

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED JUNE 30, 2012 and 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

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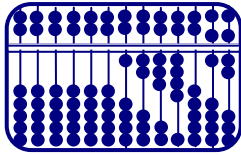
**Official Roster**  
June 30, 2012

Judd L. Nordyke  
Andy Nunez  
James Whitlock  
Joel E. McConnell  
Robert Torres  
Jim Schoonover

Mayor  
Mayor Pro-Tem  
Trustee  
Trustee  
Trustee  
Clerk Administrator

## **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 aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village of Hatch, New Mexico, as of and for the years-ended June 30, 2012 and 2011, which collectively comprise the Village of Hatch's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Hatch's nonmajor governmental, nonmajor enterprise and the budgetary comparisons for the major capital project funds, debt and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years-ended June 30, 2012 and 2011 as listed in the table of contents. These financial statements are the responsibility of Village of Hatch'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Village of Hatch's internal control over financial reporting. Accordingly, we express no such opinion. 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 used and the 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.

### Basis for Qualified Opinion

The Village of Hatch violated its fiduciary responsibilities regarding the purchase of land, which was not in compliance with the statutes of the State of New Mexico. The financial statements were materially misstated by \$9.8 million from a distribution from Rio Grande Natural Gas Association. The land was not expended pursuant to the approval of the voters of the Village of Hatch. Therefore, the financial statements for year-end June 30, 2012, were not in compliance with Section 12-6-5 NMSA 1978 and Section 2.2.210 (IO (1)(b) NMAC.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements referred to previously 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, as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the years 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 previously present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise of the Village of Hatch as of June 30, 2012 and 2011 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt and all nonmajor funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2013 on our consideration of Village of Hatch'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.

Accounting principles accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marcus, Fairall, Bristol + Co. PLLC*

Marcus, Fairall, Bristol + Co., PLLC

June 7, 2013

**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, 2012. 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 \$20,685,660. Of this amount, \$1,500,302 (*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 \$395,361.
- Expenditures for governmental activities increased \$1,365,001.
- As of June 30, 2012, the Village's governmental funds reported combined ending fund balances of \$832,174.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was (\$353,690).
- The debt service in the proprietary fund was increased by \$606,343.

**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 through A-4 of this report.

There was a special distribution of assets from the Rio Grande Natural Gas Association to an agency fund, which was to be accounted for by the Village of Hatch as a trustee. These assets are not available to the Village of Hatch until such time as the Rio Grande Natural Gas Association is dissolved.

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**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 26 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. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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, Police Seizure Fund and the Cemetery Fund, to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor 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.

The basic Fiduciary Fund financial statements can be found at Exhibit E-1 through E-4 of this report.

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**Management’s Discussion and Analysis**

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-62 of this report.

**Combining Statements.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 64-110 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 \$20,685,660 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 \$18,844,653 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. Village of Hatch uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Village of Hatch’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

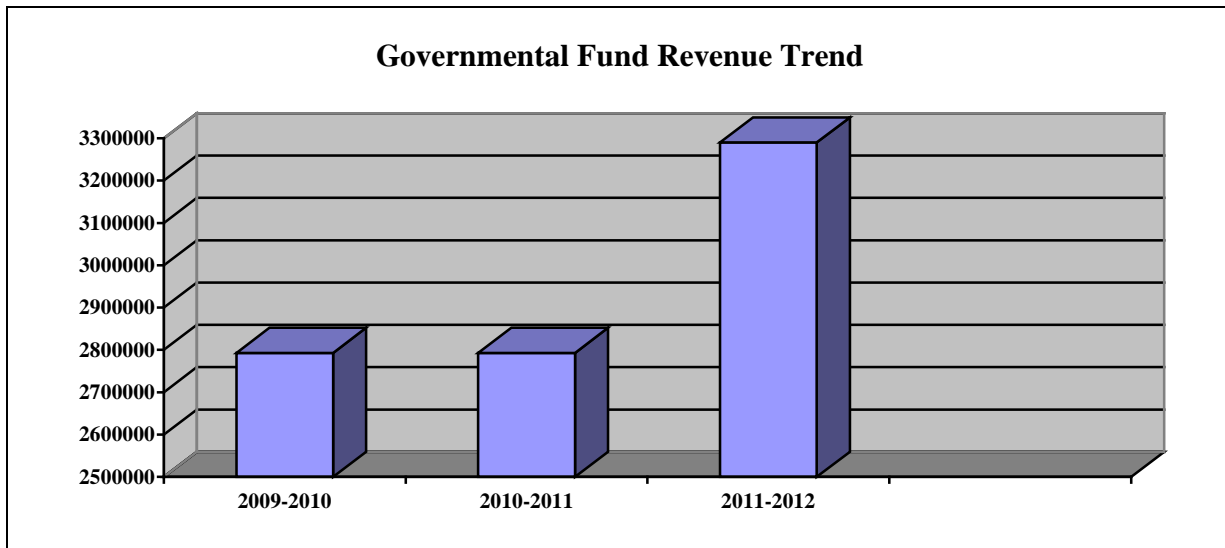
The balance of *unrestricted net assets* \$1,500,302 may be used to meet the government’s ongoing obligations to citizens and creditors.

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

**Analysis of Changes in Net Assets**

The Village’s net assets, overall, increased by \$815,294 during the current fiscal year. These increases are explained in the government activities discussion below, and are primarily a result of the distribution of cash from Rio Grande Natural Gas Association. (See analysis on page 7.)

**Governmental Activities.** Governmental activities increased Village of Hatch’s net assets by \$299,422 compared to the prior year’s decrease of \$34,739.



**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
	2012	2011	2012	2011	2012	2011	2011-2012
<b>ASSETS</b>							
Current and other assets	\$ 2,648,120	\$ 1,208,704	\$ 1,261,316	\$ 2,681,155	\$ 3,908,436	\$ 3,289,859	18.80%
Capital assets, net of accumulated depreciation	14,465,721	13,946,013	5,121,693	3,164,314	19,587,414	17,110,327	14.48%
Total assets	<u>\$ 17,113,841</u>	<u>\$ 15,154,717</u>	<u>\$ 6,383,009</u>	<u>\$ 5,845,469</u>	<u>\$ 23,495,850</u>	<u>\$ 20,400,186</u>	15.17%
<b>LIABILITIES</b>							
Current and other liabilities	\$ 1,832,222	\$ 124,732	\$ 77,384	\$ 62,559	\$ 1,904,606	\$ 187,291	916.92%
Long-term liabilities	101,985	149,273	799,599	193,256	906,584	342,529	164.67%
Total liabilities	<u>1,934,207</u>	<u>274,005</u>	<u>876,983</u>	<u>255,815</u>	<u>2,811,190</u>	<u>529,820</u>	430.59%
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	14,347,460	13,780,935	4,497,193	2,958,198	18,844,653	16,739,133	12.58%
Restricted	-	-	340,705	312,461	340,705	312,461	9.04%
Unrestricted	832,174	1,099,277	668,128	1,719,495	1,500,302	2,818,772	-46.77%
Total net assets	<u>15,179,634</u>	<u>14,880,212</u>	<u>5,506,026</u>	<u>4,990,154</u>	<u>20,685,660</u>	<u>19,870,366</u>	4.10%
Total liabilities and net assets	<u>\$ 17,113,841</u>	<u>\$ 15,154,217</u>	<u>\$ 6,383,009</u>	<u>\$ 5,245,969</u>	<u>\$ 23,496,850</u>	<u>\$ 20,400,186</u>	15.18%

**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
	2012	2011	2012	2011	2012	2011	2011-2012
<b>REVENUES</b>							
Program revenues:							
Charges for services	\$ 243,507	\$ 646,730	\$ 764,641	\$ 1,304,094	\$ 1,008,148	\$ 1,950,824	-48.32%
Operating grants and contributions	-	125,887	-	-	-	125,887	-100.00%
Capital grants and contributions	1,720,370	1,225,056	-	-	1,720,370	1,225,056	40.43%
General revenues:							
Taxes	892,911	737,349	-	-	892,911	737,349	21.10%
Small cities assistance	172,026	124,301	-	125,188	172,026	249,489	-31.05%
Other income	258,877	34,223	744	-	259,621	34,223	658.62%
Interest income	2,616	1,400	20	623	2,636	2,023	30.30%
Total revenues	<u>3,290,307</u>	<u>2,894,946</u>	<u>765,405</u>	<u>1,429,905</u>	<u>4,055,712</u>	<u>4,324,851</u>	-6.22%
<b>EXPENSES</b>							
General government	2,642,799	697,791	-	-	2,642,799	697,791	278.74%
Public safety	1,013,602	925,843	-	-	1,013,602	925,843	9.48%
Public works	537,472	760,667	-	-	537,472	760,667	-29.34%
Health and welfare	65,887	45,833	-	-	65,887	45,833	43.75%
Culture and recreation	46,873	511,498	-	-	46,873	511,498	-90.84%
Proprietary expenses	-	-	1,148,050	1,317,105	1,148,050	1,317,105	-12.84%
Total expenses	<u>4,306,633</u>	<u>2,941,632</u>	<u>1,148,050</u>	<u>1,317,105</u>	<u>5,454,683</u>	<u>4,258,737</u>	28.08%
Change in net assets before special items and transfers	<u>(1,016,326)</u>	<u>(46,686)</u>	<u>(382,645)</u>	<u>112,800</u>	<u>(1,398,971)</u>	<u>66,114</u>	-2216.00%
Sale of gas infrastructure	-	-	-	-	-	-	
Special item	-	-	-	-	-	-	
Transfers out	-	(74,702)	-	-	-	(74,702)	
Transfers in	956,734	-	898,517	-	1,855,251	-	100.00%
Total Special Items	<u>956,734</u>	<u>(74,702)</u>	<u>898,517</u>	<u>-</u>	<u>1,855,251</u>	<u>(74,702)</u>	-2583.54%
Change in net assets	<u>(59,592)</u>	<u>(121,388)</u>	<u>515,872</u>	<u>112,800</u>	<u>456,280</u>	<u>(8,588)</u>	
Net assets - beginning	14,880,212	15,001,600	4,990,154	4,877,354	19,870,366	19,878,954	-0.04%
Prior period adjustment	359,014	-	-	-	359,014	-	
Adjusted beginning assets	<u>15,239,226</u>	<u>15,001,600</u>	<u>4,990,154</u>	<u>4,877,354</u>	<u>20,229,380</u>	<u>19,878,954</u>	1.76%
Net assets - ending	<u>15,179,634</u>	<u>14,880,212</u>	<u>5,506,026</u>	<u>4,990,154</u>	<u>20,685,660</u>	<u>19,870,366</u>	4.10%

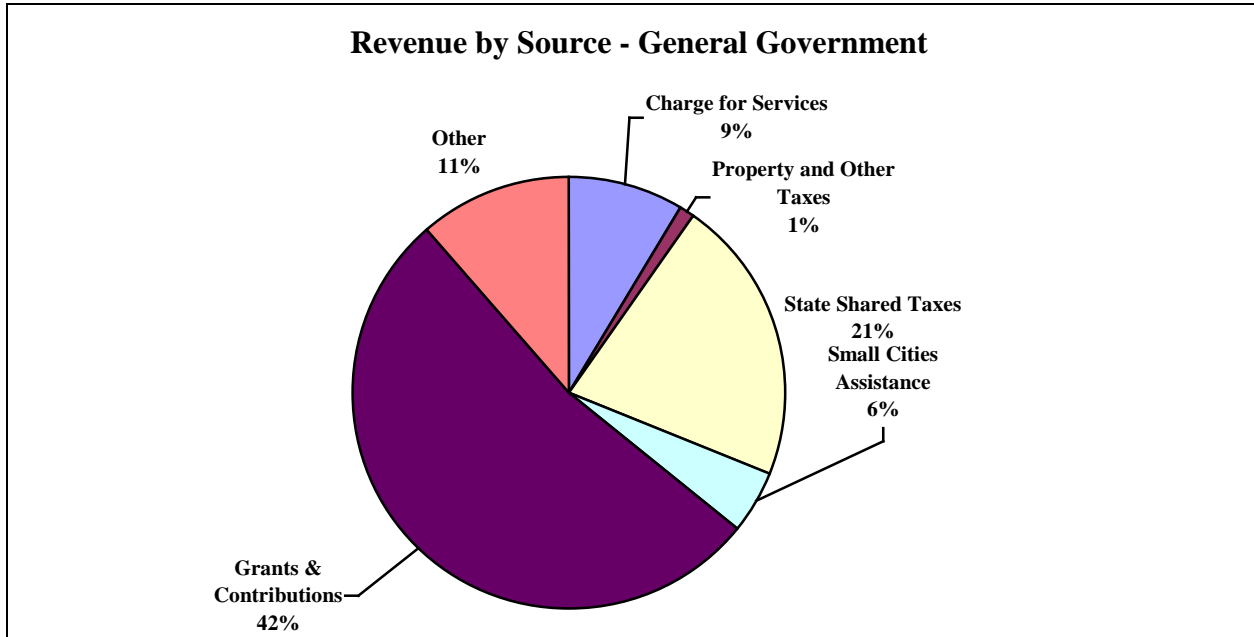
**STATE OF NEW MEXICO  
VILLAGE OF HATCH**

**Management's Discussion and Analysis**

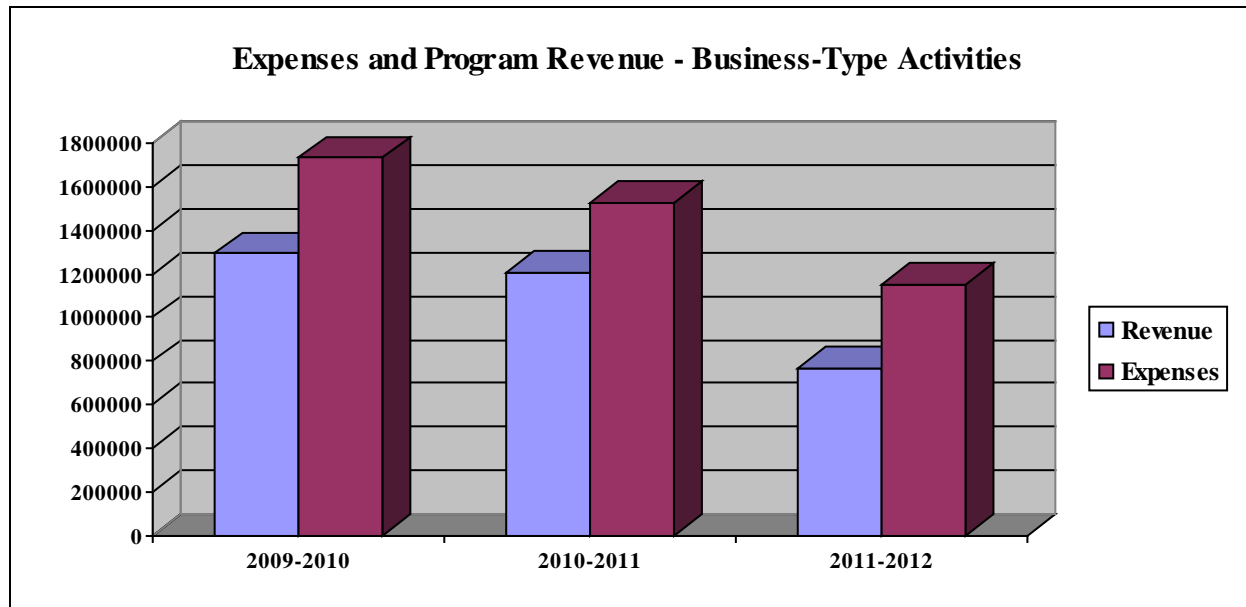
**Analysis of Changes in Net Assets (continued)**

Governmental revenues, consisting mostly of taxes, grant revenue. The chart on page 5 provides a comparison of prior two years. The total revenues (not including transfers) increased \$395,361 due to an increase in state shared income.

Total revenues from governmental activities (not including transfers) are summarized below. For fiscal year 2011-2012, local and state taxes made up 28% 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 \$474,944. The key element of this change is from decreased revenue and fund transfers during the current fiscal year. The following chart demonstrates the comparison of expenses and program revenues for business-type activities.





**STATE OF NEW MEXICO  
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 \$584,353 a decrease of \$514,924 in comparison with the prior year. Funds assigned to subsequent year's expenditures are \$938,043.

Revenues for governmental functions (excluding other financing sources) overall totaled approximately \$3,290,307 in the fiscal year-ended June 30, 2012, which represents an increase of \$392,827 from the fiscal year-ended June 30, 2011. Expenditures for governmental functions (excluding other financing uses) totaled \$5,269,330. This was an increase of approximately \$59,485 from the fiscal year-ended June 30, 2011. In the fiscal year-ended June 30, 2012, expenditures exceeded revenues of governmental functions by approximately \$1,022,289.

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 \$2,785,286.

The fund balance of Village of Hatch's General Fund had a net decrease of \$611,132 during the current fiscal year.

**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 \$668,128. The total decrease in net assets for the Proprietary Funds was \$1,051,367. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities. The transfer of funds to the general fund from the sale of the gas capital assets in the amount of \$1,114,396 was the principle factor for the decrease.

**Fiduciary Funds.** The Village maintains fiduciary funds for the assets of various agency funds. Major changes to the fiduciary funds were due to the funds put into an agency fund by the Rio Grande Natural Gas Association.

**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's Board of Trustees, community input meetings, long-term plans and input from various staff groups to develop the Village's 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.

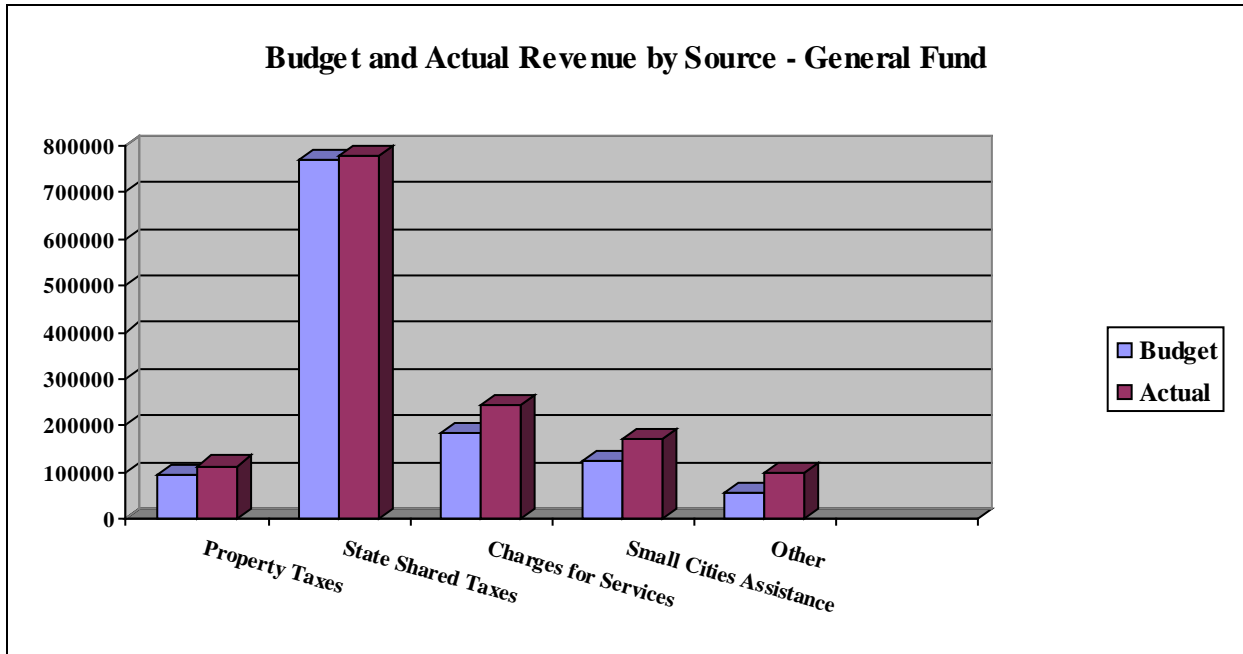
**STATE OF NEW MEXICO  
VILLAGE OF HATCH**

**Management's Discussion and Analysis**

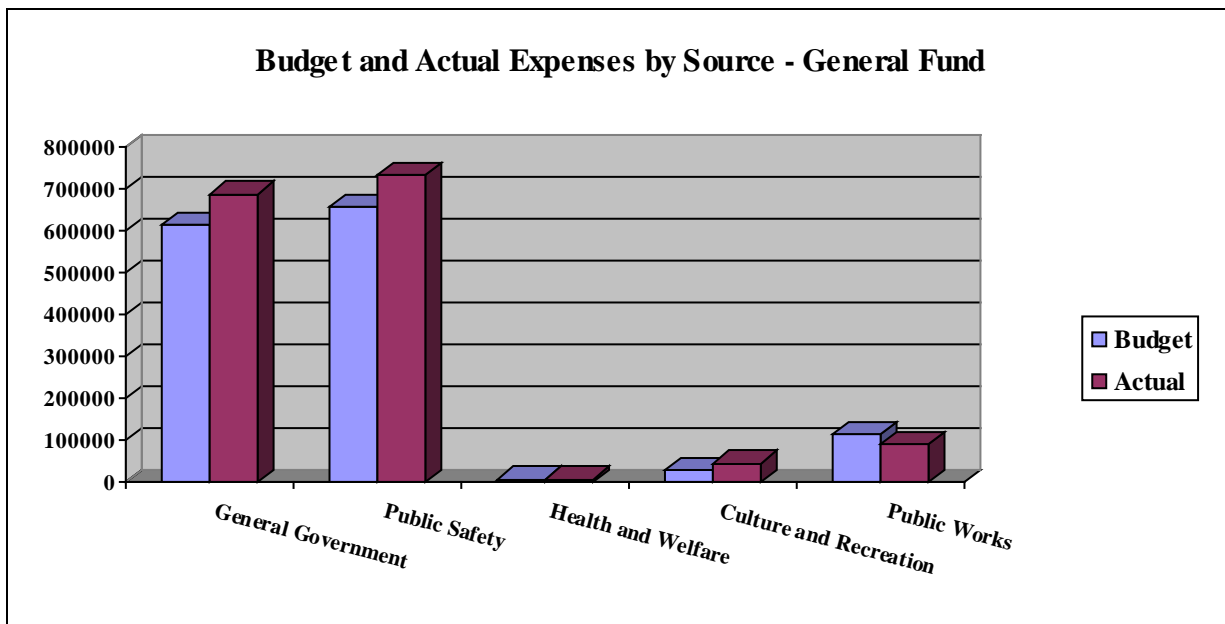
**General Fund Budgetary Highlights (continued)**

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

At the end of 2012, the cash balance of the General Fund had increased by \$902,422. 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 \$75,629.



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, 2012 amount to \$19,587,414 (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 \$3,623,771 for construction in progress and land, and \$1,793,176 to other improvements and infrastructure for completed capital projects, of which, \$2,039,865 was transferred from construction in progress.

**Capital Assets, Net of Depreciation  
June 30, 2012**

	Government- Type Activities	Business-Type Activities	Total
Land and construction in process	\$ 2,211,112	\$ 1,855,275	\$ 4,066,387
Buildings	1,181,713	-	1,181,713
Other improvements	8,448,754	-	8,448,754
Infrastructure	2,659,652	-	2,659,652
Utility system	-	3,108,608	3,108,608
Machinery and equipment	(35,510)	157,810	122,300
Capital assets, net of accumulated depreciation	<u>\$ 14,465,721</u>	<u>\$ 5,121,693</u>	<u>\$ 19,587,414</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 \$18,844,653. 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	\$ 14,465,721	\$ 5,121,693	\$ 19,587,414
Long-term debt principal balance:			
Revenue bonds payable	-	-	-
NM Finance Authority - fire pumper truck	118,261	-	118,261
USDA Rural Development	-	624,500	624,500
Total long-term debt principal	<u>118,261</u>	<u>624,500</u>	<u>742,761</u>
Total investment in capital assets			
Net of related debt	<u>\$ 14,347,460</u>	<u>\$ 4,497,193</u>	<u>\$ 18,844,653</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 was appointed as the trustee for the agency fund for the Rio Grande Natural Gas Association. These funds will be transferred to the Village of Hatch upon the dissolution of the Rio Grande Natural Gas Association.

**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, 2012**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,224,385	\$ 541,128	\$ 2,765,513
Accounts receivable	117,263	62,827	180,090
Other receivables	159	-	159
Due from GTA funds	-	281,296	281,296
Due from other funds	306,313	-	306,313
Restricted cash and investments	-	376,065	376,065
Capital assets:			
Land	2,211,112	62,099	2,273,211
Other capital assets, net of depreciation	12,254,609	5,059,594	17,314,203
Total assets	<u>\$ 17,113,841</u>	<u>\$ 6,383,009</u>	<u>\$ 23,496,850</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	63,133	15,155	78,288
Accrued salaries	17,808	-	17,808
Due to other funds	587,609	-	587,609
Due to Rio Grande Natural Gas Association agency fund	1,144,839	-	1,144,839
Accrued compensated absences	2,557	2,349	4,906
Customer deposits	-	35,480	35,480
Long-term liabilities:			
Compensated absences-current portion	-	-	-
Notes payable-current portion	16,276	19,400	35,676
Notes payable-long-term	101,985	804,599	906,584
Total liabilities	<u>1,934,207</u>	<u>876,983</u>	<u>2,811,190</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	14,347,460	4,497,193	18,844,653
Restricted for:			
Bond reserve	-	136,293	136,293
Wastewater	-	58,237	58,237
Rural development	-	49,588	49,588
System improvements	-	25,842	25,842
Water operating reserve	-	70,745	70,745
Restricted assets	-	-	-
Unrestricted assets	832,174	668,128	1,500,302
Total net assets	<u>\$ 15,179,634</u>	<u>\$ 5,506,026</u>	<u>\$ 20,685,660</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
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 funds	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>
<b>LIABILITIES</b>			
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>
<b>NET ASSETS</b>			
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>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Statement of Activities  
June 30, 2012**

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	\$ 2,642,799	\$ 243,507	\$ -	\$ 1,537,660	(861,632)	\$ -	\$ (861,632)
Public safety	1,013,602	-	-	-	(1,013,602)	-	(1,013,602)
Public works	537,472	-	-	182,710	(354,762)	-	(354,762)
Culture and recreation	65,887	-	-	-	(65,887)	-	(65,887)
Health and welfare	46,873	-	-	-	(46,873)	-	(46,873)
Total governmental-type activities	4,306,633	243,507	-	1,720,370	(2,342,756)	-	(2,342,756)
Business-type activities:							
Joint utilities	1,148,050	764,641	-	-	-	(383,409)	(383,409)
Total business-type activities	1,148,050	764,641	-	-	-	(383,409)	(383,409)
Total primary government					(2,342,756)	(383,409)	(2,726,165)
General revenues:							
Taxes							
Franchise taxes					42,683	-	42,683
Property taxes					71,334	-	71,334
State-shared taxes					778,794	-	778,794
Intergovernmental income					88,949	-	88,949
State shared assistance					1,307	-	1,307
Small cities assistance					172,026	-	172,026
Miscellaneous					168,721	20	168,741
Interest income					2,616	744	3,360
Transfer					956,734	898,517	1,855,251
Total general revenues and transfers					2,283,164	899,281	3,182,445
Changes in net assets					(59,592)	515,872	456,280
Net assets beginning balance					14,880,212	4,990,154	19,870,366
Prior period adjustment					359,014	-	359,014
Net assets - beginning balance adjusted					15,239,226	4,990,154	20,229,380
Net assets - ending					\$ 15,179,634	\$ 5,506,026	\$ 20,685,660

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



**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	<u>2,941,632</u>	<u>646,730</u>	<u>98,039</u>	<u>1,225,056</u>	<u>(971,807)</u>	<u>-</u>	<u>(971,807)</u>
Business-type activities:							
Joint utilities	1,643,043	1,304,094	-	-	-	(338,949)	(338,949)
Total business-type activities	<u>1,643,043</u>	<u>1,304,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(338,949)</u>	<u>(338,949)</u>
Total primary government					(971,807)	(338,949)	(1,310,756)
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 - loss on sale of asset					(2,534)	972,218	969,684
Transfers					(74,702)	346,713	272,011
Total general revenues and transfers					<u>850,419</u>	<u>1,434,595</u>	<u>2,285,014</u>
Changes in net assets					(121,388)	1,095,646	974,258
Net assets - beginning					<u>15,001,600</u>	<u>3,894,508</u>	<u>18,896,108</u>
Net assets - ending					<u>\$ 14,880,212</u>	<u>\$ 4,990,154</u>	<u>\$ 19,870,366</u>

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

**GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Fire Fund	Police Seizure Fund	Cemetery Fund	Total Nonmajor Funds	Total Funds
<b>ASSETS</b>						
Cash	\$ 1,362,827	\$ 107,681	\$ 149,035	\$ 177,087	\$ 427,755	\$ 2,224,385
Taxes receivable	-	-	-	-	-	-
Accounts receivable	97,170	-	-	14,169	5,924	117,263
Other receivables	-	159	-	-	-	159
Due from other funds	-	-	-	13,276	293,037	306,313
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 1,459,997</u>	<u>\$ 107,840</u>	<u>\$ 149,035</u>	<u>\$ 204,532</u>	<u>\$ 726,716</u>	<u>\$ 2,648,120</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 61,933	\$ 185	\$ -	\$ -	\$ 1,015	\$ 63,133
Accrued salaries	17,174	-	-	125	509	17,808
Accrued compensated absences	2,132	-	-	-	425	2,557
Due to Rio Grande Natural Gas agency fund	1,144,839	-	-	-	-	1,144,839
Due to other funds	587,609	-	-	-	-	587,609
Total liabilities	<u>1,813,687</u>	<u>185</u>	<u>-</u>	<u>125</u>	<u>1,949</u>	<u>1,815,946</u>
Fund balances:						
Restricted	-	-	-	-	-	-
For future capital projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Subsequent year's expenditures	-	107,655	149,035	204,407	724,767	1,185,864
Unassigned	(353,690)	-	-	-	-	(353,690)
Total fund balances	<u>(353,690)</u>	<u>107,655</u>	<u>149,035</u>	<u>204,407</u>	<u>724,767</u>	<u>832,174</u>
Total liabilities and fund balances	<u>\$ 1,459,997</u>	<u>\$ 107,840</u>	<u>\$ 149,035</u>	<u>\$ 204,407</u>	<u>\$ 726,716</u>	<u>\$ 2,648,120</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, 2012**

<b>Total fund balances – governmental funds</b>	\$	832,174
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Amounts reported for governmental activities in the statement of net assets  
are different because:

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

Cost of assets	\$	16,952,533	
Deduct capital outlay transfers		<u>1,933,491</u>	
Capital outlay capitalization		15,019,042	
Deduct accumulated depreciation		<u>553,321</u>	
			14,465,721

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		<u>(118,261)</u>	
			<u>(118,261)</u>
<b>Total net assets – governmental activities</b>	<b>\$</b>		<b><u><u>15,179,634</u></u></b>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year-Ended June 30, 2012**

	General Fund	Fire Fund	Police Seizure Fund	Cemetery Fund	Total Non- Major Funds	Total Governmental Funds
<b>REVENUES</b>						
Franchise taxes	\$ 42,683	\$ -	\$ -	\$ -	\$ -	\$ 42,683
Property taxes	71,334	-	-	-	-	71,334
State shared taxes	778,794	-	-	-	-	778,794
Intergovernmental income	40,976	47,973	-	-	-	88,949
State shared taxes	-	-	-	-	1,307	1,307
Charges for services	138,138	47,996	24,193	12,563	92,806	315,696
Small cities assistance	172,026	-	-	-	-	172,026
Other income	55,800	-	-	-	40,732	96,532
Interest income	2,600	-	-	-	13	2,613
Federal grants	515	3	-	-	1,537,145	1,537,663
State grants	-	-	-	-	182,710	182,710
Total revenues	<u>1,302,866</u>	<u>95,972</u>	<u>24,193</u>	<u>12,563</u>	<u>1,854,713</u>	<u>3,290,307</u>
<b>EXPENDITURES</b>						
Current:						
General government	641,089	-	-	-	47,294	688,383
Public safety	733,370	46,793	63,293	-	36,975	880,431
Public works	91,923	-	-	-	168,860	260,783
Culture and recreation	45,130	-	-	7,881	-	53,011
Health and welfare	6,556	-	-	-	14,221	20,777
Capital outlay	-	41,078	-	-	3,324,867	3,365,945
Total expenditures	<u>1,518,068</u>	<u>87,871</u>	<u>63,293</u>	<u>7,881</u>	<u>3,592,217</u>	<u>5,269,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(215,202)</u>	<u>8,101</u>	<u>(39,100)</u>	<u>4,682</u>	<u>(1,737,504)</u>	<u>(1,979,023)</u>
<b>OTHER FINANCING SOURCES</b>						
Loan interest	-	(2,420)	-	-	-	(2,420)
Loan payment	-	(15,805)	-	-	-	(15,805)
Transfers in	378,453	-	-	58,177	1,978,018	2,414,648
Transfers out	(1,438,492)	-	-	-	(1,197)	(1,439,689)
Total other financing sources and Net change in fund balances	<u>(1,060,039)</u>	<u>(18,225)</u>	<u>-</u>	<u>58,177</u>	<u>1,976,821</u>	<u>956,734</u>
Fund balances-beginning	562,537	117,779	188,135	141,548	485,450	1,495,449
Add: prior period adjusted	359,014	-	-	-	-	359,014
Fund balances-beginning, adjusted	921,551	117,779	188,135	141,548	485,450	1,854,463
Fund balances-ending	<u>\$ (353,690)</u>	<u>\$ 107,655</u>	<u>\$ 149,035</u>	<u>\$ 204,407</u>	<u>\$ 724,767</u>	<u>\$ 832,174</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, 2012**

**Total net change in fund balances-governmental funds** \$ (1,022,289)

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

Capital outlays	\$ 3,324,867	
Deduct capital outlays transferred to business activities	<u>1,760,062</u>	
Capital outlays capitalized	1,564,805	
Deduct depreciation expense	<u>553,321</u>	1,011,484
Cost of land sold		(5,000)

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

\$ 15,805

**Change in net assets**

\$ (55,592)

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

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

	General Fund	Fire	Cemetery	Total Non-Major Funds	Total Funds
<b>ASSETS</b>					
Cash	\$ 460,405	\$ 117,461	\$ 109,820	\$ 353,489	\$ 1,041,175
Taxes receivable	-	-	-	-	-
Other receivables	50,274	-	18,452	-	68,726
Due from BTA fund	63,779	-	-	-	63,779
Due from other funds	-	159	-	244,697	244,856
Due from other governments	-	-	13,276	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>
<b>LIABILITIES AND FUND BALANCES</b>					
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**  
**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**

<b>Total fund balances – governmental funds</b>	\$	1,099,277
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Cost of the assets	\$	17,191,122	
Accumulated depreciation		(3,245,109)	
		<u>13,946,013</u>	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)
<b>Total net assets – governmental activities</b>	<b>\$</b>		<b>14,880,212</b>

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



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

	General Fund	Fire	Cemetery	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
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>
<b>EXPENDITURES</b>					
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 (under) expenditures	<u>624</u>	<u>6,658</u>	<u>21,518</u>	<u>(362,142)</u>	<u>(333,342)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
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	565,958	129,130	40,925	710,371	1,446,384
Add: Garden Club	-	-	79,105	-	79,105
Fund balances-beginning adjusted	<u>565,958</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>\$ 117,620</u>	<u>\$ 141,548</u>	<u>\$ 582,667</u>	<u>\$ 1,099,277</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 because:

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, 2012**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable Final to Actual
Revenues:				
Taxes	\$ 94,335	\$ 94,335	\$ 114,017	\$ 19,682
State shared taxes	751,720	768,720	778,794	10,074
	-	-	-	-
Federal grants	-	-	515	515
	-	-	-	-
Intergovernmental income	-	-	40,976	40,976
Charges for services	55,982	183,182	138,138	(45,044)
Small cities assistance	124,000	124,000	172,026	48,026
Interest income	21,000	21,000	2,600	(18,400)
Other income	36,000	36,000	55,800	19,800
Total revenues	<u>1,083,037</u>	<u>1,227,237</u>	<u>1,302,866</u>	<u>75,629</u>
Add: beginning cash	-	-		
	<u>\$ 1,083,037</u>	<u>\$ 1,227,237</u>		
Expenditures:				
Current:				
General government	577,535	613,236	641,089	(27,853)
Public safety	656,924	656,424	733,370	(76,946)
Public works	115,462	112,862	91,923	20,939
Culture and recreation	29,327	29,327	45,130	(15,803)
Health and welfare	6,500	6,500	6,556	(56)
Capital outlay	-	-	-	-
Total expenditures	<u>1,385,748</u>	<u>1,418,349</u>	<u>1,518,068</u>	<u>(99,719)</u>
Excess (deficiency) of revenues over (under)			(215,202)	
Other financing sources (uses)				
Transfers in	-	11,051,117	378,453	(10,672,664)
Transfers out	-	(3,615,376)	(1,438,492)	2,176,884
Total other financing sources (uses)	<u>-</u>	<u>7,435,741</u>	<u>(1,060,039)</u>	<u>(8,495,780)</u>
Net change in fund balance (Non-GAAP basis)			(1,275,241)	
Difference between GAAP and Non-GAAP				
Adjust transfers		-		
Adjust accrued revenue		-		
Adjust accrued expenses		-	-	
Net change in fund balance (Modified GAAP basis)			<u>(1,275,241)</u>	
Fund balance-beginning adjusted			<u>921,551</u>	
Fund balance-ending			<u>\$ (353,690)</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Fire Protection Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
State allotment	\$ 66,198	\$ 66,198	\$ 47,973	\$ (18,225)
State grant	-	-	-	-
Other income	24,225	24,225	47,996	23,771
Investment income	15	15	3	(12)
Total revenues	<u>90,438</u>	<u>90,438</u>	<u>95,972</u>	<u>5,534</u>
Add: beginning cash	117,779	117,779		
	<u>\$ 208,217</u>	<u>\$ 208,217</u>		
Expenditures:				
Public safety	75,281	76,625	46,793	29,832
Capital outlay	65,000	115,000	41,078	73,922
Total expenditures	<u>140,281</u>	<u>191,625</u>	<u>87,871</u>	<u>103,754</u>
Excess (deficiency) revenues over expenditures			8,101	
Other financing sources (uses)				
Interest proceeds	-	-	15,805	15,805
Interest payment	-	-	2,420	2,420
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>18,225</u>	<u>18,225</u>
Net change in fund balance (Non-GAAP basis)			(10,124)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue				
Adjust accrued expenditures		-	-	
		<u>-</u>	<u>-</u>	
Net change in fund balance (Non-GAAP basis)			(10,124)	
Fund balance – beginning			<u>117,779</u>	
Fund balance – ending			<u>\$ 107,655</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Police Seizure Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
State allotment	\$ -	\$ -	\$ -	\$ -
County grant	-	-	-	-
Other income	70,000	70,000	24,193	(45,807)
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>24,193</u>	<u>(45,807)</u>
 Add: beginning cash	 188,135	 188,135		
	<u>\$ 258,135</u>	<u>\$ 258,135</u>		
 Expenditures:				
Public safety	70,000	70,000	63,293	6,707
Capital outlay	-	-	-	-
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>63,293</u>	<u>6,707</u>
 Excess (deficiency) revenues over expenditures			(39,100)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance (Non-GAAP basis)			(39,100)	
 Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenue				
Adjust accrued expense		-	-	
 Net change in fund balance (Non-GAAP basis)			(39,100)	
 Fund balance – beginning			<u>188,135</u>	
 Fund balance – ending			<u>\$ 149,035</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Cemetery Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Charges for services	\$ 9,600	\$ 11,300	\$ 12,563	\$ 1,263
Total revenues	<u>9,600</u>	<u>11,300</u>	<u>12,563</u>	<u>1,263</u>
Add: beginning cash	<u>176,686</u>	<u>176,686</u>		
	<u>\$ 186,286</u>	<u>\$ 187,986</u>		
Expenditures:				
Health and Welfare	17,777	17,777	-	17,777
Capital outlay	50,000	50,000	7,881	42,119
Total expenditures	<u>67,777</u>	<u>67,777</u>	<u>7,881</u>	<u>59,896</u>
Excess (deficiency) revenues over expenditures			4,682	
Other financing sources (uses)				
Transfers in	58,177	58,177	58,177	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>58,177</u>	<u>58,177</u>	<u>58,177</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)			62,859	
Fund balance – beginning			<u>141,548</u>	
Fund balance – ending			<u>\$ 204,407</u>	

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

**PROPRIETARY FUND**

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

	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash	\$ 541,128	\$ 1,632,543
Other receivable	-	8,750
Accounts receivable	62,827	54,193
Due from other funds	281,296	132,326
Total current assets	885,251	1,827,812
Noncurrent assets:		
Restricted cash:		
Revenue bond service	-	25,911
Revenue bond reserve	136,293	109,738
Customer deposits	35,360	35,564
System improvements	25,842	56,848
Water operating reserve	70,745	-
Wastewater repair and replacement	58,237	-
Rural development debt service	49,588	-
Wastewater fund	-	25,842
Total restricted cash	376,065	253,903
Capital assets:		
Land	62,099	62,099
Other capital assets net of depreciation	5,059,594	3,102,215
Total capital assets	5,121,693	3,164,314
Total assets	\$ 6,383,009	\$ 5,246,029
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 15,155	\$ 5,328
Accrued interest payable	-	7,649
Accrued salaries	-	-
Customer deposits	35,480	35,504
Accrued compensated absences	2,349	-
Current portion of long-term liabilities	19,400	14,078
Total current liabilities	72,384	62,559
Noncurrent liabilities:		
Notes payable	804,599	193,256
Total liabilities	876,983	255,815
<b>NET ASSETS</b>		
Invested in capital assets-net of related debt	4,497,193	2,958,198
Restricted for:		
Bond reserve	136,293	135,649
Wastewater repairs and replacement	58,237	49,522
System improvements	25,842	56,848
Water operating reserve	70,745	70,442
Rural development reserve	49,588	-
Unrestricted:	668,128	1,719,495
Total net assets	\$ 5,506,026	\$ 4,990,154

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,**

	2012	2011
Operating revenues		
Charges for service	\$ 675,210	\$ 1,295,236
Municipal taxes	84,270	125,024
Connection charges	5,161	8,858
Total operating revenues	764,641	1,429,118
Operating expenses		
Personnel services	252,747	239,505
Contractual expenses	332,126	5,154
Other operating expenses	23,133	295,453
Loan payments	19,400	18,837
Interest expense	18,848	-
Purchase of gas	-	413,257
Garbage contract	200,470	195,849
Capital outlay	-	-
Total operating expenses	846,724	1,168,055
Net operating income (loss) from operations	(82,133)	261,063
Depreciation	301,326	273,675
	(383,459)	(12,612)
Operating income (loss) before contributions and transfers		
Non-operating revenues (expense)		
Gain on sale of gas infrastructure	-	983,010
Loss on capital assets retired	-	(10,792)
Miscellaneous income	20	18,612
Interest income	744	623
Interest expense	-	(9,983)
Transfers in	139,438	346,713
Transfers out	(1,114,396)	-
Total non-operating revenues (expenditures)	(974,194)	1,328,183
Change in net assets	(1,357,653)	1,315,571
Total net assets - beginning	2,025,781	403,924
Total net assets - ending	\$ 668,128	\$ 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 Fund - Utilities**  
**For the Year-Ended June 30,**

	2012	2011
Cash flows from operating activities:		
Cash received from agencies and customers	\$ 764,641	\$ 1,429,118
Cash used for operating expenses	(658,526)	(929,859)
Cash used for personnel services	(252,798)	239,205
Net cash (used) for operating activities	(146,683)	260,054
Cash flows from financing activities:		
Principal payment on notes	(11,500)	(5,919)
Principal payment on bonds	(7,900)	(7,147)
Miscellaneous income	-	-
Interest expense	(18,848)	(9,983)
Transfer out	(975,588)	(180,321)
Sale of gas infrastructure	-	983,010
Net cash used for financing activities	(1,013,836)	779,640
Cash flows from investing activities:		
Increase in debt	190,562	-
Miscellaneous income	20	-
Interest income	744	623
Net cash provided by investing activities	191,326	623
Net increase (decrease) in cash and cash equivalents	(969,193)	1,040,317
Cash and cash equivalents – beginning	1,886,386	846,069
Cash and cash equivalents – ending	\$ 917,193	\$ 1,886,386
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (383,459)	(12,612)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Loan payments	19,400	-
Interest expense	18,848	-
Depreciation	301,326	273,675
Changes in assets and liabilities:		
(Increase) decrease accounts receivable	(54,077)	(6,716)
Other receivable	(10,842)	(334)
Due from other funds	2,715	-
(Increase) decrease accounts payable	5,328	49,455
Increase (decrease) accrued interest payable	(7,949)	(151)
Due other funds	(40,298)	-
Increase (decrease) customer deposits	(24)	(22,547)
Increase (decrease) uncompensated absences	2,349	(20,716)
Net cash provided (used) by operating activities	\$ (146,683)	\$ 260,054

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, 2012**

	Rio Grande Natural Gas Association Agency Fund	Private-Purpose Trust	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 6,858,417	\$ 354,298	\$ 2,000
Note receivable	-	169,374	-
Land	1,994,137	-	-
Due from Village of Hatch	1,144,839	-	-
<b>Total assets</b>	<b>\$ 9,997,393</b>	<b>\$ 523,672</b>	<b>\$ 2,000</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net assets</b>			
Held in trust for private-purpose			
Held in fiduciary fund account	\$ 9,997,393	\$ 523,672	\$ 2,000

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year-ended June 30, 2012**

	<u>Rio Grande Natural Gas Association Agency Fund</u>	<u>Private-Purpose Fund</u>
Additions		
Transfer in		
Investment earnings	\$ 9,985,839	\$ -
Interest	11,554	2,732
Total	<u>9,997,393</u>	<u>2,732</u>
Change in net assets	9,997,393	2,732
Net assets – beginning of the year	<u>-</u>	<u>520,940</u>
Net assets – end of the year	<u>\$ 9,997,393</u>	<u>\$ 523,672</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**For the Year-ended 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>

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

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

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

## **NOTES TO FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Notes to Financial Statements**  
**June 30, 2012**

**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.

*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.

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**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.

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**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 Village reports the following major funds:

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.

Special revenue funds considered major funds are as follows:

**Fire Fund** – State statutes section 59-15, provides the revenue accumulated by the state from taxes on fire and vehicle insurance companies and deposits in the Fire Protection Fund to be distributed to local public bodies for the operation, betterment and maintenance of local fire departments. This fund is used to account for the operation of the Village's fire protection agency. Expenses do not include personnel costs. (NMSA 59A-57-1)

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

**Cemetery Fund** – To account for revenue and expenditures for the cemetery facility financing is provided by grants and the Garden Club. (NMSA 35-14-11)

The Village reports the following nonmajor funds:

The *Special Revenue Funds*

**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 Doña Ana County (NMSA 7-12-6.11).

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*The Special Revenue Funds (continued)*

**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).

**Solar Project** – To account for electrical services provided by the Solar System that is leased on a month to month basis.

**Economic Development** – State Appropriation provided to assist Village in economic development.

**Stone Garden** – State Grant renewed to establish law enforcement program.

**Planning Grant** – Grant established by State Appropriation to assist in the Capital Asset program.

**Swimming Pool Facility** – The swimming pool facility was opened to the public during the current year. This fund is to assist in accounting for revenues and expenditures of the facility.

*The Capital Projects Funds*

**Swim-Train Facility** - To account for the receipt and expenditures of the Village of Hatch for a new swimming facility

**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 and Federal Grant 3-35-0021-007-2011.

**Water Well 09-3876-STB and SAP8 3852-GT** –To account for the receipt and expenditures of the State Legislative Appropriation for the new water wells.

**Municipal Street** – To account for receipts and expenditures of State Grant for street improvements.

**Placitas Arroyo** – To account for receipt and expenditure for improvement of Placitas Arroyo.

**Rural Development Project** – To record expenses and revenues for Federal Grant 90185 for the installation of a waste water system for the Village.

**Canal Road** – To account for receipts and expenditures for State Appropriation SP 1-11- (1958) for the improvement of Canal Road.

**STATE OF NEW MEXICO**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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 report assets held in a trustee or agency capacity for other and governmental agencies, therefore, cannot be used to support the Village's own programs.

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.

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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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 sixty (60) days. Property taxes are assessed and collected by Doña Ana County. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either inter-fund receivable or inter-fund payable.

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

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.

**STATE OF NEW MEXICO  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	10-80
Buildings	15-40
Other improvements	15-40
Machinery and equipment (including computer software)	5-10

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

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

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

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

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

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

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**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. The Board of Trustees has restricted these funds for future capital projects with joint approval of the citizens of the Village of Hatch.

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

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

Assigned fund balance – The fund balance portion of fund balance that the Village intends to use for specific purposes. By ordinance, the Board of Trustees authorizes the Village manager to allocate funds for specific functions. The Board of Trustees approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriation by resource or appropriation within a functional area or fund.

Subsequent year’s expenditures – The portion of fund balance that is appropriated in the next year’s budget that is not already classified as restricted or committed fund balance.

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.

Subsequent year’s expenditures – portion of fund balance in the new year’s budget that is not already classified as restricted or committed fund balance.

**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  
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**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*E. 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's 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 of accounting, 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 as amended with actual data on a budgetary basis through June 30, 2012.

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, 2012 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.

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Police Seizure Fund</u>	<u>Cemetery Fund</u>	<u>Nonmajor Funds</u>	<u>Proprietary Fund</u>
Net change in fund balance (Non Modified GAAP basis)	\$ (215,202)	\$ 8,101	\$ (39,100)	\$ 4,682	\$ (1,737,504)	\$ (43,885)
Adjustments:						
To revenues for tax accruals, earnings on investments and other deferrals and accruals	\$ 1,060,039	\$ (18,225)	\$ -	\$ 58,177	\$ 1,970,821	\$ (1,313,768)
Net change in fund balance over expenditures (budget basis)	\$ 1,275,241	\$ (10,124)	\$ (39,100)	\$ 62,859	\$ 239,317	\$ (1,357,653)

**STATE OF NEW MEXICO  
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**NOTE 3 CUSTODIAL CREDIT RISK - DEPOSITS**

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

<u>Depository Account</u>	Bank Balance	
	2012	2011
Insured	\$ 2,655,930	\$ 1,823,793
Collateralized:		
Collateral held by pledging bank's trust department not in the Village's name	10,820,798	1,214,505
Uninsured and uncollateralized	(3,022,329)	(110,937)
 Total Cash held at bank, primary government	 \$ 10,454,399	 \$ 2,927,361

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, 2012, \$(3,022,329) of the Village's bank balance of \$10,454,400 was exposed to custodial credit risk as follows:

	2012	2011
Uninsured and uncollateralized	\$ (7,798,469)	\$ 110,341
Uninsured and collateral held by pledging bank's trust department not in Village's name	10,820,798	1,214,505
Total cash, primary government	\$ (3,022,329)	\$ (110,937)

**NOTE 4 RECEIVABLES**

Receivables as of June 30, 2012 are as follows:

	Governmental		
	Funds	Proprietary Fund	Total
Other receivables	\$ 159	\$ -	\$ 159
Due from other funds	306,313	281,296	587,609
Accounts receivable	117,263	62,827	180,090
Net receivables	\$ 423,735	\$ 344,123	\$ 767,858

Receivables as of June 30, 2011 are as follows:

	Governmental		
	Funds	Proprietary Fund	Total
Property tax receivables	\$ 517	\$ -	\$ 517
Other receivables	63,262	8,750	72,012
Due from other funds	34,524	132,326	166,850
Accounts receivable	68,726	54,193	122,919
Net receivables	\$ 167,029	\$ 195,269	\$ 362,298

These receivables are considered fully collectible as of June 30, 2011.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Notes to Financial Statements  
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**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 6/30/2012
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	23,506
Net receivables	<u>\$ 265,000</u>		<u>\$ 169,374</u>

These notes receivable are considered fully collectible as of June 30, 2012 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.

**NOTE 6 CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2012. Land is not subject to depreciation.

<b>Governmental Activities:</b>	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 2,216,112	\$ -	\$ 5,000	\$ 2,211,112
Construction in progress	2,034,865	-	2,034,865	-
Total	<u>4,250,977</u>	<u>-</u>	<u>2,039,865</u>	<u>2,211,112</u>
Other capital assets being depreciated				
Buildings	2,818,477	14,735	-	2,833,212
Other improvements	6,425,259	2,773,903	-	9,199,162
Infrastructure	3,104,053	300,774	32,822	3,372,005
Machinery and equipment	592,356	68,820	-	661,176
Total	<u>12,940,145</u>	<u>3,158,232</u>	<u>32,822</u>	<u>16,065,555</u>
Accumulated depreciation:				
Buildings	(1,526,906)	(124,593)	-	(1,651,499)
Other improvements	(647,946)	(77,850)	-	(725,796)
Infrastructure	(458,765)	(255,378)	-	(714,143)
Machinery and equipment	(611,492)	(75,194)	32,822	(719,508)
Total	<u>(3,245,109)</u>	<u>(533,015)</u>	<u>32,822</u>	<u>(3,810,946)</u>
Net book value	<u>\$ 13,946,013</u>	<u>\$ 2,625,217</u>	<u>\$ 2,105,509</u>	<u>\$ 14,465,721</u>

**STATE OF NEW MEXICO  
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**NOTE 6 CAPITAL ASSETS (continued)**

Depreciation expense for the year-ended June 30, 2012 was charged as follows:

General governmental	\$	86,183
Public safety		133,171
Public works		276,689
Culture and recreation		12,876
Health and welfare		26,096
Total expense	\$	535,015

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>Business-Like Activities:</b>				
Capital assets not being depreciated				
Land	\$ 62,099	\$ -	\$ -	\$ 62,099
Construction in progress	-	1,793,176	-	1,793,176
Total	62,099	1,793,176	-	1,855,275
Other capital assets being depreciated				
Buildings	54,666	-	-	54,666
Utility system	116,389	465,539	-	581,928
Machinery and equipment	8,244,913	-	49,276	8,195,637
Total	8,415,968	465,539	49,276	8,832,231
Accumulated depreciation				
Buildings	(54,666)	-	-	(54,666)
Utility system	(4,287,870)	(185,450)	-	(4,473,320)
Machinery and equipment	(971,217)	(115,876)	(49,276)	(1,037,827)
Total	(5,313,753)	(301,326)	(49,276)	(5,565,813)
Net book value	\$ 3,164,314	\$ 1,957,389	\$ -	\$ 5,121,693

Depreciation expense relating to business-like activities for the year-ended June 30, 2012 totaled \$301,326.

**STATE OF NEW MEXICO  
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**NOTE 7 LONG-TERM DEBT**

During the year-ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

<b>Governmental Funds:</b>	Balance June 30, 2011	Additions	Decreases	Balance June 30, 2012	Due Within One Year
NM Finance Authority - fire pumper truck	\$ 134,066	\$ -	\$ 15,805	\$ 118,261	\$ 16,276
ARRA loan	31,032	-	31,032	-	-
Compensated absences	11,314	2,557	11,314	2,557	2,557
<b>Total long-term liabilities</b>	<b>\$ 176,412</b>	<b>\$ 2,557</b>	<b>\$ 58,151</b>	<b>\$ 120,818</b>	<b>\$ 18,833</b>

Compensated absences typically have been liquidated in the general and other governmental funds. Interest expense of \$9,510 was paid during the year-ended June 30, 2012.

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
2013	\$ 16,034	\$ 982	\$ 17,016
2014	16,288	846	17,134
2015	16,560	701	17,261
2016	16,851	544	17,395
2017	17,164	375	17,539
2018-2019	35,364	570	35,934
	<b>\$ 118,261</b>	<b>\$ 4,018</b>	<b>\$ 122,279</b>

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, 2012**

**NOTE 7 LONG-TERM DEBT (continued)**

<b>Proprietary Fund:</b>	Balance June 30, 2011	Additions	Decreases	Balance June 30, 2012	One Year
New Mexico Environment Dept	\$ 5,854	\$ -	\$ 5,854	\$ -	\$ -
Revenue Bonds	207,339	-	7,840	199,499	7,900
Compensated absences	1,239	2,349	1,239	2,349	2,349
Rural Development	-	445,000	7,000	438,000	7,000
Rural Development	-	141,000	2,000	139,000	2,000
ARRA	-	50,000	2,500	47,500	2,500
<b>Total long-term debt</b>	<b>\$ 214,432</b>	<b>\$ 638,349</b>	<b>\$ 26,433</b>	<b>\$ 826,348</b>	<b>\$ 21,749</b>

Interest expense of \$10,130 was paid during the year-ended June 30, 2012.

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

A loan was made to the Village of Hatch from the United States Department of Agriculture for the construction of the waste water system in the amount of \$636,000 to be paid in 40 payments at \$11,500 annually with an annual interest rate of 0.02375.

The annual requirements to amortize note to ARRA:

Fiscal Year- Ending	Principal
2013	\$ 2,500
2014	2,500
2015	2,500
2016	2,500
2017	2,500
2018-2023	15,000
2023-2038	15,000
2039-2039	5,000
	<u>\$ 47,500</u>

The annual requirements to amortize note to Rural Development USDA:

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Notes to Financial Statements  
June 30, 2012**

**NOTE 7 LONG-TERM DEBT (continued)**

The annual requirements to amortize note to Rural Development USDA:

<u>Fiscal Year- Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,000	\$ 3,040	\$ 5,040
2014	2,000	3,000	5,000
2015	2,000	2,950	4,950
2016	2,000	2,900	4,900
2017	2,000	2,850	4,850
2018	11,000	13,560	24,560
2023-2027	15,000	12,010	27,010
2028-2032	15,000	10,240	25,240
2033-2037	17,000	8,420	25,420
2038-2042	21,000	6,190	27,190
2043-2047	21,000	3,810	24,810
2048-2050	29,000	1,020	30,020
	<u>\$ 139,000</u>	<u>\$ 69,990</u>	<u>\$ 208,990</u>

<u>Fiscal Year- Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 7,000	\$ 11,740	\$ 18,740
2014	7,000	11,550	18,550
2015	7,000	11,370	18,370
2016	7,000	11,990	18,990
2017	7,000	11,000	18,000
2018-2022	40,000	33,000	73,000
2023-2027	60,000	36,480	96,480
2028-2032	52,000	30,160	82,160
2033-2037	46,000	32,940	78,940
2038-2042	68,000	14,610	82,610
2043-2047	77,000	8,320	85,320
2048-2051	60,000	3,190	63,190
	<u>\$ 438,000</u>	<u>\$216,350</u>	<u>\$ 654,350</u>

**STATE OF NEW MEXICO  
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Notes to Financial Statements  
June 30, 2012**

**NOTE 7 LONG-TERM DEBT (continued)**

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

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:

<u>Fiscal Year- Ending June 30,</u>	<u>Principal</u>
2013	\$ 7,900
2014	7,000
2015	4,000
2016	4,000
2017	4,000
2018-2023	45,199
2024-2028	32,000
2029-2033	38,000
2034-2038	57,400
	<u>\$ 199,499</u>

**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 \$35,722 and \$43,926 in insurance premiums for the year-ended June 30, 2012 and June 30, 2011, respectively.

**NOTE 9 PERA PENSION PLAN**

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

**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, 2012, 2011 and 2010 were \$2,997, \$30,388, and \$55,633, respectively, which equal the amount of the required contributions for each fiscal year.



**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
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June 30, 2012**

**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](http://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, 2011, 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, 2012 through June 30, 2014 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>
FY13	2.000%	1.000%
FY14	2.00%	1.00%
FY15	2.00%	1.00%

**STATE OF NEW MEXICO  
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Notes to Financial Statements  
June 30, 2012**

**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>
FY13	2.500%	1.250%
FY14	2.50%	1.25%
FY15	2.50%	1.25%

Also, employers joining the program after January 1, 1998 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, 2012, 2011, 2010 were \$8,645, \$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 DUE TO RIO GRANDE NATURAL GAS ASSOCIATION AGENCY FUND**

During the year ending June 30, 2012, an amount of \$1,144,839 was advanced from the Rio Grande Natural Gas Association to the Village of Hatch that will be repaid, without interest, when the funds are transferred at the termination of the Agency agreement for Rio Grande Natural Gas Association.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Notes to Financial Statements  
June 30, 2012**

**NOTE 12 INTER-FUND TRANSFERS AND BALANCES**

Transfers to/from other funds at June 30, 2012, consist of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
\$ (1,198)	Lodger's Tax	General Fund	To cover expenditures
52,442	Juvenile Fund	General Fund	To cover expenditures
34,106	Wastewater	General Fund	To cover construction costs
(1,080,290)	Utility Fund	General Fund	To cover expenses
173,176	General Fund	Library	To establish fund
58,177	General Fund	Cemetery	To return advance for expenditures
1,100,467	General Fund	Swimming Complex	To cover expenses
179,292	General Fund	Airport	To cover expenses
22,957	General Fund	Roads	To transfer for loan proceeds
14,221	General Fund	Parks and Recreation	To cover principle payment one note
322,315	General Fund	Rural Development	To transfer funds received
55,118	General Fund	Equipment and Building	To cover expenditures
6,562	General Fund	Planning Grant	To cover expenses
71,926	General Fund	Water	To reimburse payments from fund
51,467	General Fund	Water Well	To cover expenses
50,948	General Fund	ARRA Loan	ARRA loan
4,900	General Fund	USDA Loan 407	USDA loan 407
11,664	General Fund	USDA Loan 444	USDA loan 414

**NOTE 13 RIO GRANDE NATURAL GAS ASSOCIATION**

Effective July 6, 2010, the governing bodies of the Village of Hatch and the City of Las Cruces adopted resolutions reorganizing the Association. The Village remained the active member and has 100% ownership interest in the Association and is solely entitled to appoint all members of the new board of directors. The new board has the sole power to act on behalf of the Association, with no further involvement by the City. The City remains a member to meet the statutory requirements of NMSA 1978, Section 3-28-1 (1993), but has no economic interest in the Association. The City continued to provide certain services to the reorganized Association in accordance with a Cooperative Services Agreement until April 1, 2011 and continued to serve as fiscal agent through June 30, 2011. The Village has the responsibilities as fiscal agent for Rio Grande Natural Gas Association.

The reorganized Association's Board of Directors signed a resolution on August 24, 2010, approving an agreement to sell capital assets that were not transferred to the City to Zia Natural Gas Company, a division of Natural Gas Processing Co., a Wyoming corporation operating as a regulated public utility in New Mexico. The sale was approved, not subject to appeals, by the New Mexico Public Regulation Commission (PRC) on March 19, 2011. Rio Grande Natural Gas Association is in the process of dissolving the organization. The Village of Hatch will receive all of the assets remaining upon dissolution of the organization.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Notes to Financial Statements  
June 30, 2012**

**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, 2012:

Fund	Category	Over Expended	Reason
General Fund		\$ 99,719	
Parks and Recreation	Culture and recreation	139,013	Expenditures incurred greater than expected
Swim-Train Facility	Capital outlay	226,309	Expenditures incurred greater than expected
Corrections		17,110	Expenditures incurred greater than expected
EMS		5	Expenditures incurred greater than expected
Swimming Pool Facility	Capital outlay	539	Was not budgeted
Solar Project		40,782	Was not budgeted
Canal Road		78,479	Was not budgeted
Water Well SAP 97-352-GF		21,299	Was not budgeted
Legislative Appropriation		68,333	Was not budgeted
Total		<u>\$ 691,588</u>	

**NOTE 15 INTERFUND TRANSACTIONS**

Fund Legislative Appropriations	\$ 8,048	Advance for expendiures
Airport Action	145,784	Advance for expendiures
Street Appropriations	8,048	Advance for expendiures
Street Improvement	127,135	To cover expenditures
Cemetery	13,276	To transfer beginning balance
Law Enforcement	<u>4,022</u>	
	<u>\$ 306,313</u>	
Business Activitiy		
Water	\$ 2,665	Advance for expendiures
Gas	38,204	Advance for expendiures
Waste Water	<u>240,427</u>	Advance for expendiures
	<u>\$ 281,296</u>	
Total	<u>\$ 587,609</u>	

The advances are not made to be permanent interfund advances.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Notes to Financial Statements  
June 30, 2012**

**NOTE 15 FUND BALANCE CLASSIFICATION**

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 Balance	General	Capital Improvements	Fire Fund	Police Fund	Cemetery Funds	Nonmajor Governmental Funds	Total
None Spendable							
Restricted for:							
Canal Road	\$ -	\$ 52,696	\$ -	\$ -	\$ -	\$ -	
Airport plan	-	169,000	-	-	-	-	
Municipal street appropriation	-	64,322	-	-	-	-	
Street sweeper	-	31,734	-	-	-	-	
Street improvement	-	127,135	-	-	-	-	
Legislative	-	31,950	-	-	-	-	
Water Well	-	215	-	-	-	-	
Library	-	-	-	-	-	72,429	
Lodger's tax	-	-	-	-	-	1,254	
Parks and Recreation	-	-	-	-	-	(195,734)	
Corrections	-	-	-	-	-	96,683	
EMS	-	-	-	-	-	434	
Environment development	-	-	-	-	-	5,000	
Cemetery	-	-	-	-	-	-	
Swimming pool	-	-	-	-	-	15,806	
Law enforcement	-	-	-	-	-	4,022	
Committed to:							
Debt service payments	-	-	-	-	-	-	-
Restricted for future capital projects	-	-	-	-	-	-	-
Assigned for subsequent years expenditures	-	477,052	107,655	149,035	204,407	(106)	938,043
Unassigned	(353,690)	-	-	-	-	-	(353,690)
Total governmental funds	<u>\$ (353,690)</u>	<u>\$ 477,052</u>	<u>\$ 107,655</u>	<u>\$ 149,035</u>	<u>\$ 204,407</u>	<u>\$ (106)</u>	<u>\$ 584,353</u>

Nonmajor funds were reclassified to assigned in order to comply with the provisions set forth by GASB 54. These funds are assigned to the specific fund designated or subsequent year's expenditures for that fund.

**NOTE 16 CONTINGENT LIABILITY**

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Notes to Financial Statements**  
**June 30, 2012**

**NOTE 16 CONTINGENT LIABILITY (continued)**

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 as settlement to cancel the lien. The Board voted on October 18, 2010 to accept the 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 5<sup>th</sup> of the month until the balance is paid. The payments began on January 5, 2011.

**NOTE 17 SUBSEQUENT EVENTS**

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

On September 1, 2010, the Village was granted the Board oversight in Rio Grande Natural Gas Association. Currently, the Public Regulation Commission (PRC) in Santa Fe, New Mexico has been petitioned to dissolve the not-for-profit. The total amount of proceeds to be distributed cannot be determined at this time.

**NOTE 18 PROPERTY TAXES**

The property tax calendar is for a one-year period. The assessed value is \$15,437,459, which resulted in assessed taxes of \$83,307 at the tax rate of 4.780 percent. Collections for 2011/2012 were \$66,724. The remaining balance due at June 30, 2012 is \$9,985. The balance is not expected to be received within one year is \$134. The delinquent rolls amounted to \$6,790 at June 30, 2012. It is estimated that \$91 is uncollectable. The lien dates scheduled due and collection dates are the same as Doña Ana County.

**NOTE 19 PRIOR PERIOD ADJUSTMENT**

The system of paying the payroll was organized where the respective department that pays payroll sends the time sheets to the Town Treasurer to calculate and prepare the respective pay check to be distributed to the employee. The payroll check would be paid from a payroll account in the general fund for all departments. The respective department would reimburse the payroll bank account in the general fund for these checks. A clearing account was established to account for these transfers. This clearing account should balance to zero under normal circumstances. During the conversion from the manual system to the computer system, an accumulation of a credit balance occurred. Management has not been able to reconcile this credit balance over the last two years. The system has been corrected so that the clearing account balances prior to issuing the payroll checks. The respective department payroll expenses are not overstated by this amount. Management made the decision to treat this credit as a transfer account that should be credited to the fund balance of the general fund in order to close this difference in the payroll clearance account in this fiscal year.

**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Nonmajor Governmental Funds  
June 30, 2012**

**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 Doña Ana 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).

**Solar Project** – To account for electrical services provided by the Solar System that is leased on a month to month basis.

**Economic Development** – State Appropriation provided to assist Village in economic development.

**Stone Garden** – State Grant renewed to establish law enforcement program.

**Planning Grant** – Grant established by State Appropriation to assist in the Capital Asset program.

**Swimming Pool Facility** – The swimming pool facility was opened to the public during the current year. This fund is to assist in accounting for revenues and expenditures of the facility.



**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**Combining Balance Sheet**  
**June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 240,341	\$ 187,414	\$ 427,755
Accounts receivable	5,301	623	5,924
Due from other funds	4,022	289,015	293,037
Total assets	<u>\$ 249,664</u>	<u>\$ 477,052</u>	<u>\$ 726,716</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,015	\$ -	\$ 1,015
Accrued salaries	509		509
Accrued compensated absences	425	.	425
Total liabilities	<u>1,949</u>	<u>-</u>	<u>1,949</u>
Fund balances:			
Assigned	<u>247,715</u>	<u>477,052</u>	<u>724,767</u>
Total fund balance	<u>247,715</u>	<u>477,052</u>	<u>724,767</u>
Total liabilities and fund balance	<u>\$ 249,664</u>	<u>\$ 477,052</u>	<u>\$ 726,716</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year-Ended June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Totals
<b>REVENUES</b>			
State shared taxes	\$ 1,307	\$ -	\$ 1,307
State allotment	92,806	-	92,806
Other income	40,732	-	40,732
Interest income	-	13	13
Federal grants	5,000	1,532,145	1,537,145
State grants	1,947	180,763	182,710
Total revenues	<u>141,792</u>	<u>1,712,921</u>	<u>1,854,713</u>
<b>EXPENDITURES</b>			
Current:			
General government	47,294	-	47,294
Public safety	36,975	-	36,975
Public works	168,860	-	168,860
Culture and recreation	-	-	-
Health and welfare	-	14,221	14,221
Capital outlay	-	3,324,867	3,324,867
Total expenditures	<u>253,129</u>	<u>3,339,088</u>	<u>3,592,217</u>
Excess (deficiency) revenues over expenditures	<u>(111,337)</u>	<u>(1,626,167)</u>	<u>(1,737,504)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	232,180	1,745,838	1,978,018
Transfers out	(1,197)	-	(1,197)
Total other financing sources (uses)	<u>230,983</u>	<u>1,745,838</u>	<u>1,976,821</u>
Net change in fund balances	119,646	119,671	239,317
Fund balances – beginning	<u>128,069</u>	<u>357,381</u>	<u>485,450</u>
Fund balances – ending	<u>\$ 247,715</u>	<u>\$ 477,052</u>	<u>\$ 724,767</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Combining Balance Sheet  
June 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Total
<b>ASSETS</b>			
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
Total assets	<u>\$ 327,172</u>	<u>\$ 305,538</u>	<u>\$ 632,710</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts 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**  
**NONMAJOR 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
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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  
NONMAJOR GOVERNMENTAL FUND TYPES  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2012**

	Stone Garden	Library	Lodger's Tax	Parks and Recreation	Corrections	Economic Development	Sub-Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 74,234	\$ 1,392	\$ 51,078	\$ 91,858	\$ 5,000	\$ 223,562
Accounts receivable	-	-	-	-	5,301	-	5,301
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 74,234</u>	<u>\$ 1,392</u>	<u>\$ 51,078</u>	<u>\$ 97,159</u>	<u>\$ 5,000</u>	<u>\$ 228,863</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 476	\$ -	\$ 476
Accrued salaries	-	207	138	164	-	-	509
Due to other funds	-	-	-	-	-	-	-
Accrued compensated absences	-	425	-	-	-	-	425
Total liabilities	<u>-</u>	<u>632</u>	<u>138</u>	<u>164</u>	<u>476</u>	<u>-</u>	<u>1,410</u>
Fund balances:							
Unreserved for special revenue funds	<u>-</u>	<u>73,602</u>	<u>1,254</u>	<u>50,914</u>	<u>96,683</u>	<u>5,000</u>	<u>227,453</u>
Total fund balances	<u>-</u>	<u>73,602</u>	<u>1,254</u>	<u>50,914</u>	<u>96,683</u>	<u>5,000</u>	<u>227,453</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 74,234</u>	<u>\$ 1,392</u>	<u>\$ 51,078</u>	<u>\$ 97,159</u>	<u>\$ 5,000</u>	<u>\$ 228,863</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2012**

	Solar Project	Swimming Pool Facility	Law Enforcement	Planning Grant	EMS	Sub-Total Page 1	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 16,345	\$ -	\$ -	\$ 434	\$ 223,562	\$ 240,341
Accounts receivable	-	-	-	-	-	5,301	5,301
Due from other funds	-	-	4,022	-	-	-	4,022
Other receivables	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 16,345</b>	<b>\$ 4,022</b>	<b>\$ -</b>	<b>\$ 434</b>	<b>\$ 228,863</b>	<b>\$ 249,664</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ 539	\$ -	\$ -	\$ -	\$ 476	\$ 1,015
Accrued salaries	-	-	-	-	-	509	509
Due to other funds	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	425	425
<b>Total liabilities</b>	<b>-</b>	<b>539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,410</b>	<b>1,949</b>
Fund balances:							
Unreserved for special revenue funds	-	15,806	4,022	-	434	227,453	247,715
<b>Total fund balances</b>	<b>-</b>	<b>15,806</b>	<b>4,022</b>	<b>-</b>	<b>434</b>	<b>227,453</b>	<b>247,715</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 15,806</b>	<b>\$ 4,022</b>	<b>\$ -</b>	<b>\$ 434</b>	<b>\$ 228,863</b>	<b>\$ 249,664</b>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year-Ended June 30, 2012**

	Solar Project	Economic Development	Library	Lodger's Tax	Parks and Recreation	Corrections	Sub-total
<b>REVENUES:</b>							
State shared taxes	\$ -	\$ -	\$ -	\$ 1,307	\$ -	\$ -	\$ 1,307
Intergovernmental income	-	-	-	-	-	-	-
State allotment	-	-	16,876	-	13,577	13,370	43,823
Charges for services	40,732	-	-	-	-	-	40,732
Other income	-	-	-	-	-	-	-
Interest income	-	5,000	-	-	-	-	5,000
Federal grants	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-
County grants	-	-	-	-	-	-	-
Total revenues	<u>40,732</u>	<u>5,000</u>	<u>16,876</u>	<u>1,307</u>	<u>13,577</u>	<u>13,370</u>	<u>90,862</u>
<b>EXPENDITURES:</b>							
Current:							
General government	40,732	-	-	-	-	-	40,732
Public safety	-	-	-	-	-	2,390	2,390
Public works	-	-	134,234	-	34,087	-	168,321
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>40,732</u>	<u>-</u>	<u>134,234</u>	<u>-</u>	<u>34,087</u>	<u>2,390</u>	<u>211,443</u>
Excess (deficiency) revenues over expenditures	-	5,000	(117,358)	1,307	(20,510)	10,980	(120,581)
<b>OTHER FINANCING SOURCES (USES):</b>							
Loan proceeds	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Transfers in	-	-	173,176	-	52,442	-	225,618
Transfers out	-	-	-	(1,197)	-	-	(1,197)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>173,176</u>	<u>(1,197)</u>	<u>52,442</u>	<u>-</u>	<u>224,421</u>
Net change in fund balances	-	5,000	55,818	110	31,932	10,980	103,840
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>17,784</u>	<u>1,144</u>	<u>18,982</u>	<u>85,703</u>	<u>123,613</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 73,602</u>	<u>\$ 1,254</u>	<u>\$ 50,914</u>	<u>\$ 96,683</u>	<u>\$ 227,453</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year-Ended June 30, 2012**

	Stone Garden Grant	Planning Grant	Swimming Pool Facility	Law Enforcement	EMS	Sub-Total	Total
<b>REVENUES:</b>							
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,307	\$ 1,307
Intergovernmental income	-	-	-	-	-	-	-
State allotment	-	-	16,345	24,800	7,838	43,823	92,806
Charges for services	-	-	-	-	-	40,732	40,732
Other income	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	5,000	5,000
Federal grants	-	-	-	-	-	-	-
State grants	1,947	-	-	-	-	-	1,947
County grants	-	-	-	-	-	-	-
Total revenues	<u>1,947</u>	<u>-</u>	<u>16,345</u>	<u>24,800</u>	<u>7,838</u>	<u>90,862</u>	<u>141,792</u>
<b>EXPENDITURES:</b>							
Current:							
General government	-	6,562	-	-	-	40,732	47,294
Public safety	1,947	-	-	24,800	7,838	2,390	36,975
Public works	-	-	539	-	-	168,321	168,860
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>1,947</u>	<u>6,562</u>	<u>539</u>	<u>24,800</u>	<u>7,838</u>	<u>211,443</u>	<u>253,129</u>
Excess (deficiency) revenues over expenditures	-	(6,562)	15,806	-	-	(120,581)	(111,337)
<b>OTHER FINANCING SOURCES (USES):</b>							
Loan proceeds	-	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-	-
Transfers in	-	6,562	-	-	-	225,618	232,180
Transfers out	-	-	-	-	-	(1,197)	(1,197)
Total other financing sources (uses)	<u>-</u>	<u>6,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,421</u>	<u>230,983</u>
Net change in fund balances	-	-	15,806	-	-	103,840	119,646
Fund balances - beginning	-	0	-	4,022	434	123,613	128,069
Fund balances - ending	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 15,806</u>	<u>\$ 4,022</u>	<u>\$ 434</u>	<u>\$ 227,453</u>	<u>\$ 247,715</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	Sub-total
<b>ASSETS</b>							
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	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 188,135</b>	<b>\$ -</b>	<b>\$ 17,784</b>	<b>\$ 1,144</b>	<b>\$ 33,972</b>	<b>\$ 85,703</b>	<b>\$ 326,738</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	14,990	-	14,990
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,990</b>	<b>-</b>	<b>14,990</b>
Fund balances:							
Unreserved for special revenue funds	188,135	-	17,784	1,144	18,982	85,703	311,748
<b>Total fund balances</b>	<b>188,135</b>	<b>-</b>	<b>17,784</b>	<b>1,144</b>	<b>18,982</b>	<b>85,703</b>	<b>311,748</b>
<b>Total liabilities and fund balances</b>	<b>\$ 188,135</b>	<b>\$ -</b>	<b>\$ 17,784</b>	<b>\$ 1,144</b>	<b>\$ 33,972</b>	<b>\$ 85,703</b>	<b>\$ 326,738</b>

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

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>75,806</u>	<u>10,627</u>	<u>247</u>	<u>176,150</u>	<u>19,566</u>	<u>282,396</u>
<b>EXPENDITURES</b>						
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>48,829</u>	<u>107,047</u>	<u>-</u>	<u>181,423</u>	<u>1,695</u>	<u>288,470</u>
Excess (deficiency) revenues over expenditures	26,977	(96,420)	247	(5,273)	17,871	(6,074)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from loan	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-
Interest payment	-	-	-	-	-	-
Transfers in	-	(104,205)	-	-	-	(104,205)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(104,205)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,205)</u>
Net change in fund balances	26,977	7,785	247	(5,273)	17,871	(104,205)
Fund balances - beginning	<u>161,158</u>	<u>9,999</u>	<u>897</u>	<u>24,255</u>	<u>67,832</u>	<u>264,141</u>
Fund balances-ending	<u>\$ 188,135</u>	<u>\$ 17,784</u>	<u>\$ 1,144</u>	<u>\$ 18,982</u>	<u>\$ 85,703</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
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from loan	-	-	-	-
Principial 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	(4,022)	434	264,325	260,737
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  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Charges for services	\$ 5,165	\$ 8,165	\$ 16,876	\$ 8,711
Total revenues	5,165	8,165	16,876	8,711
Add: beginning cash	17,284	17,784		
	<u>\$ 22,449</u>	<u>\$ 25,949</u>		
Expenditures:				
Culture and recreation	181,329	319,329	134,234	185,075
Total expenditures	<u>181,329</u>	<u>319,329</u>	<u>134,234</u>	<u>185,075</u>
Excess (deficiency) revenues over expenditures			(117,358)	
Other financing sources (uses)				
Transfers in	172,003	293,000	173,176	(119,824)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>172,003</u>	<u>293,000</u>	<u>173,176</u>	<u>(119,824)</u>
Net change in fund balance (Non-GAAP basis)			55,818	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-	-	
Net change in fund balance (Non-GAAP basis)			55,818	
Fund balance – beginning			<u>17,784</u>	
Fund balance – ending			<u>\$ 73,602</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Lodger's Tax  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State-shared taxes	\$ 50	\$ 1,000	\$ 1,307	\$ 307
Total revenues	<u>50</u>	<u>1,000</u>	<u>1,307</u>	<u>307</u>
Add: beginning cash	1,144	1,144	-	
	<u>\$ 1,194</u>	<u>\$ 2,144</u>	<u>\$ 1,307</u>	
Expenditures:				
Public works	50	1,000	-	1,000
Total expenditures	<u>50</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) revenues over expenditures			1,307	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	1,197	1,197
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,197</u>	<u>1,197</u>
Net change in fund balance (Non-GAAP basis)			110	
Fund balance – beginning			<u>1,254</u>	
Fund balance – ending			<u>\$ 1,254</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Parks and Recreation  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Charges for services	\$ 17,500	\$ 143,500	\$ 13,577	\$ (129,923)
Total revenues	17,500	143,500	13,577	(129,923)
Add: beginning cash	18,892	18,892		
	<u>\$ 36,392</u>	<u>\$ 162,392</u>		
Expenditures:				
Culture and recreation	42,900	173,100	34,087	(139,013)
Total expenditures	42,900	173,100	34,087	(139,013)
Excess (deficiency) revenues over expenditures			(20,510)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	52,442	52,442
Total other financing sources (uses)	-	-	52,442	52,442
Net change in fund balance (Non-GAAP basis)			31,932	
Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenue			-	
Adjust accrued expenses			-	
			<u>-</u>	
Net change in fund balance (Non-GAAP basis)			31,932	
Fund balance – beginning			18,982	
Fund balance – ending			<u>\$ 50,914</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**SPECIAL REVENUE FUND**  
**Corrections**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
Charges for services	\$ 16,300	\$ 23,800	\$ 13,370	\$ (10,430)
Total revenues	<u>16,300</u>	<u>23,800</u>	<u>13,370</u>	<u>(10,430)</u>
 Add: beginning cash	 85,703	 85,703		
	<u>\$ 102,003</u>	<u>\$ 109,503</u>		
 Expenditures:				
Public safety	14,500	19,500	2,390	(17,110)
Total expenditures	<u>14,500</u>	<u>19,500</u>	<u>2,390</u>	<u>(17,110)</u>
 Excess (deficiency) revenues over expenditures			10,980	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance (Non-GAAP basis)			10,980	
 Fund balance – beginning			<u>85,703</u>	
 Fund balance – ending			<u>\$ 96,683</u>	

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



**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Law Enforcement  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
State grant	\$ 24,800	\$ 24,800	\$ 24,800	\$ -
Total revenues	24,800	24,800	24,800	-
Add beginning cash	4,022	4,022		
	28,822	28,822		
Expenditures:				
Public safety	24,800	24,800	24,800	-
Total expenditures	24,800	24,800	24,800	-
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP Basis)			-	
Fund balance – beginning			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  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State allotment	\$ 7,833	\$ 7,833	\$ 7,838	\$ 5
Total revenues	<u>7,833</u>	<u>7,833</u>	<u>7,838</u>	<u>5</u>
 Add: beginning cash	 434	 434		
	<u>\$ 8,267</u>	<u>\$ 8,267</u>		
 Expenditures:				
Public safety	7,833	7,833	7,838	(5)
Total expenditures	<u>7,833</u>	<u>7,833</u>	<u>7,838</u>	<u>(5)</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 Basis			-	
 Fund balance – beginning			<u>434</u>	
 Fund balance – ending			<u>\$ 434</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Swimming Pool Facility  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
Charges for services	\$ -	\$ -	\$ 16,345	\$ 16,345
Total revenues	-	-	16,345	16,345
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
Health and recreation	-	-	539	(539)
Capital outlay	-	-	-	-
Total expenditures	-	-	539	(539)
Excess (deficiency) revenues over expenditures			15,806	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance-Non-GAAP basis			15,806	
Fund balance – beginning			-	
Fund balance – ending			\$ 15,806	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Solar Project  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Other revenue	\$ -	\$ -	\$ 40,782	\$ 40,782
Total revenues	-	-	40,782	40,782
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
General administration	-	-	40,782	(40,782)
Total expenditures	-	-	40,782	(40,782)
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			-	
Fund balance – ending			\$ -	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Planning Grant  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Add: beginning cash	-	-	-	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Expenditures:				
General administration	46,200	46,200	6,562	39,638
Total expenditures	<u>46,200</u>	<u>46,200</u>	<u>6,562</u>	<u>39,638</u>
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	46,200	46,200	6,562	(39,638)
Total other financing sources (uses)	<u>46,200</u>	<u>46,200</u>	<u>6,562</u>	<u>(39,638)</u>
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			<u>-</u>	
Fund balance – ending			<u>\$ -</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Economic Development  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State funds	\$ 4,000	\$ 5,000	\$ 5,000	\$ -
Total revenues	4,000	5,000	5,000	-
Expenditures:				
General administration	4,000	5,000	-	5,000
Total expenditures	4,000	5,000	-	5,000
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			5,000	
Fund balance – beginning			-	
Fund balance – ending			\$ 5,000	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
SPECIAL REVENUE FUND  
Stone Garden Grant  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State grant	\$ -	\$ 25,000	\$ 1,947	\$ (23,053)
Total revenues	-	25,000	1,947	(23,053)
Expenditures:				
Public safety	-	25,000	1,947	23,053
Total expenditures	-	25,000	1,947	23,053
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			-	
Fund balance – ending			\$ -	

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

**CAPITAL PROJECTS FUNDS**



**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
June 30, 2012**

**CAPITAL PROJECTS FUNDS LISTING**

**Swim-Train Facility** - To account for the receipt and expenditures of the Village of Hatch for a new swimming facility.

**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 and Federal Grant 3-35-0021-007-2011.

**Water Well 09-3876-STB and SAP8 3852-GT** –To account for the receipt and expenditures of the State Legislative Appropriation for the new water wells.

**Municipal Street** – To account for receipts and expenditures of State Grant for street improvements.

**Placitas Arroyo** – To account for receipt and expenditure for improvement of Placitas Arroyo.

**Rural Development Project** – To record expenses and revenues for Federal Grant 90185 for the installation of a waste water system for the Village.

**Canal Road** – To account for receipts and expenditures for State Appropriation SP 1-11- (1958) for the improvement of Canal Road.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Capital Projects Funds  
Combining Balance Sheet  
June 30, 2012**

	Water Well SAP-09-3876- STP	Parks and Recreation	Swim-Train Facility	Canal Road SP-1-11(958) SAP	Water Well 08 3852-GF	Legislative Appropriations	Airport Action Plan	Equipment/ Building/ Land	Subtotal
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 52,696	\$ -	\$ 23,902	\$ 23,216	\$ -	\$ 99,814
Due from other funds	-	-	-	-	-	-	-	-	-
Due from BTA funds	-	-	-	-	-	8,048	145,784	-	153,832
Due from other governments	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,696</b>	<b>\$ -</b>	<b>\$ 31,950</b>	<b>\$ 169,000</b>	<b>\$ -</b>	<b>\$ 253,646</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>									
Reserved for capital projects funds	-	-	-	52,696	-	31,950	169,000	-	253,646
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,696</b>	<b>-</b>	<b>31,950</b>	<b>169,000</b>	<b>-</b>	<b>253,646</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,696</b>	<b>\$ -</b>	<b>\$ 31,950</b>	<b>\$ 169,000</b>	<b>\$ -</b>	<b>\$ 253,646</b>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Capital Projects Funds  
Combining Balance Sheet  
June 30, 2012**

	<u>Water Well</u>	<u>Placitas Arroyo</u>	<u>Street Sweeper</u>	<u>Municipal Street Appropriations</u>	<u>Street Improvement</u>	<u>Rual Development Project</u>	<u>Subtotal Page 1</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 215	\$ -	\$ 23,686	\$ 63,699	\$ -	\$ -	\$ 99,814	\$ 187,414
Accounts receivable	-	-	-	623	-	-	-	623
Due from other funds	-	-	8,048	-	127,135	-	153,832	289,015
Due from BTA funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 215</u>	<u>\$ -</u>	<u>31,734</u>	<u>\$ 64,322</u>	<u>\$ 127,135</u>	<u>\$ -</u>	<u>\$ 253,646</u>	<u>\$ 477,052</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Reserved for capital projects funds	<u>215</u>	<u>-</u>	<u>31,734</u>	<u>64,322</u>	<u>127,135</u>	<u>-</u>	<u>253,646</u>	<u>477,052</u>
Total fund balances	<u>215</u>	<u>-</u>	<u>31,734</u>	<u>64,322</u>	<u>127,135</u>	<u>-</u>	<u>253,646</u>	<u>477,052</u>
Total liabilities and fund balances	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 31,734</u>	<u>\$ 64,322</u>	<u>\$ 127,135</u>	<u>\$ -</u>	<u>\$ 253,646</u>	<u>\$ 477,052</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Capital Projects Funds**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year-Ended June 30, 2012**

	Water Well	Parks and Recreation	Swim-Train Facility	Canal Road SP-1-11(958) SAP	Water Well SAP 08 352-GF	Legislative Appropriations	Airport Action Plan	Equipment/Building/ Land	Subtotal
<b>REVENUES</b>									
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,904	\$ -	\$ 159,904
State grants	-	-	-	63,017	21,299	17,081	4,208	-	105,605
Interest income	17,081	-	-	-	-	7	-	-	7
Other revenue	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>17,081</b>	<b>-</b>	<b>-</b>	<b>63,017</b>	<b>21,299</b>	<b>17,088</b>	<b>164,112</b>	<b>-</b>	<b>265,516</b>
<b>EXPENDITURES</b>									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	14,221	-	-	-	-	-	-	14,221
Capital outlay	68,333	-	1,112,947	78,479	21,299	68,333	174,487	55,118	1,510,663
<b>Total expenditures</b>	<b>68,333</b>	<b>14,221</b>	<b>1,112,947</b>	<b>78,479</b>	<b>21,299</b>	<b>68,333</b>	<b>174,487</b>	<b>55,118</b>	<b>1,524,884</b>
Excess (deficiency) revenues over	(51,252)	(14,221)	(1,112,947)	(15,462)	-	(51,245)	(10,375)	(55,118)	(1,259,368)
<b>OTHER FINANCING SOURCES (USES)</b>									
Principal payments	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-
Transfers in	51,467	14,221	1,100,467	22,958	-	-	179,292	55,118	1,423,523
Transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>51,467</b>	<b>14,221</b>	<b>1,100,467</b>	<b>22,958</b>	<b>-</b>	<b>-</b>	<b>179,292</b>	<b>55,118</b>	<b>1,423,523</b>
Net change in fund balances	215	-	(12,480)	7,496	-	(51,245)	168,917	-	112,903
Fund balances - beginning	-	-	12,480	45,200	-	83,195	83	-	140,958
<b>Fund balances - ending</b>	<b>\$ 215</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,696</b>	<b>\$ -</b>	<b>\$ 31,950</b>	<b>\$ 169,000</b>	<b>\$ -</b>	<b>\$ 253,861</b>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR GOVERNMENTAL FUND TYPES  
Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year-Ended June 30, 2012**

	Street Sweeper	Water Well SAP 09-2816-STB	Placitas Arroyo	Municipal Street	Street Improvements	Rural Development Project	Subtotal Page 1	Total
<b>REVENUES</b>								
Federal grants	\$ -	\$ -	\$ -	\$ 6,762	\$ -	\$ 1,365,479	\$ 159,904	\$ 1,532,145
State grants	-	25,033	33,044	-	-	-	122,686	180,763
Interest income	6	-	-	-	-	-	7	13
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>6</u>	<u>25,033</u>	<u>33,044</u>	<u>6,762</u>	<u>-</u>	<u>1,365,479</u>	<u>282,597</u>	<u>1,712,921</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	14,221	14,221
Capital outlay	-	25,033	33,044	-	-	1,687,794	1,578,996	3,324,867
Total expenditures	<u>-</u>	<u>25,033</u>	<u>33,044</u>	<u>-</u>	<u>-</u>	<u>1,687,794</u>	<u>1,593,217</u>	<u>3,339,088</u>
Excess (deficiency) revenues over expenditures	6	-	-	6,762	-	(322,315)	(1,310,620)	(1,626,167)
<b>OTHER FINANCING SOURCES (USES)</b>								
Principal payments	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	322,315	1,423,523	1,745,838
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,315</u>	<u>1,423,523</u>	<u>1,745,838</u>
Net change in fund balances	6	-	-	6,762	-	-	112,903	119,671
Fund balances - beginning	<u>31,728</u>	<u>-</u>	<u>-</u>	<u>57,560</u>	<u>127,135</u>	<u>-</u>	<u>140,958</u>	<u>357,381</u>
Fund balances - ending	<u>\$ 31,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,322</u>	<u>\$ 127,135</u>	<u>\$ -</u>	<u>\$ 253,861</u>	<u>\$ 477,052</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR 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
<b>ASSETS</b>								
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	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 12,480</b>	<b>\$ 45,200</b>	<b>\$ -</b>	<b>\$ 31,728</b>	<b>\$ 83</b>	<b>\$ -</b>	<b>\$ 89,491</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Reserved for capital projects funds	-	12,480	45,200	-	31,728	83	-	89,491
<b>Total fund balances</b>	<b>-</b>	<b>12,480</b>	<b>45,200</b>	<b>-</b>	<b>31,728</b>	<b>83</b>	<b>-</b>	<b>89,491</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 12,480</b>	<b>\$ 45,200</b>	<b>\$ -</b>	<b>\$ 31,728</b>	<b>\$ 83</b>	<b>\$ -</b>	<b>\$ 89,491</b>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
NONMAJOR 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 Appropriations	Street Improvement	ARRA Project	Subtotal Page 1	Total
<b>ASSETS</b>					
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>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 31,032	\$ -	\$ 31,032
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	31,032	-	31,032
<b>FUND BALANCES</b>					
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  
NONMAJOR 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 Building	Legislative Appropriations	Airport Action Plan	Placitas Arroya	Subtotal
<b>REVENUES</b>								
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
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>43,149</b>	<b>-</b>	<b>697,620</b>	<b>146,581</b>	<b>76,276</b>	<b>963,626</b>
<b>EXPENDITURES</b>								
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
<b>Total expenditures</b>	<b>-</b>	<b>280,077</b>	<b>43,149</b>	<b>-</b>	<b>689,513</b>	<b>150,066</b>	<b>76,276</b>	<b>1,239,081</b>
Excess (deficiency) revenues over	-	(280,077)	-	-	8,107	(3,485)	-	(275,455)
<b>OTHER FINANCING SOURCES (USES)</b>								
Principal payments	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
Transfers in	-	(206,318)	-	-	-	(2,344)	-	(208,662)
Transfers out	55,293	43,780	-	17,729	-	24,530	-	141,332
<b>Total other financing sources (uses)</b>	<b>55,293</b>	<b>(162,538)</b>	<b>-</b>	<b>17,729</b>	<b>-</b>	<b>22,186</b>	<b>-</b>	<b>(67,330)</b>
Net change in fund balances	(55,293)	(117,539)	-	(17,729)	8,107	(25,671)	-	(208,125)
Fund balances - beginning	55,293	-	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  
NONMAJOR 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
<b>REVENUES</b>					
Federal grants	\$ 7,835	\$ -	\$ 255,331	\$ 187,709	\$ 450,875
State grants	-	-	-	773,837	773,837
Interest income	-	-	-	59	59
	522	-	-	2,021	2,543
Total revenues	8,357	-	255,331	963,626	1,227,314
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	4,000	4,000
Capital outlay	69,295	-	224,299	1,235,081	1,528,675
Total expenditures	69,295	-	224,299	1,239,081	1,532,675
Excess (deficiency) revenues over expenditures	(60,938)	-	31,032	(275,455)	(305,361)
<b>OTHER FINANCING SOURCES (USES)</b>					
Principal payments	-	-	-	-	-
Interest payments	-	-	-	-	-
Transfers in	(69,295)	-	-	(208,662)	(277,957)
Transfers out	6,392	-	-	141,332	147,724
Total other financing sources (uses)	(62,903)	-	-	(67,330)	(130,233)
Net change in fund balances	1,965	-	31,032	(208,125)	(175,128)
Fund balances - beginning	55,895	127,155	(31,032)	297,616	449,634
Fund balances - ending	\$ 57,860	\$ 127,155	\$ -	\$ 89,491	\$ 274,506

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**  
**For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
State grants	\$ -	\$ -	\$ -	\$ -
County grants	-	-	-	-
Total revenues	-	-	-	-
 Add: beginning cash	 12,480	 12,480		
	<u>\$ 12,480</u>	<u>\$ 12,480</u>		
 Expenditures				
Capital outlay	930,638	886,638	1,112,947	(226,309)
Total expenditures	930,638	886,638	1,112,947	(226,309)
 Excess (deficiency) revenues over expenditures			(1,112,947)	
 Other financing sources (uses)				
Transfers in	980,638	886,638	1,100,467	213,829
Transfers out	-	-	-	-
Total other financing sources (uses)	980,638	886,638	1,100,467	213,829
 Net change in fund balance (Non-GAAP basis)			(12,480)	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
 Net change in fund balance (Non-GAAP basis)			(12,480)	
 Fund balance – beginning			12,480	
 Fund balance – ending			<u>\$ -</u>	

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  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Federal grants	\$ -	\$ -	\$ 6,762	\$ 6,762
Other grants	-	-	-	-
Total revenues	-	-	6,762	6,762
 Add: beginning cash	 57,560	 57,560		
	\$ 57,560	\$ 57,560		
Expenditures:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
 Excess (deficiency) revenues over expenditures			 6,762	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			 6,762	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenses			-	
 Net change in fund balance (Non-GAAP basis)			 -	
 Fund balance – beginning			 57,560	
 Fund balance – ending			 \$ 64,322	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Water Well  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grant	\$ -	\$ -	\$ 17,081	\$ 17,081
Interest income	-	-	-	-
Total revenues	-	-	17,081	17,081
 Add: beginning cash	 -	 -		
	<u>\$ -</u>	<u>\$ -</u>		
 Expenditures:				
Health and welfare	-	-	-	-
Capital outlay	-	-	68,333	(68,333)
Total expenditures	-	-	68,333	(68,333)
 Excess (deficiency) revenues over expenditures			(51,252)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	51,467	51,467
Total other financing sources (uses)	-	-	51,467	51,467
 Net change in fund balance (Non-GAAP basis)			215	
 Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
 Net change in fund balance (Non-GAAP basis)			215	
 Fund balance – beginning			-	
 Fund balance – ending			<u>\$ 215</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Legislative Appropriations  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State grant	\$ -	\$ -	\$ 17,081	\$ 17,081
Interest income	-	-	7	7
Total revenues	-	-	17,088	17,088
 Add: beginning cash	-	-		
	\$ -	\$ -		
 Expenditures:				
Health and welfare	-	-	-	-
Capital outlay	-	-	68,333	(68,333)
Total expenditures	-	-	68,333	(68,333)
 Excess (deficiency) revenues over expenditures			(51,245)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			(51,245)	
 Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
 Net change in fund balance (Non-GAAP basis)			(51,245)	
 Fund balance – beginning			83,195	
 Fund balance – ending			\$ 31,950	

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  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Federal grants	\$ 395,550	\$ 545,550	\$ 159,904	\$ (385,646)
State grants	-	-	-	-
Other revenue	-	-	4,208	4,208
Total revenues	395,550	545,550	164,112	(381,438)
Add: beginning cash	106,542	106,542		
	\$ 502,092	\$ 652,092		
Expenditures:				
Capital outlay	100,000	250,000	174,487	75,513
Total expenditures	100,000	250,000	174,487	75,513
Excess (deficiency) revenues over expenditures			(10,375)	
Other financing sources (uses)				
Transfers in	-	-	179,292	179,292
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	179,292	179,292
Net change in fund balance (Non-GAAP basis)			168,917	
Differences between Modified GAAP and Non-GAAP basis				
Adjust deferred revenue			-	
Net change in fund balance (Non-GAAP basis)			168,917	
Fund balance – beginning			83	
Fund balance – ending			\$ 169,000	

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  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grants	\$ -	\$ 100	\$ 33,044	\$ 32,944
Other	-	-	-	-
Total revenues	<u>-</u>	<u>100</u>	<u>33,044</u>	<u>32,944</u>
Add: beginning cash	-	-		
	<u>\$ -</u>	<u>\$ 100</u>		
Expenditures:				
Capital outlay	-	150,000	33,044	116,956
Total expenditures	<u>-</u>	<u>150,000</u>	<u>33,044</u>	<u>116,956</u>
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	150,000	-	(150,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balance (Non-GAAP)			-	
Differences between Modified GAAP and Non-GAAP basis				
Adjust transfers			<u>-</u>	
Net change in fund balance (Non-GAAP Basis)			-	
Fund balance – beginning			<u>-</u>	
Fund balance – ending			<u>\$ -</u>	

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  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grants	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Add: beginning cash	 <u>127,155</u>	 <u>127,155</u>		
	<u><u>\$ 127,155</u></u>	<u><u>\$ 127,155</u></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 basis				
Adjust accrued revenue		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
 Net change in fund balance (Non-GAAP basis)			-	
 Fund balance – beginning			<u>127,155</u>	
 Fund balance – ending			<u><u>\$ 127,155</u></u>	

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



**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUND  
ARRA Project  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grant	\$ -	100	\$ 6	\$ (94)
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>100</u>	<u>6</u>	<u>(94)</u>
Add: beginning cash	-	-		
	<u>\$ -</u>	<u>\$ 100</u>		
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) revenues over expenditures			6	
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			6	
Differences between Modified GAAP and Non-GAAP basis				
Adjust accrued revenue		-		
Adjust accrued expenditures		-	-	
Net change in fund balance (Non-GAAP basis)			6	
Fund balance – beginning			<u>31,728</u>	
Fund balance – ending			<u>\$ 31,734</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**CAPITAL PROJECTS FUND**  
**Waste Water System Development/Rural Development**  
**Combination of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variences</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues:				
Federal grant	\$ 1,985,523	\$ 1,985,523	\$ 1,365,479	\$ (620,044)
Total revenues	<u>1,985,523</u>	<u>1,985,523</u>	<u>1,365,479</u>	<u>(620,044)</u>
Expenditures:				
Capital outlay	1,985,523	1,985,523	1,687,794	297,729
Total expenditures	<u>1,985,523</u>	<u>1,985,523</u>	<u>1,687,794</u>	<u>297,729</u>
Excess (deficiency) revenues over expenditures			(322,315)	
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Transfers in	-	-	322,315	322,315
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>322,315</u>	<u>322,315</u>
Net changes in fund balance (Non-GAAP)			-	
Differences between Modified GAAP and Non-GAAP basis				
Adjust accrued revenue		-		
Adjust accrued expenditures		<u>-</u>	<u>-</u>	
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			<u>-</u>	
Fund balance – ending			<u>\$ -</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Canal Road SP-1-4195-AP  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
Federal grants	\$ -	\$ -	\$ 63,017	\$ 63,017
Intergovernmental	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>63,017</u>	<u>63,017</u>
 Add: beginning cash	 <u>45,200</u>	 <u>45,200</u>		
	<u><u>\$ 45,200</u></u>	<u><u>\$ 45,200</u></u>		
 Expenditures:				
Capital outlay	-	-	78,479	(78,479)
Total expenditures	<u>-</u>	<u>-</u>	<u>78,479</u>	<u>(78,479)</u>
 Excess (deficiency) revenues over expenditures			(15,462)	
 Other financing sources (uses)				
Transfers in	-	-	22,958	22,958
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,958</u>	<u>22,958</u>
 Net change in fund balance (Non-GAAP basis)			7,496	
 Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust note payment		-		
Adjust transfers		<u>-</u>	<u>-</u>	
 Net change in fund balance (Non-GAAP basis)			7,496	
 Fund balance – beginning			<u>45,200</u>	
 Fund balance – ending			<u><u>\$ 52,696</u></u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Parks and Recreation  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grant	\$ 151,770	\$ 52,000	\$ -	\$ (52,000)
Total revenues	<u>151,770</u>	<u>52,000</u>	<u>-</u>	<u>(52,000)</u>
 Add: beginning cash	 <u>-</u>	 <u>-</u>	 <u>-</u>	
	<u>\$ 151,770</u>	<u>\$ 52,000</u>	<u>\$ -</u>	
 Expenditures:				
Capital outlay	151,769	152,000	14,221	137,779
Total expenditures	<u>151,769</u>	<u>152,000</u>	<u>14,221</u>	<u>137,779</u>
 Excess (deficiency) revenues over expenditures			(14,221)	
 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)			-	
 Fund balance – beginning			<u>-</u>	
 Fund balance – ending			<u>\$ -</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Equipment/Building/Land  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
Revenues:				
State grant	\$ -	\$ -	\$ -	\$ -
Other income	391,000	1,185,000	-	(1,185,000)
Total revenues	<u>391,000</u>	<u>1,185,000</u>	<u>-</u>	<u>(1,185,000)</u>
 Add: beginning cash	 -	 -	 -	
	<u>\$ 391,000</u>	<u>\$ 1,185,000</u>	<u>\$ -</u>	
 Expenditures:				
Capital outlay	391,000	1,185,000	55,118	1,129,882
Total expenditures	<u>391,000</u>	<u>1,185,000</u>	<u>55,118</u>	<u>1,129,882</u>
 Excess (deficiency) revenues over expenditures			(55,118)	
 Other financing sources (uses)				
Transfers in	241,000	1,035,000	55,118	(979,882)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>241,000</u>	<u>1,035,000</u>	<u>55,118</u>	<u>(979,882)</u>
 Net change in fund balance (Non-GAAP basis)			-	
 Fund balance – beginning			<u>-</u>	
 Fund balance – ending			<u>\$ -</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Water Well SAP-97-352-GF  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State grant	\$ -	\$ -	\$ 21,299	\$ 21,299
Total revenues	-	-	21,299	21,299
 Add: beginning cash	 -	 -	 -	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,299</u>	
 Expenditures:				
Capital outlay	-	-	21,299	(21,299)
Total expenditures	-	-	21,299	(21,299)
 Excess (deficiency) revenues over expenditures			-	
 Other financing sources (uses)				
Transfers in	-	-	-	
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			-	
 Fund balance – beginning			-	
 Fund balance – ending			<u>\$ -</u>	

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
CAPITAL PROJECTS FUNDS  
Water Well SAP 09-2816-STP  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year-Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
State grant	\$ 180,909	\$ 180,909	\$ 25,033	\$ (155,876)
Total revenues	<u>180,909</u>	<u>180,909</u>	<u>25,033</u>	<u>(155,876)</u>
Expenditures:				
Capital outlay	500,000	859,000	25,033	833,967
Total expenditures	<u>500,000</u>	<u>859,000</u>	<u>25,033</u>	<u>833,967</u>
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	500,000	819,050	-	(819,050)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>500,000</u>	<u>819,050</u>	<u>-</u>	<u>(819,050)</u>
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			<u>-</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**  
**Changes in Fund Net Assets**  
**For the Year-Ended June 30, 2012**

	Water	Gas	Solid Waste	Waste Water	Restricted Funds	Total
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 265,045	\$ 220,301	\$ 38,338	\$ 17,444	\$ 340,705	\$ 881,833
Accounts receivable, net of allowance for doubtful accounts	25,742	(5,589)	22,838	19,836	-	62,827
Other receivables	-	-	-	-	-	-
Due from other funds	2,665	38,204	-	240,427	-	281,296
<b>Total current assets</b>	<b>293,452</b>	<b>252,916</b>	<b>61,176</b>	<b>277,707</b>	<b>340,705</b>	<b>1,225,956</b>
<b>Restricted cash</b>						
Meter deposits	35,360	-	-	-	-	35,360
Capital assets	-	-	-	-	-	-
Land	-	-	-	62,099	-	62,099
Other capital assets, net of depreciation	522,278	-	-	4,537,316	-	5,059,594
<b>Total assets</b>	<b>\$ 851,090</b>	<b>\$ 252,916</b>	<b>\$ 61,176</b>	<b>\$ 4,877,122</b>	<b>\$ 340,705</b>	<b>\$ 6,383,009</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 1,892	\$ -	\$ 12,912	\$ 351	\$ -	\$ 15,155
Due to other funds	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Salaries	-	-	-	-	-	-
Customers deposits	35,480	-	-	-	-	35,480
Accrued compensated absences	913	-	-	1,436	-	2,349
Current portion of long-term liabilities	-	-	-	19,400	-	19,400
<b>Total current liabilities</b>	<b>38,285</b>	<b>-</b>	<b>12,912</b>	<b>21,187</b>	<b>-</b>	<b>72,384</b>
<b>Noncurrent liabilities</b>						
Revenue bonds payable	-	-	-	191,599	-	191,599
Note payable - rural development	-	-	-	613,000	-	613,000
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>804,599</b>	<b>-</b>	<b>804,599</b>
<b>Total liabilities</b>	<b>38,285</b>	<b>-</b>	<b>12,912</b>	<b>825,786</b>	<b>-</b>	<b>876,983</b>
<b>Net assets</b>						
<b>Restricted for:</b>						
Bond reserve	-	-	-	-	136,293	136,293
Wastewater repairs and replacement	-	-	-	-	58,237	58,237
Rural development debt services	-	-	-	-	49,588	49,588
System improvements	-	-	-	-	25,842	25,842
Water operating reserve	-	-	-	-	70,745	70,745
Investment in capital assets, net of debt	-	-	-	-	-	-
<b>Restricted assets</b>	<b>522,278</b>	<b>-</b>	<b>-</b>	<b>3,974,915</b>	<b>-</b>	<b>4,497,193</b>
<b>Unrestricted</b>	<b>290,527</b>	<b>252,916</b>	<b>48,264</b>	<b>76,421</b>	<b>-</b>	<b>668,128</b>
<b>Total liabilities and net assets</b>	<b>\$ 851,090</b>	<b>\$ 252,916</b>	<b>\$ 61,176</b>	<b>\$ 4,877,122</b>	<b>\$ 340,705</b>	<b>\$ 6,383,009</b>

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**  
**Changes in Fund Balance**  
**For the Year-Ended June 30, 2012**

	<u>Water</u>	<u>Gas</u>	<u>Solid Waste</u>	<u>Waste Water</u>	<u>Total</u>
<b>Revenues</b>					
Charges for service	\$ 206,857	\$ (236)	\$ 243,193	\$ 225,396	\$ 675,210
Municipal taxes	82,885	1,385	-	-	84,270
Miscellaneous income	-	-	-	-	-
Connection fees	5,161	-	-	-	5,161
Interest	-	-	-	-	-
Total operating revenues	<u>\$ 294,903</u>	<u>\$ 1,149</u>	<u>\$ 243,193</u>	<u>\$ 225,396</u>	<u>\$ 764,641</u>
<b>Expenses</b>					
Personnel services	181,158	-	-	71,639	252,797
Contractual expenses	2,989	208	211,916	117,013	332,126
Other operating expenses	223,603	-	-	-	223,603
Loan payments	-	-	-	19,400	19,400
Interest expense	-	-	-	18,848	18,848
Capital outlay	-	-	-	-	-
Garbage contract	-	-	-	-	-
Total operating expenses	<u>407,750</u>	<u>208</u>	<u>211,916</u>	<u>226,900</u>	<u>846,774</u>
Net operating income (loss) from water operations before depreciation	(112,847)	941	31,277	(1,504)	(82,133)
Depreciation	29,611	-	-	271,715	301,326
Operating income (loss)	<u>(142,458)</u>	<u>941</u>	<u>31,277</u>	<u>(273,219)</u>	<u>(383,459)</u>
Gain on sale of gas infrastructure	-	-	-	-	-
Interest income	-	20	-	-	20
Miscellaneous income	-	744	-	-	744
Interest expense	-	-	-	-	-
Transfers in	71,926	-	-	67,512	139,438
Transfers out	-	(1,080,290)	-	(34,106)	(1,114,396)
Total non-operating revenues (expenditures)	<u>71,926</u>	<u>(1,079,526)</u>	<u>-</u>	<u>33,406</u>	<u>(974,194)</u>
Net operating income (loss)	(70,532)	(1,078,585)	31,277	(239,813)	(1,357,653)
Total net assets - beginning	<u>361,059</u>	<u>1,331,501</u>	<u>16,987</u>	<u>316,234</u>	<u>2,025,781</u>
Total net assets - ending	<u>\$ 290,527</u>	<u>\$ 252,916</u>	<u>\$ 48,264</u>	<u>\$ 76,421</u>	<u>\$ 668,128</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Proprietary Funds - Utilities**  
**Changes in Fund Net Assets**  
**For the Year-Ended June 30, 2011**

	Water	Gas	Solid Waste	Wastewater	Restricted Funds	Total
<b>Assets</b>						
<b>Current assets</b>						
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
<b>Total current assets</b>	<b>340,607</b>	<b>1,331,577</b>	<b>16,987</b>	<b>44,519</b>	<b>94,122</b>	<b>1,827,812</b>
<b>Restricted cash</b>						
Meter deposits	-	-	-	-	218,339	218,339
Capital assets	35,564	-	-	-	-	35,564
Land	-	-	-	62,099	-	62,099
Other capital assets, net of depreciation	551,889	-	-	2,550,326	-	3,102,215
<b>Total assets</b>	<b>\$ 928,060</b>	<b>\$ 1,331,577</b>	<b>\$ 16,987</b>	<b>\$ 2,656,944</b>	<b>\$ 312,461</b>	<b>\$ 5,246,029</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
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
<b>Total current liabilities</b>	<b>38,771</b>	<b>76</b>	<b>847</b>	<b>22,865</b>	<b>-</b>	<b>62,559</b>
<b>Noncurrent liabilities</b>						
Revenue bonds payable	-	-	-	-	-	-
Note payable	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,256</b>	<b>-</b>	<b>193,256</b>
<b>Total liabilities</b>	<b>38,771</b>	<b>76</b>	<b>847</b>	<b>216,121</b>	<b>-</b>	<b>255,815</b>
<b>Net assets</b>						
<b>Restricted for:</b>						
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	-	-	-	-	-	-
<b>Unrestricted</b>	<b>337,340</b>	<b>1,331,501</b>	<b>16,140</b>	<b>34,514</b>	<b>-</b>	<b>1,719,495</b>
<b>Total liabilities and net assets</b>	<b>\$ 928,000</b>	<b>\$ 1,331,577</b>	<b>\$ 16,987</b>	<b>\$ 2,656,944</b>	<b>\$ 312,461</b>	<b>\$ 5,245,969</b>

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**  
**Changes in Fund Balance**  
**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
Transfers out	-	-	-	18,612	18,612
Total non-operating revenues (expenditures)	<u>-</u>	<u>983,244</u>	<u>-</u>	<u>344,939</u>	<u>1,328,183</u>
Net operating income (loss)	122,525	1,052,414	32,716	107,916	1,315,571
Total net assets - beginning	<u>214,815</u>	<u>279,087</u>	<u>(16,576)</u>	<u>(73,402)</u>	<u>403,924</u>
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, 2012**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 647,486	\$ 698,886	\$ 675,210	23,676
Municipal taxes	99,000	99,000	84,270	14,730
Connection charges	5,000	5,000	5,161	(161)
Total revenues	751,486	802,886	764,641	38,245
Add: beginning cash	-	-		
	<u>\$ 751,486</u>	<u>\$ 802,886</u>		
Expenses:				
Personnel services	247,113	247,893	252,797	(4,904)
Solid waste contract	199,000	199,000	200,470	(1,470)
Contract services	3,500	3,500	332,126	(328,626)
Other operating expenses	-	-	23,133	(23,133)
Capital outlay	302,130	370,250	-	370,250
Total expenses	751,743	820,643	808,526	12,117
Excess (deficiency) revenues over expenses			(43,885)	
Other financing sources (uses)				
Principal payments	(9,500)	(9,500)	(19,400)	(9,900)
Interest payments	(9,764)	(9,764)	(18,848)	(9,084)
Interest income	335	335	744	409
Miscellaneous income	-	-	20	20
Transfers in	50,000	50,000	139,438	89,438
Transfers out	(11,893,000)	(10,735,283)	(1,114,396)	(9,620,887)
Total other financing sources (uses)	(11,861,929)	(10,704,212)	(1,012,442)	(9,550,004)
Net change in fund balance (Non-GAAP basis)			(1,056,327)	
Difference between Modified GAAP and Non-GAAP				
Adjust accrued revenue		-		
Transfers		-		
Adjust accrued interest		-		
Adjust accrued expenses		-		
Principal payments on notes		-		
Depreciation expense		301,326	301,326	
Net change in fund balance (Modified GAAP basis)			(1,357,653)	
Net asset – beginning			2,025,781	
Net asset – ending			<u>\$ 668,128</u>	

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

## **FIDUCIARY FUNDS**

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
June 30, 2012**

**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.

**FIDUCIARY FUNDS**

**Rio Grande Natural Gas Association Agency Fund**

To account for funds to be distributed to the Village of Hatch upon the dissolution of Rio Grande Natural Gas Association.



**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**SCHEDULE OF CHANGES IN ASSETS AND**  
**LIABILITIES – AGENCY FUNDS**  
**For the Year-Ended June 30, 2012**

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Jones Reed Cemetery Trust				
Assets				
Cash	\$ 2,000	\$ -	\$ -	\$ 2,000
Liabilities				
Due to other governmental agencies	\$ 2,000	\$ -	\$ -	\$ 2,000
Rio Grande Natural Gas Association Agency Fund				
Assets				
Cash	\$ -	\$ 6,858,417	\$ -	\$ 6,858,417
Land	-	1,994,137	-	1,994,137
Due from Village of Hatch	-	1,144,839	-	1,144,839
	\$ -	\$ 9,997,393	\$ -	\$ 9,997,393

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, 2012**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Interest	\$ 200	\$ 3,000	\$ 2,732	\$ (268)
Current personnel payments	17,400	17,400	-	(17,400)
Total revenues	17,600	20,400	2,732	(17,668)
Add: beginning cash	339,751	339,751		
	\$ 357,351	\$ 360,151		
Expenditures:				
Other expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over expenditures			2,732	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			2,732	
Difference between Modified GAAP and Non-GAAP				
Adjust for principal payments		-		
Adjust transfers		-	-	
Net change in fund balance (Actual GAAP basis)			2,732	
Fund balance – beginning			520,940	
Fund balance – ending			\$ 523,672	

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, 2012

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
<b>Bank of the West</b>					
Fire Department	CK	\$ 15,268	\$ -	\$ -	\$ 15,268
Wastewater reserve	MM	25,848	-	-	25,848
98 JT UT repair and replacement	CK	17,979	-	-	17,979
Hatch joint utility system	MM	3,177	-	-	3,177
Waste water	CK	17,441	-	-	17,441
Payroll account	CK	39,235	-	24,762	14,473
Meter deposit	CK	35,734	-	374	35,360
Village of Hatch	CK	-	-	-	-
Swim-train facility	CK	-	-	-	12,480
Hatch CDBG	CK	52,696	-	-	52,696
Public safety building	CK	-	-	-	-
Water operating	CK	295,560	-	30,514	265,046
<b>Bank of the West Total</b>		<b>\$ 502,938</b>	<b>\$ -</b>	<b>\$ 55,650</b>	<b>\$ 459,768</b>
<b>Wells Fargo</b>					
Juvenile recreation account	SAV	\$ 44,311	\$ 1,500	\$ -	\$ 45,811
1987 repair and replacement	CK	20,912	-	-	20,912
1976 JT UT	CK	22,113	-	-	22,113
Garden memories	CK	106,943	-	-	106,943
Corrections	CD	70,745	-	-	70,745
1987 Revenue Bond	CK	8,692	-	-	8,692
ARRA Loan replace fund	MM	23,436	-	-	23,436
ARRA loan debt service	MM	2,500	-	-	2,500
R D repair and replace	MM	1,399	-	-	1,399
132,000 bond debit service	MM	5,151	-	-	5,151
454,000 bond debit service	MM	18,470	-	-	18,470
RGNGA	MM	2,841,050	-	-	2,841,050
RGNGA	MM	4,017,418	-	-	4,017,418
<b>Wells Fargo Total</b>		<b>\$ 7,183,141</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ 7,184,641</b>
<b>Bank of the Southwest</b>					
General fund	CK	\$ 1,497,920	\$ 320,784	\$ 365,978	\$ 1,452,726
Gas operating	SAV	225,792	-	5,488	220,304
Police seizure	CK	149,208	171	-	149,379
Wastewater placement-general fund	SV	23,687	-	-	23,687
<b>Bank of the Southwest Total</b>		<b>\$ 1,896,606</b>	<b>\$ 320,955</b>	<b>\$ 371,466</b>	<b>\$ 1,846,095</b>

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Depositories  
June 30, 2012**

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
<b>1st New Mexico Bank</b>					
1976 repair and replacement	CK	\$ 18,151	\$ -	\$ -	\$ 18,151
Parks and Recreation	CD	12,590	318	4,642	8,266
Fire Department operating	CD	104,580	-	12,166	92,414
Garden of Memories 702	CK	9,474	-	-	9,474
Garden of Memories 294	CK	60,669	-	-	60,669
Library	CK	75,041	-	806	74,235
General fund	CK	132,821	-	-	132,821
1998 JT UT reserve	CK	9,208	-	-	9,208
1987 JT UT reserve	MM	76,118	-	-	76,118
1998 reserve	CD	16,767	-	-	16,767
1st New Mexico Bank Total		<u>\$ 515,419</u>	<u>\$ 318</u>	<u>\$ 17,613</u>	<u>\$ 498,124</u>
Total					\$ 9,972,803
<b>Legend</b>					
SAV-Savings					<u>300</u>
CK-Checking			Petty Cash		
MM-Money Market					
CD-Certificate of Deposit			Total		<u>\$ 9,973,103</u>
Other					
Bank of West	MM	\$ 177,424	\$ -	\$ -	\$ 177,424
1st New Mexico	MM	176,874	-	-	176,874
Bank of West	CD	2,000	-	-	2,000
		<u>\$ 356,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,298</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Schedule of Custodial Risk**  
**June 30, 2012**

	Bank of the West	Wells Fargo Bank	Bank of the Southwest	1st New Mexico Bank	Total
Amount held in bank June 30, 2012	\$ 682,360	\$ 7,183,140	\$ 1,896,606	\$ 692,293	\$ 10,454,399
Less FDIC insurance	(682,360)	(250,000)	(1,473,570)	(250,000)	(2,655,930)
Uninsured public funds	-	74,672	423,036	442,293	7,798,469
50% collateral requirement (Section 6-10-17 NMSA-1978)	-	(3,466,570)	(211,518)	(196,147)	(3,874,235)
Pledged security	-	9,695,798	775,000	350,000	10,820,798
Over (under) collateral	\$ -	\$ 6,229,228	\$ 563,482	\$ 153,853	\$ 6,946,563

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, 2012**

**BANK OF THE WEST**

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2012
			\$ -	\$ -
Fully insured by FDIC			\$ -	\$ -

**WELLS FARGO**

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2012
Wells Fargo	1/8/2036	FN256349923865	\$ 8,921,071	\$ 9,655,798
Total			\$ 8,921,071	\$ 9,655,798

**BANK OF THE SOUTHWEST**

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2012
Bank of the Southwest	6/6/2012	Letter of credit - FHLB	\$ 775,000	\$ 775,000
Total			\$ 775,000	\$ 775,000

**1ST BANK OF NEW MEXICO**

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2012
1st Bank of New Mexico	5/1/2015	Dulce NM ISD 264430G12	\$ 350,000	\$ 350,000
Total			\$ 350,000	\$ 350,000

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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Schedule of Grant Expenditures**  
**June 30, 2012**

	<u>CFDA Number</u>	<u>Award Amount</u>	<u>Prior Costs</u>	<u>State Grant</u>	<u>Federal Grant</u>	<u>Total</u>	<u>Remaining Balance</u>
US Department of Transportation, Federal Aviation Administration #E-35-0021-003-2007	20.106	\$ 174,487	\$ -	\$ -	\$ 174,487	\$ 174,487	\$ -
Local Government Division Department of Finance and Administration		25,033	-	25,033	-	25,033	-
Local Government Division SAP08-3852--GF Department of Finance and Administration		21,299	-	21,299	-	21,299	-
Local Government Division Department of Finance Administration SAP08-3892		286,000	41,239	68,333	-	68,333	139,670
Through the New Mexico Environment, Construction Program Bureau ARRA CWSRF07		-	-	-	-	-	176,428
New Mexico Department of Transportation 05-RS-G-1-11 (1958)		63,017	-	63,017	-	63,017	-
USOA Rural Development Water Transfers Plant Development Phase Grant No. 90185	10.760	1,985,523	-	-	1,687,194	1,687,194	298,329
<b>TOTALS</b>		<u>\$ 2,555,359</u>	<u>\$ 41,239</u>	<u>\$ 177,682</u>	<u>\$ 1,861,681</u>	<u>\$ 2,039,363</u>	<u>\$ 614,427</u>

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



**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Joint Powers Agreements  
June 30, 2012**

**Mesilla Valley Regional Dispatch Authority (MVRDA)**

Participants	Village of Hatch, Doña Ana County (DAC), City of Las Cruces, Village of Hatch, 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 Doña Ana County (DAC)
Responsible Party	DAC
Description	DAC shall continue to house and feed municipal prisoners, space permitting. The County will operate the detention facility and provide security for prisoners. Any jurisdiction housing prisoners in the facility may inspect the jail at pre-arranged times.
Period	July 1, 2006 through June 30, 2010. May be extended for additional one-year periods by written mutual consent of both parties.
Project Costs	\$79 per day per prisoner effective July 1, 2009, and any costs of medical care not covered by prisoner or if the prisoner is not covered by the indigent health care fund. \$8.00 per prisoner for booking and fingerprinting.
County Contributions	None
Audit Responsibility	DAC

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Joint Powers Agreements  
June 30, 2012**

**Animal Control Services**

Participants	Village of Hatch and Doña Ana County (DAC)
Responsible Party	DAC
Description	DAC shall provide animal control services to the Village upon request of the Village.
Period	July 7, 2008 to June 30, 2010.
Project Costs	The Village shall pay DAC a fee of \$15.00 for each requested trip, \$25.00 as compensation for the officer's time and use of County equipment, and \$12.00 per day for shelter charges.
County Contributions	None
Audit Responsibility	DAC

**Building Permits and Inspections**

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

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Joint Powers Agreements  
June 30, 2012**

**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.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Joint Powers Agreements  
June 30, 2012**

**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

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2012**

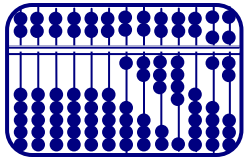
	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Prior Year's Federal Expenditure</u>	<u>Current Federal Expenditure</u>	<u>Total Remaining Cost</u>
U.S. Department of Federal Aviation	20.106	NE 35-0021-003-2007	\$ 174,487	\$ -	\$ 174,487	\$ -
USDA Rural Deveopment Watewater Improvement -Phase 1	10.76	90185	1,985,523	-	1,687,194	298,329
			<u>\$ 2,160,010</u>	<u>\$ -</u>	<u>\$ 1,861,681</u>	<u>\$ 298,329</u>

Note 1. Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Village of Hatch and is presented on the accrual basis of accounting. (See Note C) The preparer did not include any costs for insurance. There were no non-cash expenditures made. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

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

## **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, in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparison statement for general fund, major special revenue fund, and the combining and individual funds, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds and the combining and individual funds and related budgetary comparison presented as supplemental information of the Village of Hatch as of and for the year-ended June 30, 2012, and have issued our report thereon dated June 7, 2013. The report was qualified because the Village of Hatch violated its fiduciary responsibilities regarding the purchase of land, which was not in compliance with the statutes of the State of New Mexico. The financial statements were materially misstated by \$9.8 million from a distribution from Rio Grande Natural Gas Association. The land was not expended pursuant to the approval of the voters of the Village of Hatch. Therefore, the financial statements for year-end June 30, 2012, were not in compliance with section 12-6-5 NMSA 1978 and Section 2.2.2.10(I)(1)(b) NMAC.

***Internal Control over Financial Reporting***

Management of Village of Hatch is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Village of Hatch'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 Village of Hatch's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Hatch's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did identify deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined in 2007-01, 2012-03, and 2012-05. However, we identified certain deficiencies in internal control over financial reporting schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as defined in Findings 2008-01, 2008-02, 2010-01, 2010-02 and 2012-2. 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.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Hatch'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described schedule of findings and questioned costs 2007-01, 2012-01, 2012-04 and 2012-05.

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

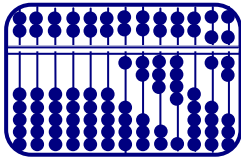
This report is intended solely for the information and use of management, Village of Hatch, others within the entity, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by other than these specified parties.

*Marcus, Fairall, Bristol & Co. P.L.L.C.*

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

June 7, 2013





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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Village of Hatch, New Mexico's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Village of Hatch, New Mexico's major federal programs for the year-ended June 30, 2012. Village of Hatch's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Village of Hatch's management. Our responsibility is to express an opinion on Village of Hatch's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Hatch's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Village of Hatch's compliance with those requirements.

In our opinion, Village of Hatch, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year-ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-02 and 2012-04.

Internal Control Over Compliance

Management of Village of Hatch is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Village of Hatch's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Village of Hatch's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities 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.*

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

June 7, 2013

STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Questioned Cost  
June 30, 2012

**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditor’s report issued: Qualified

Internal control over financial reporting:

Material weakness (es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiency (s) identified that are not considered to be material weaknesses?	<u>  X  </u>	Yes	<u>      </u>	None reported
Noncompliance material to financial statements noted?	<u>  X  </u>	Yes	<u>      </u>	No

*Federal Awards*

Internal control over major programs:

Material weakness (es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiency (s) identified that are not considered to be material weakness (es)?	<u>  X  </u>	Yes	<u>      </u>	None reported

Type of auditors’ report issued on  
compliance with major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u>  X  </u>	Yes	<u>      </u>	No
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Identification of major programs:

<u>CDFA number</u> 20.106 10.705	<u>Name of Federal Program or Cluster</u> US Department of Federal Aviation, USDA Rural Development Wastewater Improvement Phase I
--	--

Dollar threshold used to distinguish between Type A and Type B programs	\$	<u>  300,000  </u>
--	----	--------------------

Auditee qualified as low-risk auditee	<u>      </u>	Yes	<u>  X  </u>	No
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**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Responses  
June 30, 2012**

**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 – repeated  
2010-03 – Compliance with American Recovery Act Supporting Documentation Regulations – resolved  
2011-01 – Failure to maintain general ledger – resolved  
2011-02 – Failure to authorize transfers that are not budgeted – resolved  
2011-03 – Accounting and control of fixed assets – resolved

**CURRENT YEAR FINDINGS:**

Finding 2007-01 Failure to Apply GAAP – Material Weakness

Condition

The accounting for the distribution from Rio Grande Natural Gas Association was not completed properly by the Village, which resulted in material adjustments of \$9.8 million.

Criteria

Key employees and management should be trained in GAAP principles in recording the Village's financial transactions and in preparing its financial statements in accordance with GASB 34 and Subsection H. 2.2.2.8 NMAC; SAS 112.

Cause

Management did not believe it was necessary to follow state statutes and GASB 34-69 to account for these proceeds as a fiduciary agency fund.

Effect

This deficiency was such that a material misstatement of the Village financial statements would not be prevented or detected and corrected on a timely basis.

Recommendation

We recommend that management ensure that all employees receive training in applying generally accepted accounting principles to record the daily transactions. Management and all employees should receive training on how to account for agency funds in accordance with GASB 34-69.

Response

We will take the necessary steps to provide the training that will provide our management and employees with the necessary tools to record the daily transactions in accordance with GAAP and GASB 34.

Finding 2008-01 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, 2012 to the New Mexico State Auditor was December 1, 2012. The June 30, 2012 audited financial statements were submitted. The audit report was not submitted on a timely basis.

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.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Responses  
June 30, 2012**

**Section I - Financial Statement Findings (continued)**

Finding 2008-01 Audit Report Submission to the New Mexico State Auditor (continued)

Cause

Additional time was needed for the Village of Hatch to review and reconcile the general ledger accounts to the bank statements. The Auditor also was waiting to receive confirmations from various agencies to support the accuracy of the information reported in the financial statements.

Effect

There are 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 2008-02 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	Reason
General Fund		\$ 99,719	
Parks and Recreation	Culture and recreation	139,013	Expenditures incurred greater than expected
Swim-Train Facility	Capital outlay	226,309	Expenditures incurred greater than expected
Corrections		17,110	Expenditures incurred greater than expected
EMS		5	Expenditures incurred greater than expected
Swimming Pool Facility	Capital outlay	539	Was not budgeted
Solar Project		40,782	Was not budgeted
Legislative appropriation		68,333	Was not budgeted
Canal Road		78,479	Was not budgeted
Water Well SAP 97-352-GF		21,299	Was not budgeted
Total		<u>\$ 691,588</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

There is a 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.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Responses  
June 30, 2012**

**Section I - Financial Statement Findings (continued)**

Finding 2010-01 Allowance for Doubtful Accounts (continued)

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.

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 2010-02 Failure to Reconcile Control Ledgers to Subsidiary Accounts – Significant Deficiency

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.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Responses  
June 30, 2012**

**Section I - Financial Statement Findings (continued)**

Finding 2012-01 Federal Clearing House Completion of the Data Collection form and Reporting Package-  
Significant Deficiency

Condition

The Village was not able to submit a data collection form and package as required by OMB Circular A-133.

Criteria

OMB Circular A-133 dated March 21, 2012, requires the report be submitted to the federal clearing house nine months after the fiscal year end.

Cause

The audit was not completed on a timely basis so that the report could be submitted within the nine month period after the fiscal year ended.

Effect

Report is filed late The Village on an audit watch in the future. Recommend all future reports be made on time as required by OMB Circular A-133 compliance.

Response

We will ensure that the audit will be completed on a timely basis and the report to the Federal Clearing House will be submitted with the required guidelines.

Finding 2012-03 Cash Handling Procedures – Material Weakness

Condition

The daily cash activity of the Village is not signed off by the administrative staff as being correct and was accounted for properly. The cash drawer is used by all three staff members to record cash being received by the Village. The cashier receives the cash, posts the accounts receivable, makes daily deposit and takes the deposit to the bank on a daily basis.

Criteria

Duties should be divided among different people to reduce the risk of error or inappropriate actions. Responsibilities for authorizing transactions recording them and handling the related assets should be divided. An organization that has a small staff cannot parcel out responsibilities at times to achieve the necessary checks and balances that is required by good internal control procedures.

Cause

The Village of Hatch has an administrative staff of three to conduct the necessary separation of duties that is required by good internal control.

Effect

Internal control over the safeguard of assets against unauthorized use or disposition is not in effect in their accounting process. This could produce circumstances that may adversely affect the Village's ability to prevent the misstatement of the financial statements.

Recommendation

Written policies should be prepared separating the duties regarding the procedures for accounting for cash between management and the employees.

Response

We will develop and implement these procedures.

**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Responses  
June 30, 2012**

**Section I - Financial Statement Findings (continued)**

Finding 2012-05 Violation of Village of Hatch's Fiduciary Responsibilities – Material Weakness

Condition

The Village of Hatch violated its fiduciary responsibilities regarding the purchase of land, which was not in compliance with the statutes of the State of New Mexico. Management did not believe it was necessary to follow state statutes. The Village created a permanent fund through an ordinance and deposited \$9.89 million pursuant to Section 6-6-19 NMSA 1978.

Criteria

Financial statements were not accounted for in accordance with Section 6-6-19 NM SA 1978 and Section 2.2.2.10 (1)(b) NMAC and GASB 34-69.

Cause

Upon legal advice, management improperly recorded a permanent fund, income fund and investment in land from these proceeds. The Board of Trustees passed ordinances to accomplish this based upon the legal advice received.

Effect

The financial statements were materially misstated by \$9.8 million from the distribution from Rio Grande Natural Gas Association. The land was not expended pursuant to the approval of the voters of the Village of Hatch. Therefore, the financial statements were not in compliance with Section 12-6-5 NMSA 1978 and Section 2.2.2.10 (I) (1)(b) NMAC.

Recommendation

The Village should account for the \$9.8 million proceeds from the Rio Grande Natural Gas Association in accordance with a fiduciary agency until the Rio Grande Natural Gas Association is officially dissolved and the funds are distributed in accordance with the plan of dissolution. The Village Board of Trustees should be required to establish the fiscal agency position for the village of Hatch and to rescind Ordinance 368 that established the permanent fund from the proceeds of the Rio Grande Natural Gas Association.

Response

We will take the necessary steps to account for the funds from Rio Grande Natural Gas Association as an agency fund. Required action by the Board of Trustees will be taken to properly manage the agency fund for Rio Grande Natural Gas Association.

**Section II – Findings – Major Federal Award Program Audit in Accordance with OMB Circular A-133**

Finding 2012-02 USDA Rural Development Phase I, CFDA 10.760, Contract # 90185, through the State of New Mexico.Environment Department Timely Request for Reimbursement of Allowable Cost in Accordance with the Compliance Supplement of OMB Circular A-133- Significant Deficiency

Condition

Reimbursement of \$98,016 was not requested from 2012, USDA Rural Development Wastewater – Phase 1, CFDA 10.76, Contract #90185, and the State of New Mexico, on a timely basis in relationship to the time that the expenditures were made and when they should have been funded by the grant. There were no questioned costs.

Criteria

The Compliance Supplement of OMB Circular A-133 requires procedures for requesting cash advances as is administratively possible to actual cash outlays.

Cause

Management did not reconcile costs of the request for payment with the detail cost records for the month of March 2013, which resulted in \$98,016 not to be reimbursed on a timely basis as required by the cash management compliance supplement requirement of OMB Circular A-133. These costs were allowable costs.



**STATE OF NEW MEXICO  
VILLAGE OF HATCH  
Schedule of Findings and Responses  
June 30, 2012**

**Section II – Findings – Major Federal Award Program Audit in Accordance with OMB  
Circular A-133 (continued)**

Finding 2012-02 USDA Rural Development Phase I, CFDA 10.760, Contract # 90185, through the State of New Mexico.Environment Department Timely Request for Reimbursement of Allowable Cost in Accordance with the Compliance Supplement of OMB Circular A-133- Significant Deficiency (continued)

Effect

The Village had to submit a request subsequent to the actual expenditure that was made which is a violation of the compliance supplement.

Recommendation

Enforce the procedure for review of draw down reports be carefully performed.

Response

Follow up on the procedures will be conducted properly as a part of the approval process.

Finding 2012-04 Separate Bank Account not Maintained for Federal Awards as Required – Material Weakness

Condition

All cash received for federal awards are deposited into the operating bank account for the Village along with all other cash activity.

Criteria

A separate bank account is not maintained for federal awards as required by OMB A-133 and Yellow Book.

Cause

It was determined by management that a separate bank account was not required as long as the funds for the federal award was maintained in the books of the Village.

Effect

Funds from the federal awards program could be used for the operation of the Village and were not properly applied to the allowable cost of the programs that is required by the rules and contract agreement.

Recommendation

A separate bank account be established to comply with the contacts, rules and regulation of the program.

Response

We will establish a separate bank account for federal awards program.

**STATE OF NEW MEXICO**  
**VILLAGE OF HATCH**  
**Exit Conference**  
**June 30, 2012**

**EXIT CONFERENCE**

An exit conference was held on June 7, 2013, with Jack Fairall, CPA of Marcus, Fairall, Bristol + Co., P.L.L.C., meeting with the following Village officials:

Andy Nunez	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.