u>	<u>\$ 229,972</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, 2011**

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 6/30/2011
All Aboard Preschool	\$ 45,000	4% per annum	\$ 20,200
All Aboard Preschool	100,000	4% per annum	63,341
Esther and Willie Villegas	70,000	4% per annum	62,327
Hatch Auto Electric	50,000	4% per annum	41,322
Net receivables	<u>\$ 265,000</u>		<u>\$ 187,190</u>

These notes receivable are considered fully collectible as of June 30, 2011 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, 2011

NOTE 6 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2011. Land is not subject to depreciation.

Governmental Activities:	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 2,179,728	\$ 36,384	\$ -	\$ 2,216,112
Construction in progress	1,846,388	504,376	315,899	2,034,865
Total	<u>4,026,116</u>	<u>540,760</u>	<u>315,899</u>	<u>4,250,977</u>
Other capital assets being depreciated				
Buildings	2,818,477	-	-	2,818,477
Other improvements	6,275,193	150,066	-	6,425,259
Infrastructure	2,965,333	138,720	-	3,104,053
Machinery and equipment	566,331	26,025	-	592,356
Total	<u>12,625,334</u>	<u>314,811</u>	<u>-</u>	<u>12,940,145</u>
Accumulated depreciation:				
Buildings	(1,400,191)	(126,715)	-	(1,526,906)
Other improvements	(574,405)	(73,541)	-	(647,946)
Infrastructure	(312,146)	(146,619)	-	(458,765)
Machinery and equipment	(539,904)	(71,588)	-	(611,492)
Total	<u>(2,826,646)</u>	<u>(418,463)</u>	<u>-</u>	<u>(3,245,109)</u>
Net book value	<u>\$ 19,478,096</u>	<u>\$ 1,274,034</u>	<u>\$ 315,899</u>	<u>\$ 13,946,013</u>

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011

NOTE 6 CAPITAL ASSETS (continued)

Depreciation expense for the year-ended June 30, 2011 was charged as follows:

General governmental	\$ 77,356
Public safety	138,318
Public works	169,662
Culture and recreation	11,085
Health and welfare	22,042
Total expense	\$ 418,463

Business-Like Activities:	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated				
land	\$ 62,099	\$ -	\$ -	\$ 62,099
Total	62,099	-	-	62,099
Other capital assets being depreciated				
Buildings	54,666	-	-	54,666
Utility system	7,369,159	1,001,412	1,254,182	7,116,389
Machinery and equipment	1,259,430	-	14,507	1,244,913
Total	8,683,255	1,001,412	1,268,689	8,415,968
Accumulated depreciation				
Buildings	(54,666)	-	-	(54,666)
Utility system	(4,533,300)	(64,567)	309,997	(4,287,870)
Machinery and equipment	(765,695)	(209,108)	3,586	(971,217)
Total	(5,353,661)	(273,675)	313,583	(5,313,753)
Net book value	\$ 3,391,693	\$ 727,737	\$ 955,116	\$ 3,164,314

Depreciation expense relating to business-like activities for the year-ended June 30, 2011 totaled \$304,173.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

NOTE 7 LONG-TERM DEBT

During the year-ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Funds:	Balance June 30, 2010	Additions	Decreases	Balance June 30, 2011	Due Within One Year
NM Finance Authority - fire pumper truck	\$ 149,670	\$ -	\$ 15,604	\$ 134,066	\$ 15,805
ARRA loan	31,032	-	-	31,032	-
Compensated absences	31,739	11,314	31,739	11,314	11,314
Total long-term liabilities	\$ 212,441	\$ 11,314	\$ 47,343	\$ 176,412	\$ 27,119

Compensated absences typically have been liquidated in the general and other governmental funds. Interest expense of \$18,168 was paid during the year-ended June 30, 2011.

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
2012	\$ 15,805	\$ 2,448	\$ 18,253
2013	16,034	2,219	18,253
2014 - 2019	102,227	7,289	109,516
	\$ 134,066	\$ 11,956	\$ 146,022

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, 2011**

NOTE 7 LONG-TERM DEBT (continued)

Proprietary Fund:	Balance June 30, 2010	Additions	Decreases	Balance June 30, 2010	One Year
New Mexico Environment Dept	\$ 17,554	\$ -	\$ 11,695	\$ 5,859	\$ 5,859
Revenue Bonds	207,399	-	7,142	200,257	7,000
Compensated absences	21,935	1,219	21,935	1,219	1,219
Total long-term debt	\$ 246,888	\$ 1,219	\$ 40,772	\$ 207,335	\$ 14,078

Interest expense of \$11,650 was paid during the year-ended June 30, 2011.

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
2012	\$ 5,859	\$ 59	\$ 5,918
	\$ 5,859	\$ 59	\$ 5,918

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

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
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
	\$ 200,399

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 in insurance premiums for the year ended June 30, 2011.

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, 2011**

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, 2011, 2010 and 2009 were \$30,388, \$55,633, and \$53,015, 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>
FY12	1.834%	0.917%
FY13	2.000%	1.000%
FY14	2.00%	1.000%

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

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>
FY12	2.292%	1.146%
FY13	2.500%	1.250%
FY14	2.50%	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 and 2009 were \$7,165, \$8,893 and \$8,640, 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, 2011, consist of the following:

		<u>From</u>	<u>To</u>	<u>Purpose</u>
\$	206,318	General	Swim Train Facility	To cover expenditures
	104,205	General	Library	To cover expenditures
	55,293	Public Safety	General	To consolidate cash accounts
	43,780	Swim Train Facility	General	To return cash
	17,729	A. Nunez Building	General	To consolidate cash accounts
	2,344	General	Airport	To cover expenses
	24,530	Airport	General	To consolidate cash accounts
	69,295	General	Municipal Street	To cover expenditures
	6,392	Municipal Street	General	To return advance for expenditures
	<u>\$ 529,886</u>	Total		

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

NOTE 12 INTER-FUND TRANSFERS AND BALANCES (continued)

Amounts due as of June 30, 2011, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	ARRA Fund	Deposit error	\$ 182,919.57
General Fund	Air	Deposit error	145,701.54
General Fund	Placitas Arroyo	Deposit error	31,044.06
Wastewater Rep & Repl	General Fund	Deposit error	23,680.00
Water Operations Reserve	General Fund	Deposit error	70,442.00
Gas	General Fund	Deposit error	3,864.14
ARRA	Parks and Recreation	Deposit error	66,222.77
Water well	Parks and Recreation	Deposit error	8,048.06
Placitas	Parks and Recreation	Deposit error	31,044.06
Parks and Recreation	General Fund	Deposit error	145,038.00
Air	General Fund	Deposit error	144,559.85
ARRA	General Fund	Deposit error	220,807.30
Street Improvements	General Fund	Deposit error	127,155.00
Cemetary	General Fund	Deposit error	13,276.00
Wastewater Operating Reserve	General Fund	Utility Operating Expense	346,713.00
		Total	\$ 1,560,515.35

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, 2011**

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, 2011:

Fund	Category	Over Expended	Reason
Parks and Recreation	Culture and Recreation	\$ 5,273	Expenditures incurred greater than expected
Swin-Train Facility	Capital Outlay	117,539	Expenditures incurred greater than expected
Municipal Street	Capital Outlay	60,938	Expenditures incurred greater than expected
Airport Action Plan	Capital Outlay	<u>3,485</u>	Expenditures incurred greater than expected
Total		<u>\$ 187,235</u>	

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011**

NOTE 15 NEGATIVE FUND BALANCES IN NON MAJOR FUNDS

The following are negative fund balances as of June 30, 2011.

Fund	Negative fund amount	Reason
Law Enforcement	\$ 4,022	Over expended funds.
Total	\$ 4,022	

NOTE 16 GASB 54 FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General	Capital Improvements	Fire	Cemetery	Nonmajor Governmental Funds	Total
None Spendable						
Restricted for:						
Swim-train facility	\$ -	\$ 12,480	\$ -	\$ -	\$ -	\$ 12,480
Road fund	-	45,200	-	-	-	45,200
Airport plan	-	83	-	-	-	83
Municipal Street Appropriation	-	57,860	-	-	-	57,860
Street improvement	-	127,155	-	-	-	127,155
Legislative	-	31,728	-	-	-	31,728
Plicie seizure	-	-	-	-	188,135	188,135
Library	-	-	-	-	17,784	17,784
Lodger's tax	-	-	-	-	1,144	1,144
Parks & Recreation	-	-	-	-	18,983	18,983
Corrections	-	-	-	-	85,703	85,703
EMS	-	-	-	-	434	434
Committed to:						
Debt service payments	-	-	-	-	-	-
Unassigned						
Unrestricted	257,442	-	117,620	141,548	-	516,610
Law enforcement	-	-	-	-	-	(34,524)
					(4,022)	(4,022)
Total Governmental Funds	\$ 257,442	\$ 274,506	\$ 117,620	\$ 141,548	\$ 308,161	\$ 1,099,277

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2011

NOTE 17 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 18 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 19 PROPERTY TAXES

The property tax calendar is for a one-year period. The assessed value is \$14,705,325, which resulted in assessed taxes of \$66,142 at the tax rate of 4.780 percent. Collections for 2010/2011 were \$57,926. The remaining balance due at June 30, 2011 is \$7,876. The balance is not expected to be received within one year is \$118. The delinquent rolls amounted to \$4,511 at June 30, 2011. It is estimated that \$67 is uncollectable. The lien dates scheduled due and collection dates are the same as Dona Aña County.

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Non-Major Governmental Funds
June 30, 2011

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).

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 Aña County (NMSA 7-12-6.11).

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

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).

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, 2011

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 321,871	\$ 31,618	\$ 353,489
Due from other funds	5,301	239,396	244,697
Due from BTA funds	-	34,524	34,524
Due from other governments	-	-	-
Other receivables	-	-	-
Total assets	<u>\$ 327,172</u>	<u>\$ 305,538</u>	<u>\$ 632,710</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Note payable	\$ -	\$ 31,032	\$ 31,032
Deferred revenue	-	-	-
Due to other funds	19,011	-	19,011
Total liabilities	<u>19,011</u>	<u>31,032</u>	<u>50,043</u>
Fund Balances:			
Reserved for capital projects funds	-	274,506	274,506
Unreserved for special revenue funds	308,161	-	308,161
Total fund balance	<u>308,161</u>	<u>274,506</u>	<u>582,667</u>
Total liabilities and fund balance	<u>\$ 327,172</u>	<u>\$ 305,538</u>	<u>\$ 632,710</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, 2011

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
State shared taxes	\$ 247	\$ -	\$ 247
Intergovernmental income	-	-	-
State allotment	24,800	-	24,800
Charges for services	290,228	-	290,228
Other income	-	2,543	2,543
Interest income	-	59	59
Federal grants	-	450,875	450,875
State grants	-	773,837	773,837
County grants	-	-	-
Total revenues	<u>315,275</u>	<u>1,227,314</u>	<u>1,542,589</u>
EXPENDITURES			
Current:			
Public safety	70,522	-	70,522
Public works	-	-	-
Culture and recreation	288,654	-	288,654
Health and welfare	-	4,000	4,000
Capital outlay	12,880	1,528,675	1,541,555
Total expenditures	<u>372,056</u>	<u>1,532,675</u>	<u>1,904,731</u>
Excess (deficiency) revenues over expenditures	<u>(56,781)</u>	<u>(305,361)</u>	<u>(362,142)</u>
OTHER FINANCING SOURCES (USES)			
Principal payments	-	-	-
Interest payments	-	-	-
Loan proceeds	-	-	-
Transfers in	(104,205)	(277,957)	(382,162)
Transfers out	-	147,724	147,724
Total other financing sources (uses)	<u>(104,205)</u>	<u>(130,233)</u>	<u>(234,438)</u>
Net change in fund balances	47,424	(175,128)	(127,704)
Fund balances – beginning	<u>260,737</u>	<u>449,634</u>	<u>710,371</u>
Fund balances – ending	<u>\$ 308,161</u>	<u>\$ 274,506</u>	<u>\$ 582,667</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, 2011**

	Police Seizure	BAHC EMS	Library	Lodger's Tax	Parks and Recreation	Corrections	Cemetery	Sub-total
ASSETS								
Cash and cash equivalents	\$ 188,135	\$ -	\$ 17,784	\$ 1,144	\$ 33,972	\$ 80,402	\$ -	\$ 321,437
Due from other funds	-	-	-	-	-	5,301	-	5,301
Other receivables	-	-	-	-	-	-	-	-
Total assets	188,135	-	17,784	1,144	33,972	85,703	-	326,738
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	14,990	-	-	14,990
Total liabilities	-	-	-	-	14,990	-	-	14,990
Fund balances:								
Unreserved for special revenue funds	188,135	-	17,784	1,144	18,982	85,703	-	311,748
Total fund balances	188,135	-	17,784	1,144	18,982	85,703	-	311,748
Total liabilities and fund balances	\$ 188,135	\$ -	\$ 17,784	\$ 1,144	\$ 33,972	\$ 85,703	\$ -	\$ 326,738

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, 2011**

	Law Enforcement	Juvenile Recreation	EMS	Sub-total page 1	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 434	\$ 321,437	\$ 321,871
Due from other funds	-	-	-	5,301	5,301
Other receivables	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 434	\$ 326,738	\$ 327,172
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	-	\$ -
Deferred revenue	-	-	-	-	-
Due to other funds	4,022	-	-	14,989	19,011
Total liabilities	4,022	-	-	14,989	19,011
Fund balances:					
Unreserved for special revenue funds	(4,022)	-	434	311,749	308,161
Total fund balances	(4,022)	-	434	311,749	308,161
Total liabilities and fund balances	\$ -	\$ -	\$ 434	\$ 326,738	\$ 327,172

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, 2011**

REVENUES	Police Seizure	Library	Lodger's Tax	Parks and Recreation	Corrections	Sub-total
State shared taxes						
Intergovernmental income	\$ -	\$ -	\$ 247	\$ -	\$ -	\$ 247
State allotment	-	-	-	-	-	-
Charges for services	75,806	10,627	-	176,150	19,566	282,149
Other income	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
County grants	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	75,806	10,627	247	176,150	19,566	282,396
EXPENDITURES						
Current:						
Public safety	48,829	-	-	-	1,695	50,524
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and welfare	-	107,047	-	181,423	-	288,470
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	48,829	107,047	-	181,423	1,695	288,470
Excess (deficiency) revenues over expenditures	26,977	(96,420)	247	(5,273)	17,871	(6,074)
OTHER FINANCING SOURCES (USES)						
Proceeds from loan						
Principal payment	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-
Transfers in	-	(104,205)	-	-	-	(104,205)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	(104,205)	-	-	-	(104,205)
Net change in fund balances	26,977	7,785	247	(5,273)	17,871	47,607
Fund balances - beginning	161,158	9,999	897	24,255	67,832	264,141
Fund balances-ending	<u>188,135</u>	<u>17784</u>	<u>1144</u>	<u>18982</u>	<u>85703</u>	<u>311,748</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, 2011

	Law Enforcement	EMS	Sub-total	Total
REVENUES				
State shared taxes	\$ -	\$ -	\$ 247	\$ 247
Intergovernmental income	-	-	-	-
State allotment	24,800	-	-	24,800
Charges for services	-	8,078	282,150	290,228
Other income	-	-	-	-
Interest income	-	-	-	-
Federal grants	-	-	-	-
State grants	-	-	-	-
County grants	-	-	-	-
Total revenues	<u>24,800</u>	<u>8,078</u>	<u>282,397</u>	<u>315,275</u>
EXPENDITURES				
Current:				
Public safety	11,920	8,078	50,524	70,522
Public works	-	-	-	-
Culture and recreation	-	-	288,654	288,654
Health and welfare	-	-	-	-
Capital outlay	12,880	-	-	12,880
Total expenditures	<u>24,800</u>	<u>8,078</u>	<u>339,178</u>	<u>372,056</u>
Excess (deficiency) revenues over expenditures	-	-	(56,781)	(56,781)
OTHER FINANCING SOURCES (USES)				
Proceeds from loan	-	-	-	-
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Transfers in	-	-	(104,205)	(104,205)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(104,205)</u>	<u>(104,205)</u>
Net change in fund balances	-	-	47,424	47,424
Fund balances - beginning	<u>(4,022)</u>	<u>434</u>	<u>264,325</u>	<u>260,737</u>
Fund balances-ending	<u>\$ (4,022)</u>	<u>\$ 434</u>	<u>\$ 311,749</u>	<u>\$ 308,161</u>

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 63,000	\$ 63,000	\$ 75,806	\$ 12,806
Total revenues	63,000	63,000	75,806	12,806
Add: beginning cash	-	-		
	\$ 63,000	\$ 63,000		
Expenditures:				
Public safety	63,000	63,000	48,829	14,171
Total expenditures	63,000	63,000	48,829	14,171
Excess (deficiency) revenues over expenditures			26,977	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			26,977	
Differences between Modified-GAAP and Non-Adjust accrued revenue			-	
Net change in fund balance (Modified-GAAP basis)			26,977	
Fund balance – beginning			161,151	
Fund balance – ending			\$ 188,128	

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, 2011**

	Budgeted Amounts		Actual	Variences Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
State allotment	\$ -	\$ -	\$ -	\$ -
County grant	-	-	-	-
Other income	7,250	7,250	10,627	3,377
Total revenues	7,250	7,250	10,627	3,377
Add: beginning cash	9,599	9,599		
	\$ 16,849	\$ 16,849		
Expenditures:				
Culture and recreation	111,455	111,455	107,047	4,408
Capital outlay	-	-	-	-
Total expenditures	111,455	111,455	107,047	4,408
Excess (deficiency) revenues over expenditures			(96,420)	
Other financing sources (uses)				
Transfers in	104,205	104,205	104,205	-
Transfers out	-	-	-	-
Total other financing sources (uses)	104,205	104,205	104,205	-
Net change in fund balance (Non-GAAP basis)			7,785	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expense		-		
Net change in fund balance (Modified-GAAP basis)			7,785	
Fund balance – beginning			9,999	
Fund balance – ending			\$ 17,784	

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, 2011**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State-shared taxes	\$ 50	\$ 50	\$ 247	\$ 197
Total revenues	50	50	247	197
Add: beginning cash	-	-	-	
	\$ 50	\$ 50	\$ 247	
Expenditures:				
Public works	50	50	-	50
Total expenditures	50	50	-	50
Excess (deficiency) revenues over expenditures			247	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP Basis)			247	
Differences between Modified-GAAP and Non-GAAP				
Adjust for accrued revenue			(184)	
Net change in fund balance (Modified-GAAP Basis)			63	
Fund balance – beginning			1,081	
Fund balance – ending			\$ 1,144	

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, 2011**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
County grants	\$ 145,038	\$ 145,038	\$ 145,038	\$ -
Charges for services	8,500	8,500	31,112	22,612
Total revenues	153,538	153,538	176,150	22,612
Add: beginning cash	23,928	23,928		
	<u>\$ 177,466</u>	<u>\$ 177,466</u>		
Expenditures:				
Culture & recreation	172,238	172,238	181,423	-
Total expenditures	172,238	172,238	181,423	(4,190)
Excess (deficiency) revenues over expenditures			(5,273)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			(5,273)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenses		-	-	
Net change in fund balance (Modified-GAAP basis)			(5,273)	
Fund balance – beginning			24,255	
Fund balance – ending			<u>\$ 18,982</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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 7,000	\$ 7,000	\$ 19,566	\$ 12,566
Total revenues	7,000	7,000	19,566	12,566
Add: beginning cash	-	-		
	\$ 7,000	\$ 7,000		
Expenditures:				
Public safety	3,500	3,500	1,695	2,603
Total expenditures	3,500	3,500	1,695	2,603
Excess (deficiency) revenues over expenditures			17,871	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			17,871	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenditures		-		
Adjust accrued revenues		-	-	
Net change in fund balance (Modified-GAAP basis)			17,871	
Fund balance – beginning			67,832	
Fund balance – ending			\$ 85,703	

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, 2011

	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	-	-		
	\$ 24,800	\$ 24,800		
Expenditures:				
Public safety	11,920	11,920	11,920	-
Capital outlay	12,870	12,870	12,870	-
Total expenditures	24,790	24,790	24,790	-
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			(4,022)	
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
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, 2011**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
State allotment	\$ 8,250	\$ 8,250	\$ 8,078	\$ (172)
Total revenues	8,250	8,250	8,078	(172)
 Add: beginning cash				
	434	434		
	\$ 8,684	\$ 8,684		
 Expenditures:				
Public safety	8,250	8,250	8,078	(172)
Total expenditures	8,250	8,250	8,078	(172)
 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, 2011**

CAPITAL PROJECTS FUNDS LISTING

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.

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.

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, 2011**

	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	\$ -	\$ 12,480	\$ 45,200	\$ -	\$ 23,680	\$ -	\$ -	\$ 81,360
Due from other funds	-	-	-	-	8,048	83	-	8,131
Due from BTA funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 12,480	\$ 45,200	\$ -	\$ 31,728	\$ 83	\$ -	\$ 89,491
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund balances:								
Reserved for capital projects funds	-	12,480	45,200	-	31,728	83	-	89,491
Total fund balances	-	12,480	45,200	-	31,728	83	-	89,491
Total liabilities and fund balances	\$ -	\$ 12,480	\$ 45,200	\$ -	\$ 31,728	\$ 83	\$ -	\$ 89,491

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, 2011**

	Municipal Street Appropriation	Street Improvement	ARRA Project	Subtotal Page 1	Total
ASSETS					
Cash and cash equivalents	\$ 57,860	\$ -	\$ (107,602)	\$ 81,360	\$ 31,618
Due from other funds	-	127,155	104,110	8,131	239,396
Due from BTA funds	-	-	-	-	-
Due from other governments	-	-	34,524	-	34,524
Total assets	<u>\$ 57,860</u>	<u>\$ 127,155</u>	<u>\$ 31,032</u>	<u>\$ 89,491</u>	<u>\$ 305,538</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 31,032	\$ -	\$ 31,032
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>31,032</u>	<u>-</u>	<u>31,032</u>
Fund balances:					
Reserved for capital projects funds	<u>57,860</u>	<u>127,155</u>	<u>-</u>	<u>89,491</u>	<u>274,506</u>
Total fund balances	<u>57,860</u>	<u>127,155</u>	<u>-</u>	<u>89,491</u>	<u>274,506</u>
Total liabilities and fund balances	<u>\$ 57,860</u>	<u>\$ 127,155</u>	<u>\$ 31,032</u>	<u>\$ 89,491</u>	<u>\$ 305,538</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, 2011**

	Public Safety Building	Swim-Train Facility	Improvement	A Nunez Health Bldg	Legislative Appropriations	Airport Action Plan	Placitas Arroya	Subtotal
REVENUES								
Federal grants	\$ -	\$ -	\$ 43,149	\$ -	\$ -	\$ 144,560	\$ -	\$ 187,709
State grants	-	-	-	-	697,561	-	76,276	773,837
Interest income	-	-	-	-	59	-	-	59
Other revenue	-	-	-	-	-	2,021	-	2,021
Total revenues	-	-	43,149	-	697,620	146,581	76,276	963,626
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	4,000	-	-	4,000
Capital outlay	-	280,077	43,149	-	685,513	150,066	76,276	1,235,081
Total expenditures	-	280,077	43,149	-	689,513	150,066	76,276	1,239,081
Excess (deficiency) revenues over expenditures	-	(280,077)	-	-	8,107	(3,485)	-	(275,455)
OTHER FINANCING SOURCES (USES)								
Principal payments	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
Transfers in	-	(206,318)	-	-	-	(2,344)	-	(208,662)
Transfers out	55,293	43,780	-	17,729	-	24,530	-	141,332
Total other financing sources (uses)	55,293	(162,538)	-	17,729	-	22,186	-	(67,330)
Net change in fund balances	(55,293)	(117,539)	-	(17,729)	8,107	(25,671)	-	(208,125)
Fund balances - beginning	55,293	130,019	45,200	17,729	23,621	25,754	-	297,616
Fund balances-ending	\$ -	\$ 12,480	\$ 45,200	\$ -	\$ 31,728	\$ 83	\$ -	\$ 89,491

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, 2011**

	Municipal Street	Street Improvements	ARRA Project	Subtotal Page 1	Total
REVENUES					
Federal grants	\$ 7,835	\$ -	\$ 255,331	\$ 187,709	\$ 450,875
State grants	-	-	-	773,837	773,837
Interest income	-	-	-	59	59
Other revenue	522	-	-	2,021	2,543
	<u>8,357</u>	<u>-</u>	<u>255,331</u>	<u>963,626</u>	<u>1,227,314</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	4,000	4,000
Capital outlay	69,295	-	224,299	1,235,081	1,459,380
	<u>69,295</u>	<u>-</u>	<u>224,299</u>	<u>1,239,081</u>	<u>1,463,380</u>
Excess (deficiency) revenues over expenditures	(60,938)	-	31,032	(275,455)	(305,361)
OTHER FINANCING SOURCES (USES)					
Principal payments	-	-	-	-	-
Interest payments	-	-	-	-	-
Transfers (in)	(69,295)	-	-	(208,662)	(277,957)
Transfers out	6,392	-	-	141,332	147,724
	<u>(62,903)</u>	<u>-</u>	<u>-</u>	<u>(67,330)</u>	<u>(130,233)</u>
Net change in fund balances	1,965	-	31,032	(208,125)	(175,128)
Fund balances - beginning	<u>55,895</u>	<u>127,155</u>	<u>(31,032)</u>	<u>297,616</u>	<u>449,634</u>
Fund balances-ending	<u>\$ 57,860</u>	<u>\$ 127,155</u>	<u>\$ -</u>	<u>\$ 89,491</u>	<u>\$ 274,506</u>

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, 2011**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
State grants	\$ 220,635	\$ 220,635	\$ 206,318	\$ (14,317)
County grants	-	-	-	-
Total revenues	220,635	220,635	206,318	(14,317)
Add: beginning cash	130,019	130,019		
	\$ 350,654	\$ 350,654		
Expenditures:				
Capital outlay	220,635	220,635	280,077	(59,442)
Total expenditures	220,635	220,635	280,077	(59,442)
Excess (deficiency) revenues over expenditures			(73,759)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	43,780	43,780
Total other financing sources (uses)	-	-	43,780	43,780
Net Change in Fund Balance (Non-GAAP basis)			(117,539)	
Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
Net Change in Fund Balance (Modified-GAAP basis)			(117,539)	
Fund balance – beginning			130,019	
Fund balance – ending			\$ 12,480	

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, 2011**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
Federal grants	\$ -	\$ -	\$ 43,149	\$ 43,149
Intergovernmental	-	-	-	-
Total revenues	-	-	43,149	43,149
Add: beginning cash	45,200	45,200		
	\$ 45,200	\$ 45,200		
Expenditures:				
Capital outlay	-	-	43,149	(43,149)
Total expenditures	-	-	43,149	(43,149)
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Differences Between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust note payment		-		
Adjust transfers		-	-	
Net change in fund balance (Modified-GAAP basis)			-	
Fund balance – beginning			45,200	
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
Municipal Street
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ -	\$ -	\$ 7,835	\$ 7,835
Other income	-	-	522	522
Total revenues	-	-	8,357	8,357
Add: beginning cash	-	-		
	-	-		
Expenditures:				
Public Safety	-	-	-	-
Capital outlay	-	-	69,295	(69,295)
Total expenditures	-	-	69,295	(69,295)
Excess (deficiency) revenues over expenditures			(60,938)	
Other financing sources (uses)				
Transfers in	-	-	(69,295)	(69,295)
Transfers out	-	-	6,392	6,392
Total other financing sources (uses)	-	-	(62,903)	(62,903)
Net change in fund balance (Non-GAAP basis)			1,965	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenses			-	
Net change in fund balance (Modified-GAAP basis)				
Fund balance – beginning			55,895	
Fund balance – ending			\$ 57,860	

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, 2011**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Modified- GAAP Basis)	Final to Actual
Revenues:				
State grant	\$ -	\$ -	\$ 697,561	\$ 697,561
Other income	-	-	59.00	59.00
Total revenues	-	-	697,620	697,620
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
Health and Welfare	-	-	4,000	4,000
Capital outlay	-	-	685,513	685,513
Total expenditures	-	-	689,513	685,513
Excess (deficiency) revenues over expenditures			8,107	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			8,107	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
Net change in fund balance (Modified-GAAP basis)			8,107	
Fund balance – beginning			23,621	
Fund balance – ending			\$ 31,728	

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, 2011**

	Budgeted Amounts		Actual (Modified- GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Federal grants	\$ 156,498	\$ 156,498	\$ 144,560	\$ (11,938)
State grants	-	-	-	-
Other revenue	-	-	2,021	2,021
Total revenues	156,498	156,498	146,581	(9,917)
Add: beginning cash	25,754	25,754		
	<u>\$ 182,252</u>	<u>\$ 182,252</u>		
Expenditures:				
Capital outlay	156,498	156,498	150,066	6,432
Total expenditures	156,498	156,498	150,066	6,432
Excess (deficiency) revenues over expenditures			(3,485)	
Other financing sources (uses)				
Transfers in	-	-	(2,344)	(2,344)
Transfers out	-	-	24,530	24,530
Total other financing sources (uses)	-	-	22,186	22,186
Net change in fund balance (Non-GAAP basis)			(25,671)	
Differences between Modified-GAAP and Non-GAAP				
Adjust deferred revenue			-	
Net change in fund balance (Modified-GAAP basis)			(25,671)	
Fund balance – beginning			25,754	
Fund balance – ending			<u>\$ 83</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
Placitas Arroyo
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2011**

	Budgeted Amounts		Actual	Variances Favorable Unfavorable)
	Original	Final	Modified- GAAP Basis)	Final to Actual
Revenues:				
State grants	\$ 225,678	\$ 225,678	\$ 76,276	\$ (149,402)
Other	-	-	-	-
Total revenues	225,678	225,678	76,276	(149,402)
Add: beginning cash	-	-		
	\$ 225,678	\$ 225,678		
Expenditures:				
Capital outlay	225,678	225,678	76,276	149,402
Total expenditures	225,678	225,678	76,276	149,402
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			-	
Differences between Modified-GAAP and Non-GAAP				
Adjust transfer			-	
Net change in fund balance (Modified-GAAP)			-	
Fund balance – beginning			-	
Fund balance – ending			\$ -	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
Street Improvement
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Modified-GAAP Basis)
For the Year-Ended June 30, 2011**

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable)
				Final to Actual
Revenues:				
State grants	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total revenues	-	-	-	-
Add: beginning cash	127,155	127,155		
	<u>\$ 127,155</u>	<u>\$ 127,155</u>		
Expenditures:				
Public works	-	-	-	-
Capital outlay	127,155	127,155	-	127,155
Total expenditures	<u>127,155</u>	<u>127,155</u>	<u>-</u>	<u>127,155</u>
Excess (deficiency) revenues over expenditures			-	
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)			-	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-	-	
Adjust accrued expenditures		-	-	
Adjust transfers		-	-	
Net change in fund balance (Modified-GAAP)			-	
Fund balance – beginning			<u>127,155</u>	
Fund balance – ending			<u>\$ 127,155</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF HATCH
Proprietary Funds – ARRA Project
Combination of Revenues, Expenditures and Change in Fund Balances
For the Year-Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	Modified- GAAP Basis)	Favorable Unfavorable) Final to Actual
Revenues:				
Federal grant	\$ 298,169	\$ 298,169	\$ 255,331	\$ (42,838)
Total revenues	<u>298,169</u>	<u>298,169</u>	<u>255,331</u>	<u>(42,838)</u>
Add: beginning cash	<u>-</u>	<u>-</u>		
	<u>\$ 298,169</u>	<u>\$ 298,169</u>		
Expenditures:				
Capital outlay	<u>298,169</u>	<u>298,169</u>	<u>224,299</u>	<u>73,870</u>
Total expenditures	<u>298,169</u>	<u>298,169</u>	<u>224,299</u>	<u>73,870</u>
Excess (deficiency) revenues over expenditures			31,032	
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			31,032	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-		
Adjust accrued expenditures		<u>-</u>	<u>-</u>	
Net change in fund balance (Modified-GAAP)			31,032	
Fund balance – beginning			<u>(31,032)</u>	
Fund balance – ending			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

PROPRIETARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF HATCH
Proprietary Funds – Utilities
Combination of Revenues, Expenditures and Change in Fund Balances
For the Year-Ended June 30, 2011

	Water	Gas	Sanitation	Sewer	Restricted Funds	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 293,198	\$ 1,293,373	\$ 1,453	\$ 44,519	\$ -	\$ 1,632,543
Accounts receivable, net of allowance for doubtful accounts	38,659	-	15,534	-	-	54,193
Other receivables	8,750	-	-	-	-	8,750
Due from other funds	-	38,204	-	-	94,122	132,326
Total current assets	340,607	1,331,577	16,987	44,519	94,122	1,827,812
Restricted cash						
Meter deposits	-	-	-	-	218,339	218,339
Capital assets	35,504	-	-	-	-	35,504
Land	-	-	-	62,099	-	62,099
Other capital assets, net of depreciation	551,889	-	-	2,550,326	-	3,102,215
Total assets	\$ 928,000	\$ 1,331,577	\$ 16,987	\$ 2,656,944	\$ 312,461	\$ 5,245,969
Liabilities						
Current liabilities						
Accounts payable	\$ 2,857	\$ 76	\$ 847	\$ 1,548	\$ -	\$ 5,328
Accrued interest	-	-	-	7,649	-	7,649
Customers deposits	35,504	-	-	-	-	35,504
Current portion of long-term liabilities	410	-	-	13,668	-	14,078
Total current liabilities	38,771	76	847	22,865	-	62,559
Noncurrent liabilities						
Revenue bonds payable	-	-	-	-	-	-
Note payable	-	-	-	-	-	-
Total long-term liabilities	-	-	-	193,256	-	193,256
Total liabilities	38,771	76	847	216,121	-	255,815
Net assets						
Restricted for:						
Bond reserve	-	-	-	-	135,649	135,649
Wastewater repairs and replacement	-	-	-	-	49,522	49,522
System improvements	-	-	-	-	56,848	56,848
Water operating reserve	-	-	-	-	70,442	70,442
Investment in capital assets, net of debt	551,889	-	-	2,406,309	-	2,958,198
Restricted assets	-	-	-	-	-	-
Unrestricted	337,340	1,331,501	16,140	34,514	-	1,719,495
Total liabilities and net assets	\$ 928,000	\$ 1,331,577	\$ 16,987	\$ 2,656,944	\$ 312,461	\$ 5,245,969

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF HATCH
Proprietary Funds – Utilities
Combination of Revenues, Expenditures and Change in Fund Balances
For the Year-Ended June 30, 2011

	Water	Gas	Sanitation	Sewer	Total
Revenues					
Charges for service	\$ 200,407	\$ 651,845	\$ 238,245	\$ 204,739	\$ 1,295,236
Municipal taxes	125,024	-	-	-	125,024
Connection fees	3,609	4,049	-	1,200	8,858
Total operating revenues	<u>\$ 329,040</u>	<u>\$ 655,894</u>	<u>\$ 238,245</u>	<u>\$ 205,939</u>	<u>\$ 1,429,118</u>
Expenses					
Personnel services	48,135	122,631	-	68,739	239,505
Contractual expenses	4,260	-	-	894	5,154
Other operating expenses	131,823	50,836	9,680	103,114	295,453
Loan payments	-	-	-	18,837	18,837
Purchase of gas	-	413,257	-	-	413,257
Capital outlay	-	-	-	-	-
Garbage contract	-	-	195,849	-	195,849
Total operating expenses	<u>184,218</u>	<u>586,724</u>	<u>205,529</u>	<u>191,584</u>	<u>1,168,055</u>
Net operating income (loss) from water operations before depreciation	144,822	69,170	32,716	14,355	261,063
Depreciation	22,297	-	-	251,378	273,675
Operating income (loss)	<u>122,525</u>	<u>69,170</u>	<u>32,716</u>	<u>(237,023)</u>	<u>(12,612)</u>
Gain on sale of gas infrastructure	-	983,010	-	(10,792)	972,218
Interest income	-	234	-	389	623
Interest expense	-	-	-	(9,983)	(9,983)
Transfers -in	-	-	-	346,713	346,713
Total non-operating revenues (expenditures)	<u>-</u>	<u>983,244</u>	<u>-</u>	<u>326,327</u>	<u>1,309,571</u>
Net operating income (loss)	122,525	1,052,414	32,716	107,916	1,315,571
Total net assets beginning	214,815	279,087	(16,576)	(73,402)	403,924
Total net assets ending	<u>\$ 337,340</u>	<u>\$ 1,331,501</u>	<u>\$ 16,140</u>	<u>\$ 34,514</u>	<u>\$ 1,719,495</u>

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 1,365,000	\$ 1,365,000	\$ 1,295,236	\$ 69,764
Municipal taxes	83,500	83,500	125,024	(41,524)
Connection charges	21,600	21,600	8,858	12,742
Total revenues	21,600	21,600	1,429,118	40,982
Add: beginning cash	-	-		
	\$ 21,600	\$ 21,600		
Expenses:				
Personnel services	158,441	158,441	239,505	(81,064)
Purchase of gas	654,541	654,541	413,257	241,284
Contract services	204,966	204,966	295,453	(90,487)
Other operating expenses	444,092	444,092	201,003	243,089
Capital outlay	22,100	22,100	-	22,100
Total expenses	1,484,140	1,484,140	1,149,218	334,922
Excess (deficiency) revenues over expenses			279,900	
Other financing sources (uses)				
Principal payments	12,889	-	(18,837)	18,837
Interest payments	16,138	-	(9,983)	9,983
Interest income	-	-	623	(623)
Gain on sale of gas infrastructure	-	-	177,810	(177,810)
Loss on capital assets retired	-	-	(10,792)	10,792
Transfers in	-	-	-	-
Transfers out	29,027	-	-	29,027
Total other financing sources (uses)	58,054	-	138,821	(109,794)
Net change in fund balance (Non-GAAP basis)			418,721	
Difference between Modified-GAAP and Non-GAAP				
Adjust accrued revenue			-	
Transfers			-	
Adjust accrued interest			-	
Adjust accrued expenses			-	
Principal payments on notes			-	
Depreciation expense		273,675	273,675	
Net change in fund balance (Modified-GAAP basis)			145,046	
Net asset – beginning			1,574,449	
Net asset – ending			\$ 1,719,495	

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:

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, 2011**

	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Jones Reed Cemetery Trust				
Assets				
Cash	\$ 2,000	\$ -	\$ -	\$ 2,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Due to other governmental agencies	\$ 2,000	\$ -	\$ -	\$ 2,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest	\$ 23,508	\$ 23,508	\$ 643	\$ (22,865)
Total revenues	23,508	23,508	643	(22,865)
Add: beginning cash	-	-		
	\$ 23,508	\$ 23,508		
Expenditures:				
Other expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over expenditures			643	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			643	
Difference between Modified-GAAP and Non-GAAP				
Adjust for principal payments		-		
Adjust transfers		-	-	
Net change in fund balance (Modified-GAAP basis)			643	
Fund balance – beginning			520,297	
Fund balance – ending			\$ 520,940	

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, 2011

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
Bank of the West					
Fire Department	CK	\$ 15,265	\$ -	\$ -	\$ 15,265
Wastewater reserve	MM	25,843	-	-	25,843
98 JT UT repair and replacement	CK	17,979	-	-	17,979
Hatch joint utility system	MM	3,177	-	-	3,177
Water Operating	CK	327,025	-	33,827	293,198
Payroll account	CK	43,752	-	19,968	23,784
Meter deposit	CK	35,928	-	424	35,504
Village of Hatch	CK	18,047	-	-	18,047
Swim-training facility	CK	3,693	9,147	-	12,480
Hatch CDBG	CK	45,200	-	-	45,200
Public Safety building	CK	55,293	-	-	55,293
Waste Water	CK	44,518	-	-	44,518
Bank of the West total		635,720	9,147	54,219	590,288
Wells Fargo					
Juvenile recreation account	SAV	64,215	-	45,322	18,893
1987 Repair & Replacement	CK	20,862	-	-	20,862
1976 JT UT	CK	22,060	-	-	22,060
Garden Memories	CK	106,692	-	163	106,529
Corrections	CD	70,583	63	-	70,646
1987 Revenue Bond	CK	8,692	-	-	8,692
Wells Fargo total		293,104	63	45,485	247,682
Bank of the Southwest					
Gas operating	SAV	1,296,539	-	3,166	1,293,373
Police Seizure	CK	188,136	-	-	188,136
General Fund	CK	529,152	-	315,808	189,664
Waste Water Placement-General Fund	SV	23,680	-	-	23,680
Bank of the Southwest total		2,037,507	-	318,974	1,694,853
1st New Mexico Bank					
1976 Repair & Replacement	CK	18,008	-	-	18,008
Parks & Recreation	CD	15,163	-	274	14,889
Fire Department operating	CD	126,906	-	24,709	102,197
Garden of Memories	CK	3,552	5,490	-	9,042
Library	CK	26,754	-	8,970	17,784
General Fund	CK	130,153	746	-	130,899
1998 JT UT reserve	CK	9,208	-	-	9,208
1987 JT UT reserve	MM	75,598	211	-	75,809
1998 reserve	CD	16,653	49	-	16,702
1st New Mexico Bank		421,995	6,496	33,953	394,538
Total					2,927,361
Legend					
SAV-Savings					
CK-Checking			Petty Cash		200
MM-Money Market					
CD-Certificate of Deposit			Total		\$ 2,927,561

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Custodial Risk
June 30, 2011**

	Bank of the West	Wells Fargo Bank	Bank of the Southwest	1st New Mexico Bank	Total
Amount Held in Bank June 30, 2011	\$ 635,720	\$ 293,104	\$ 2,037,507	\$ 421,995	\$ 3,388,326
Less FDIC Insurance	<u>(635,720)</u>	<u>(250,000)</u>	<u>(1,575,691)</u>	<u>(250,000)</u>	<u>(2,711,411)</u>
Uninsured Public Funds	-	43,104	461,816	171,995	676,915
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	-	21,552	230,908	85,997	338,457
Pledged Security	-	139,590	825,000	350,000	1,314,590
Over (Under) Collateral	<u>\$ -</u>	<u>118,038</u>	<u>594,092</u>	<u>264,003</u>	<u>976,133</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Collateral Pledged to Secure the
Deposits of Public Funds
June 30, 2010**

BANK OF THE WEST

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2011
Fully insured by FDIC				

WELLS FARGO

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2011
Wells Fargo	1/8/2036	FN256349923865	\$ 139,530	\$ 154,450
Total			<u>\$ 139,530</u>	<u>\$ 154,450</u>

BANK OF THE SOUTHWEST

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2011
Bank of the Southwest	6/6/2012	Letter of credit - FHLB	\$ 825,000	\$ 825,000
Total			<u>\$ 825,000</u>	<u>\$ 825,000</u>

1ST BANK OF NEW MEXICO

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2011
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, 2011

	CFDA Number	Award Amount	Prior Costs	State Grant	Federal Grant	Total	Remaining Balance
CDBG Passthrough the New Mexico Department of Transportation		\$43,149			\$ 43,149	\$ 43,149	\$ -
Department of Finance and Administration Local Government Division 08-LG3219		257,097	197,655	59,442		59,442	-
Department of Finance and Administration Local Government Division 07-L-3750		273,214	52,579	220,635		220,635	-
U S Department of Transportation, Federal Aviation Administration #E-35-0021-003-2007	20.106	298,738	148,672		150,066	150,066	-
Department of Transportation, SP-1-09(658) New Mexico Environmesnt Department		150,442	74,166	76,276		76,276	-
Construction 08-5165-GF Department of Finance and Administration		477,820	17,756	460,064		460,064	-
Local Government Division Department of Finance and Administration		86,454	86,454			86,454	-
Local Government Division SAP08-3852--GF Department of Finance and Administration		72,677	8,780	63,897		63,897	-
Local Government Division Department of Finance and Administration		75,098		75,098		75,098	-
Local Division 09-3876 American Recovery and Reinvestment Act Passed Through the New Mexico Environment, Construction Program Bureau, ARRA CWSRF07	20.205	418,685	120,526		224,299	224,299	73,860
New Mexico Department of Transportation 05-RS-G-50		69,295		69,295		69,295	-
TOTALS		<u>\$ 2,222,669</u>	<u>\$ 620,134</u>	<u>\$ 1,111,161</u>	<u>\$ 417,514</u>	<u>\$ 1,528,675</u>	<u>\$ 73,860</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2011**

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 Aña 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, 2011**

Animal Control Services

Participants	Village of Hatch and Dona Aña 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 Aña 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

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2011**

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 Aña 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, 2011**

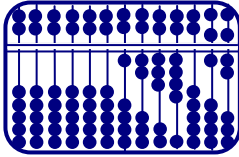
EMNR Department and Village of Hatch

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, 2011, and have issued our report thereon dated June 25, 2012. 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)


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, 10-01, 11-01, 11-02 and 11-03)

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

June 25, 2012

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2011**

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
2010-01 – Allowance for doubtful accounts – repeated
2010-02 – Failure to reconcile control ledgers to subsidiary accounts - reported
2010-03 – Compliance with American Recovery Act Supporting Documentation Regulations – reported

Finding 07-01 Failure to Apply GAAP – Significant Deficiency

CURRENT YEAR FINDINGS:

SIGNIFICANT DEFICIENCIES:

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 – Significant Deficiency

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, 2011**

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 – Significant Deficiency

Condition

The Village authorized budget was under funded by revenues and exceeded by the expenditures in the following areas: Amendment to the budget was not requested for changes required to properly reflect actual expenditures with budget approved.

Fund	Category	Over Expended/ Under Funded Amount	Reason
Park & Recreation	Culture & Recreation	\$ 5,273	Expenditures incurred greater than expected
Swim-train Facility	Capital Outlay	117,539	Expenditures incurred greater than expected
Municipal Street	Capital Outlay	60,938	Expenditures incurred greater than expected
Airport Action Plan	Capital Outlay	3,485	Expenditures incurred greater than expected
Total		<u>\$ 187,235</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 – Significant Deficiencies

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, 2011**

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 – Material Weakness

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 – Non-Compliance

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, 2011**

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.

Finding 11-01 Failure to Maintain General Ledger – Significant Deficiency

Condition

During the current fiscal year, the Village of Hatch converted its manual system to a computerized system.

Criteria

New Mexico State Statute section 6.6.3 provides that every local entity shall keep all the books, records, and accounts, including subsidiary ledgers, timely, completely and accurately.

Cause

Additional time and supporting documentation was needed for the Village of Hatch to review and reconcile the general ledger accounts to determine that the conversion to the computer system was accurate and that all input to the new systems was accurately classified to the proper account.

Effect

Delay of the submission of the audit report affecting the reporting of reasonable accurate financial information to the proper federal and state agencies on a timely basis.

Recommendation

The Village's staff and consultants with the computer system need to be trained to properly enter the data to the appropriate accounts. The internal control procedures need to be designed to provide review of the input to insure the proper classification of the information to insure that records reflect the proper classification of revenue and expenditure.

Response

The Village of Hatch is continuing to work with the Village staff and computer consultants to insure correct input of the information into the system. We will design our internal control procedures to provide the proper classification of revenue and expenditures.

Finding 11-02 Failure to Authorize Transfers that are not Budgeted – Significant Deficiencies

Condition

The Village did not budget for all transfers made during the fiscal year. In addition, there was a request made to the Board of Trustees to authorize the transfers between funds.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2011**

Section I - Financial Statement Findings (continued)

Criteria

Budget Compliance (6-3-25 NMSA 1978) require request for changes to budget be requested and the transfers be approved by the Board of Trustees.

Cause

The staff did not prepare a request for the transfers for approval by the Board of Trustees for a request for the amendment of the budget.

Effect

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

Recommendation

We recommend that management closely monitor these transfers and acquire the necessary approvals to ensure compliance with budget restrictions

Response

All transfers will be submitted to the Board of Trustees for approval.

Finding 11-03 Accounting and Control of Fixed Assets – Significant deficiency

Condition

The Village did not take an inventory of capital assets.

Criteria

New Mexico status Section 12-6-10 NMSA 1978 requires an annual inventory be taken of capital assets to insure that the accounting and control of capital assets is maintained. In addition, 2.20.1 NAC requires that the capital assets are accounted for.

Cause

An annual inventory was not requested by management.

Effect

The property and equipment is not tracked and disposals were not properly recorded GAPP requires this accountability to prevent misstatement of the financial statements.

Recommendation

Management conduct an annual inventory and track it to the depreciation schedule to income additions and disposals are accounted for properly.

Response

The Village will conduct the required annual inventory from this point forward.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Exit Conference
June 30, 2011**

EXIT CONFERENCE

An exit conference was held on May 11, 2012, with Jack Fairall, CPA 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, 2011**

There are no passed journal entries.