

STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2013 and 2012

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

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
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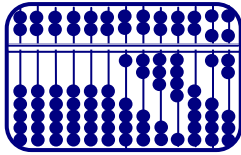
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Official Roster
June 30, 2013

Andy Nunez
James Whitlock
Joel E., McConnell
Robert Torres
Lloyd Burns
Jim Schoonover

Mayor
Trustee
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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village of Hatch, New Mexico, as of and for the years-ended June 30, 2013 and 2012, and the related notes to the financial statements 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 budget comparisons for nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the years-ended June 30, 2013 and 2012 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hatch, as of June 30, 2013 and 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the years then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor funds, budgetary comparisons for the nonmajor funds, enterprise fund of the Village of Hatch as of June 30, 2013 and 2012 and the respective changes in financial position and cash flows, where applicable, and all nonmajor funds for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of fiduciary funds, schedule of deposits, custodial risk, collateral pledge, grant expenditures, Joint Powers Agreements and expenditures of federal funds on pages 105 through 108 and 116 through 125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Hatch's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget Circular A-133, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *schedule of expenditures of federal awards* is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014 on our consideration of the Village of Hatch's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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* in considering the Village of Hatch's internal control over financial reporting and compliance.

Marcus, Fairall, Bristol + Co. PLLC

Marcus, Fairall, Bristol + Co., PLLC
El Paso, Texas

August 28, 2014

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

As management of the Village of Hatch, we offer readers of the Village of Hatch's financial statements this narrative overview and analysis of the financial activities of the Village of Hatch for the fiscal year-ended June 30, 2013. 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 position of the Village of Hatch exceeded its liabilities at the close of the most recent fiscal year by \$20,135,092. Of this amount, (\$294,209) (*unrestricted net position*) 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 decreased \$631,093.
- Expenditures for governmental activities decreased \$1,177,804.
- As of June 30, 2013, the Village's governmental funds reported combined ending fund balances of (\$305,985).
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was (\$1,504,958).
- The debt service in the proprietary fund was decreased by \$7,199.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Hatch's basic financial statements. The 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 the Village of Hatch's finances in a manner similar to a private-sector business.

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

Deferred inflows of resources are prepaid items, deferred charges, etc., that will be recognized in future periods.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 a fiduciary 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.

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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.

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management’s Discussion and Analysis

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 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 64-113 of this report.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Village of Hatch, net position exceeded liabilities by \$20,137,092 at the close of the current fiscal year. (See analysis on page 6.)

The largest portion of Village of Hatch’s net position represents the Village’s investment of \$19,596,061 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.

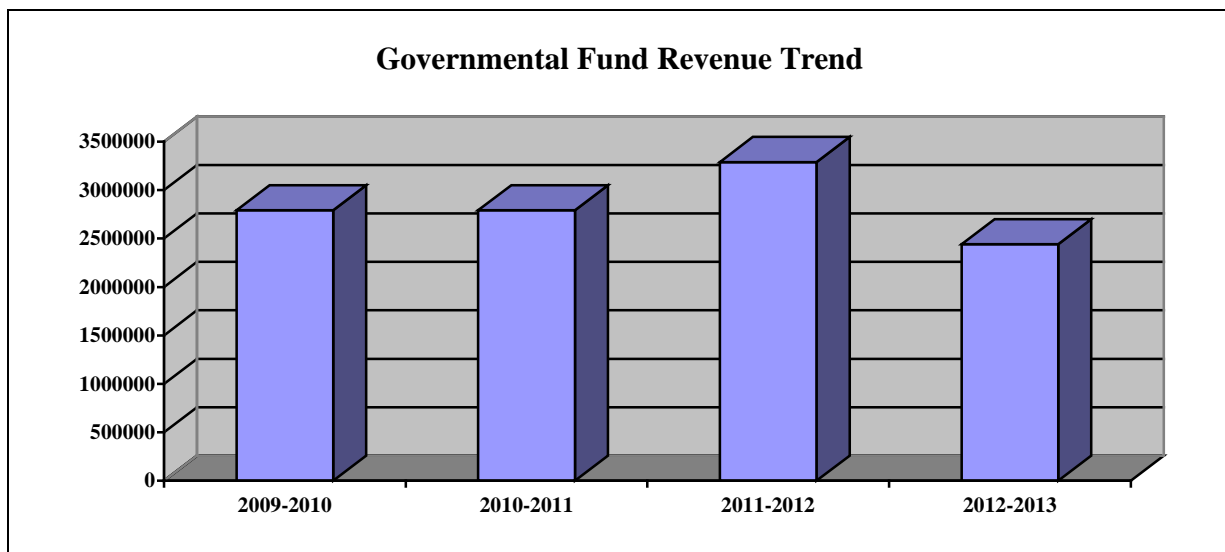
The balance of *unrestricted net position* (\$27,140) may be used to meet the government’s ongoing obligations to citizens and creditors.

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

Analysis of Changes in Net Position

The Village’s net positions, overall, decreased by \$548,568 during the current fiscal year. These decreases are explained in the government activities discussion below.

Governmental Activities. Governmental activities decreased the Village of Hatch’s net position by \$513,066 compared to the prior year’s increase of \$299,422.



**STATE OF NEW MEXICO
VILLAGE OF HATCH**

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

	Government-Type Activities		Business-Type Activities		Totals		Percent
	2013	2012	2013	2012	2013	2012	Change 2012-2013
ASSETS							
Current and other assets	\$ 2,043,655	\$ 2,648,120	\$ 1,281,827	\$ 1,261,316	\$ 3,325,482	\$ 3,909,436	-14.94%
Capital assets, net of accumulated depreciation	15,085,271	14,465,721	5,221,411	5,121,693	20,306,682	19,587,414	3.67%
Total assets	<u>\$ 17,128,926</u>	<u>\$ 17,113,841</u>	<u>\$ 6,503,238</u>	<u>\$ 6,383,009</u>	<u>\$ 23,632,164</u>	<u>\$ 23,496,850</u>	0.58%
LIABILITIES							
Current and other liabilities	\$ 1,053,404	\$ 687,383	\$ 254,714	\$ 77,384	\$ 1,308,118	\$ 764,767	71.05%
Long-term liabilities	95,907	101,985	780,000	799,599	875,907	901,584	-2.85%
Total liabilities	<u>1,149,311</u>	<u>789,368</u>	<u>1,034,714</u>	<u>876,983</u>	<u>2,184,025</u>	<u>1,666,351</u>	31.07%
DEFERRED INFLOWS OF RESOURCES							
Advance from Rio Grande Natural Gas Association	1,313,047	1,144,839	-	-	1,313,047	1,144,839	14.69%
Total deferred inflows of resources	<u>1,313,047</u>	<u>1,144,839</u>	<u>-</u>	<u>-</u>	<u>1,313,047</u>	<u>1,144,839</u>	14.69%
NET POSITION							
Invested in capital assets, net of related debt	14,972,551	14,347,460	4,598,411	4,497,193	19,570,962	18,844,653	3.85%
Restricted	-	-	269,921	340,705	269,921	340,705	-20.78%
Unrestricted	(305,983)	832,174	600,192	668,128	294,209	1,500,302	-80.39%
Total net position	<u>14,666,568</u>	<u>15,179,634</u>	<u>5,468,524</u>	<u>5,506,026</u>	<u>20,135,092</u>	<u>20,685,660</u>	-2.66%
Total liabilities and net position	<u>\$ 17,128,926</u>	<u>\$ 17,113,841</u>	<u>\$ 6,503,238</u>	<u>\$ 6,383,009</u>	<u>\$ 23,632,164</u>	<u>\$ 23,496,850</u>	0.58%

**STATE OF NEW MEXICO
VILLAGE OF HATCH**

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

	Governmental -Type Activities		Business-Type Activities		Totals		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2012-2013
REVENUES							
Program revenues:							
Charges for services	\$ 205,386	\$ 243,507	\$ 717,216	\$ 764,641	\$ 922,602	\$ 1,008,148	-8.49%
Capital grants and contributions	1,286,627	1,720,370	-	-	1,286,627	1,720,370	-25.21%
General revenues:							
Taxes	868,144	892,911	-	-	868,144	892,911	-2.77%
Small cities assistance	131,006	172,026	-	-	131,006	172,026	-23.85%
Other income	166,557	258,877	829	744	167,386	259,621	-35.53%
Interest income	1,489	2,616	-	20	1,489	2,636	-43.51%
Total revenues	2,659,209	3,290,307	718,045	765,405	3,377,254	4,055,712	-16.73%
EXPENSES							
General government	1,688,053	2,642,799	-	-	1,688,053	2,642,799	-36.13%
Public safety	899,928	1,013,602	-	-	899,928	1,013,602	-11.21%
Public works	111,195	537,472	-	-	111,195	537,472	-79.31%
Health and welfare	145,753	65,887	-	-	145,753	65,887	121.22%
Culture and recreation	283,900	46,873	-	-	283,900	46,873	505.68%
Proprietary expenses	-	-	798,993	1,148,050	798,993	1,148,050	-30.40%
Total expenses	3,128,829	4,306,633	798,993	1,148,050	3,927,822	5,454,683	-27.99%
Change in net position before special items and transfers	(469,620)	(1,016,326)	(80,948)	(382,645)	(550,568)	(1,398,971)	-60.64%
Special item							
Transfers out	(43,446)	-	-	-	(43,446)	-	
Transfers in	-	956,734	43,446	898,517	43,446	-	100.00%
Total Special Items	(43,446)	956,734	43,446	898,517	-	-	
Change in net position	(513,066)	(59,592)	(37,502)	515,872	(550,568)	456,280	
Net position - beginning	15,179,634	14,880,212	5,506,026	4,990,154	20,685,660	19,870,366	4.10%
Prior period adjustment	-	359,014	-	-	-	359,014	
Adjusted beginning assets	15,179,634	15,239,226	5,506,026	4,990,154	20,685,660	20,229,380	2.26%
Net position - ending	\$ 14,666,568	\$ 15,179,634	\$ 5,468,524	\$ 5,506,026	\$ 20,135,092	\$ 20,685,660	-2.66%

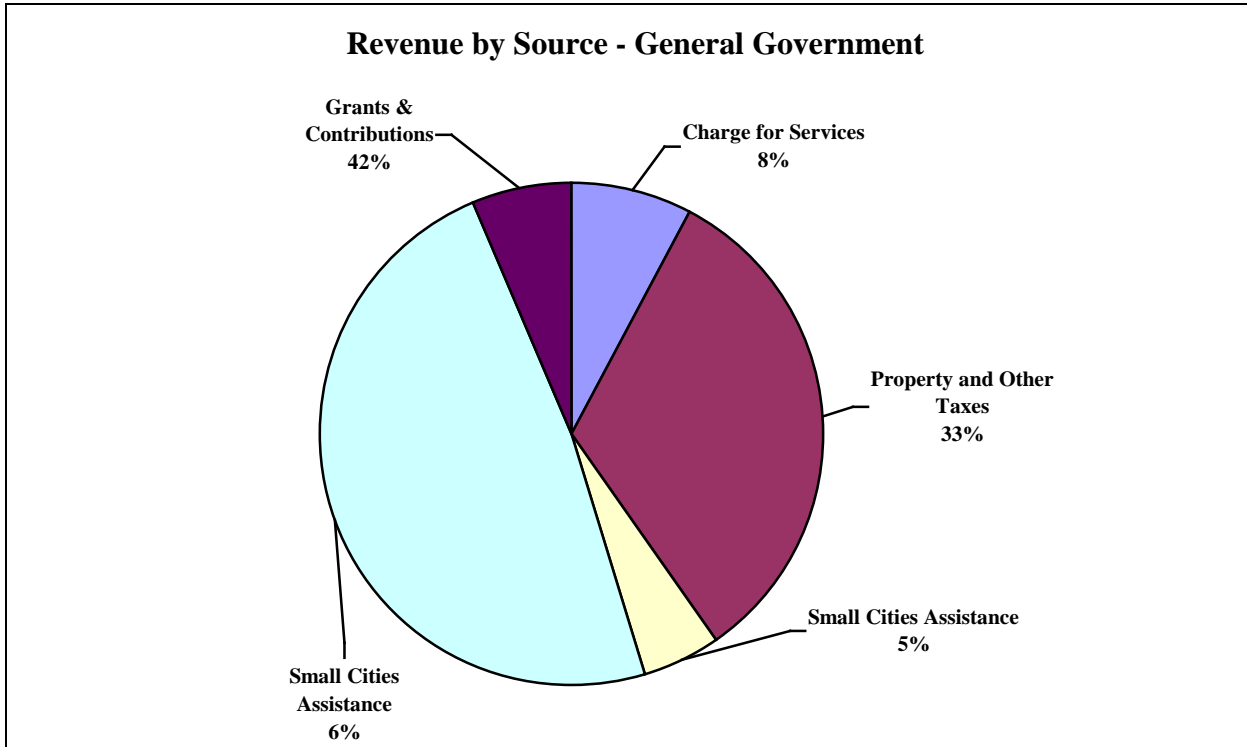
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

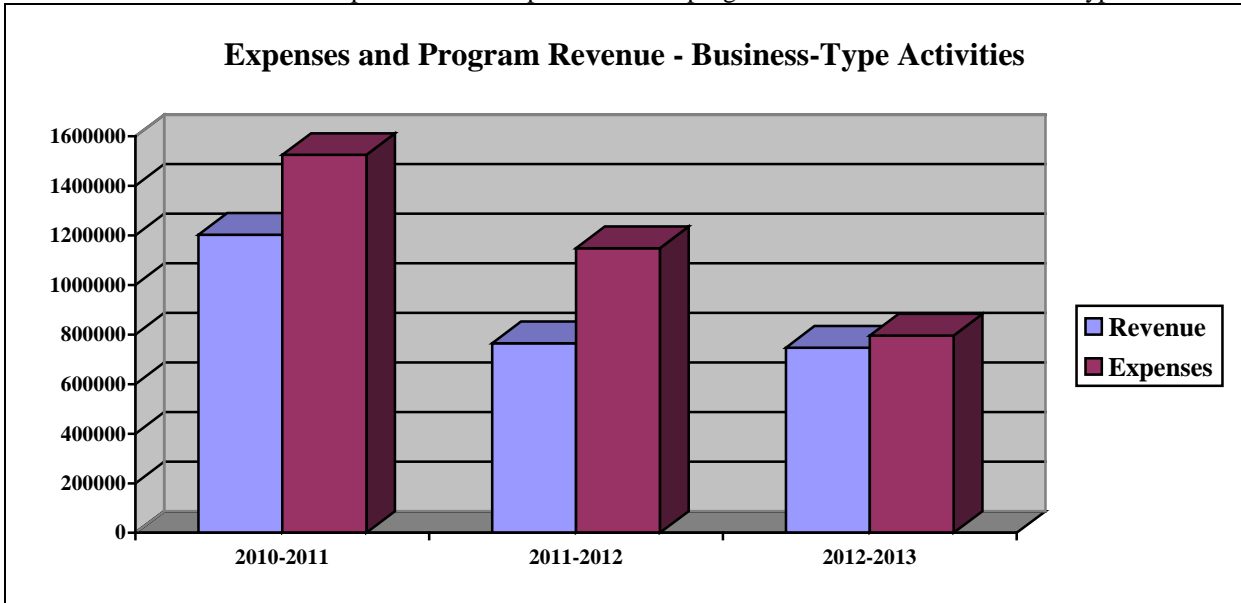
Analysis of Changes in Net Position (continued)

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) decreased \$631,093 due to a decrease in capital grants.

Total revenues from governmental activities (not including transfers) are summarized below. For fiscal year 2012-2013, 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 decreased the Village's net position by \$431,233. 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, the Village of Hatch uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the 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 (\$305,983) a decrease of \$1,138,157 in comparison with the prior year. Funds assigned to subsequent year's expenditures are \$1,198,975.

Revenues for governmental functions (excluding other financing sources) overall totaled approximately \$2,659,214 in the fiscal year-ended June 30, 2013, which represents a decrease of \$631,093 from the fiscal year-ended June 30, 2012. Expenditures for governmental functions (excluding other financing uses) totaled \$3,753,914. This was a decrease of approximately \$1,515,416 from the fiscal year-ended June 30, 2012. In the fiscal year-ended June 30, 2013, expenditures exceeded revenues of governmental functions by approximately (\$1,094,700).

The General Fund is the chief operating fund of the Village of Hatch. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was (\$1,504,958).

The fund balance of Village of Hatch's General Fund had a net decrease of \$1,151,268 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 unassigned net position for Utilities was \$600,192. The total decrease in net position for the Proprietary Funds was \$37,562. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

Fiduciary Funds. The Village maintains fiduciary funds for the assets of various agency funds. Major changes to the fiduciary funds were due to transactions of loans made by the Rio Grande Natural Gas Association to the Village of Hatch in the amount of \$183,450.

General Fund Budgetary Highlights

The Village's budget reflects 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, the 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. The 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.

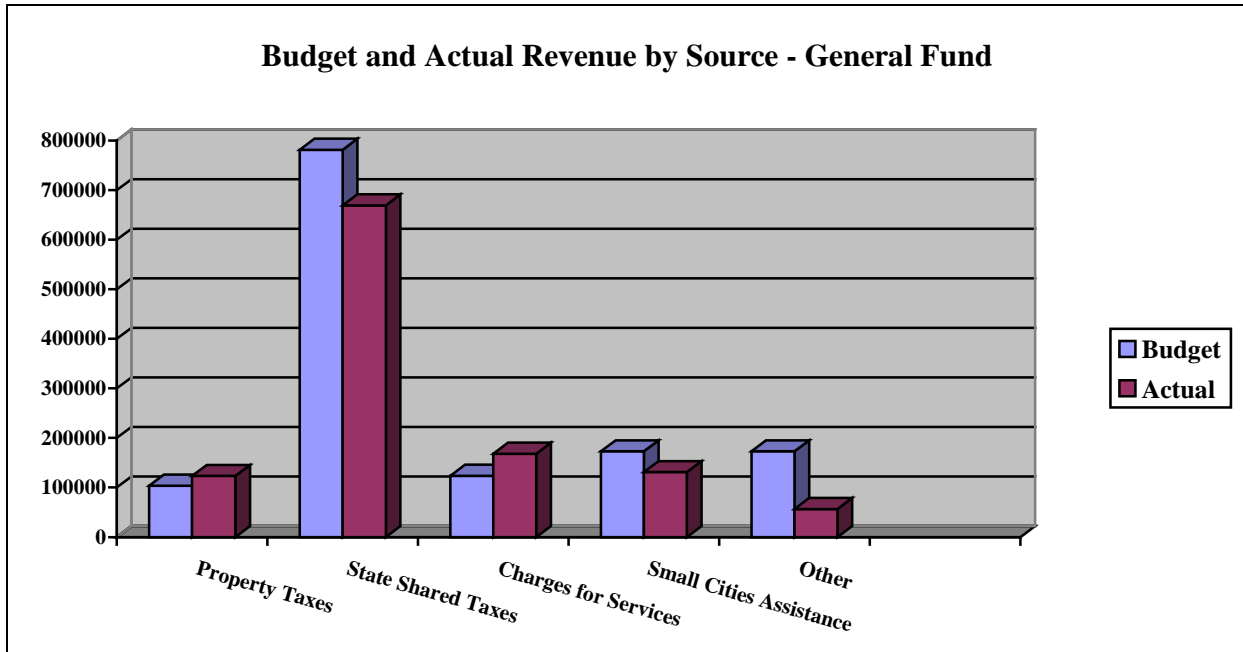
**STATE OF NEW MEXICO
VILLAGE OF HATCH**

Management's Discussion and Analysis

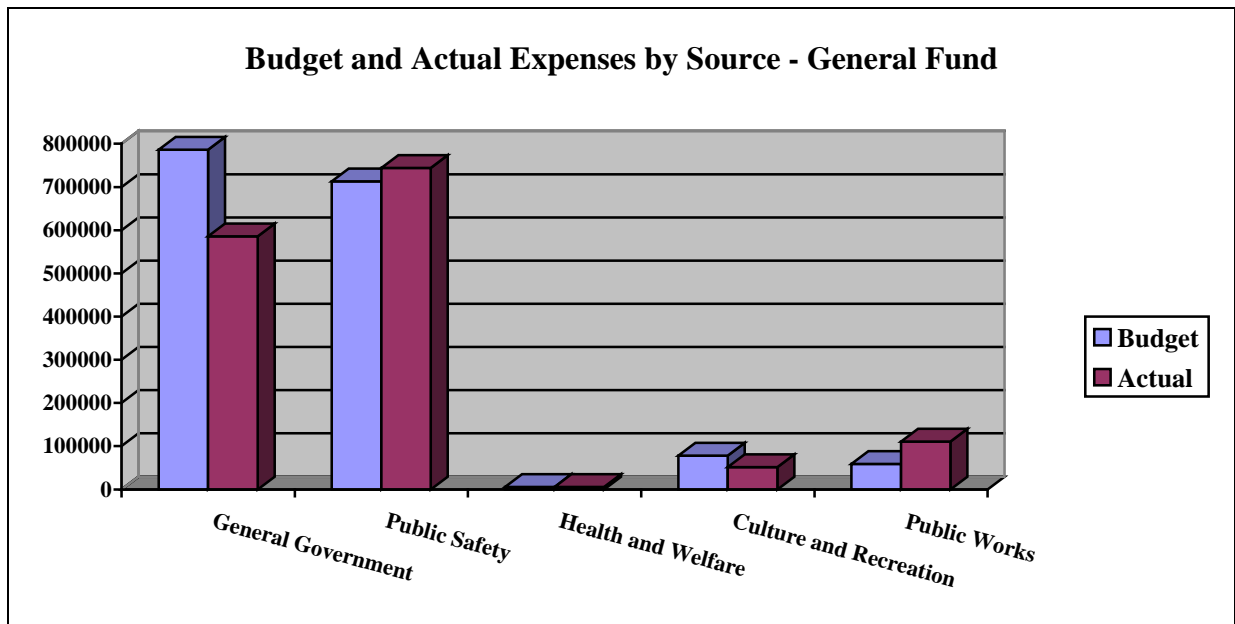
General Fund Budgetary Highlights (continued)

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

At the end of 2013, the cash balance of the General Fund had decreased by \$1,155,782. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund. The budget exceeded actual revenue by \$203,281.



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. The Village of Hatch's capital assets for its governmental and business-type activities as of June 30, 2013 amount to \$20,306,682 (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 were \$1,364,233.

**Capital Assets, Net of Depreciation
June 30, 2013**

	Government- Type Activities	Business-Type Activities	Total
Land and construction in process	\$ 2,211,112	\$ 2,088,962	\$ 4,300,074
Buildings	1,384,106	-	1,384,106
Other improvements	8,459,320	-	8,459,320
Infrastructure	3,042,389	-	3,042,389
Utility system	-	3,032,504	3,032,504
Machinery and equipment	(11,656)	99,945	88,289
Capital assets, net of accumulated depreciation	<u>\$ 15,085,271</u>	<u>\$ 5,221,411</u>	<u>\$ 20,306,682</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 Position shows the Investment in Capital Assets in the amount of \$19,570,962. 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	\$ 15,085,271	\$ 5,221,411	\$ 20,306,682
Long-term debt principal balance:			
ARRA	-	45,000	45,000
USDA Rural Development	-	440,000	440,000
NM Finance Authority - fire pumper truck	112,720	-	112,720
USDA Rural Development	-	138,000	138,000
Total long-term debt principal	<u>112,720</u>	<u>623,000</u>	<u>735,720</u>
Total investment in capital assets	<u>\$ 14,972,551</u>	<u>\$ 4,598,411</u>	<u>\$ 19,570,962</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 Position
June 30, 2013

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,108,236	\$ 555,851	\$ 1,664,087
Accounts receivable	118,410	74,359	192,769
Other receivables	218,268	-	218,268
Due from GTA funds	-	346,481	346,481
Due from other funds	598,741	-	598,741
Restricted cash	-	305,136	305,136
Capital assets:			
Land and work-in-progress	2,211,112	2,151,061	4,362,173
Other capital assets, net of depreciation	12,874,159	3,070,350	15,944,509
Total assets	<u>\$ 17,128,926</u>	<u>\$ 6,503,238</u>	<u>\$ 23,632,164</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	110,823	69,450	180,273
Accrued salaries	2,973	1,534	4,507
Due to other funds	865,976	127,558	993,534
Accrued compensated absences	56,819	1,092	57,911
Customer deposits	-	35,680	35,680
Long-term liabilities:			
Notes payable-current portion	16,813	19,400	36,213
Notes payable-long-term	95,907	780,000	875,907
Total liabilities	<u>1,149,311</u>	<u>1,034,714</u>	<u>2,184,025</u>
DEFERRED INFLOWS OF RESOURCES			
Advance from Rio Grande Natural Gas Association	1,313,047	-	1,313,047
Total deferred inflows of resources	<u>1,313,047</u>	<u>-</u>	<u>1,313,047</u>
NET POSITION			
Net invested in capital assets	14,972,551	4,598,411	19,570,962
Restricted for:			
ARRA Loan	-	50,956	50,956
Waste water reserve	-	25,848	25,848
1976 w-g-92-1 USDA loan	-	25,290	25,290
1976 repair replacement	-	18,151	18,151
1998 repair and replacement	-	17,979	17,979
1998 Jt ut 91-03 USDA loan	-	25,975	25,975
1987 repairs and replacement	-	20,912	20,912
1987 joint reserve gross income	-	84,810	84,810
Unrestricted assets	(305,983)	600,192	294,209
Total net position	<u>\$ 14,666,568</u>	<u>\$ 5,468,524</u>	<u>\$ 20,135,092</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Net Position
June 30, 2012

	Governmental Activities	Business- Type Activities	Total
ASSETS			
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	-	376,065	376,065
Capital assets:			
Land and work-in-progress	2,211,112	1,855,275	4,066,387
Other capital assets, net of depreciation	12,254,609	3,266,418	15,521,027
Total assets	<u>\$ 17,113,841</u>	<u>\$ 6,383,009</u>	<u>\$ 23,496,850</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	63,133	15,155	78,288
Accrued salaries	17,808	-	17,808
Due to other funds	587,609	-	587,609
Accrued compensated absences	2,557	2,349	4,906
Customer deposits	-	35,480	35,480
Long-term liabilities:			
Notes payable-current portion	16,276	19,400	35,676
Notes payable-long-term	101,985	804,599	906,584
Total liabilities	<u>789,368</u>	<u>876,983</u>	<u>1,666,351</u>
DEFERRED INFLOWS OF RESOURCES			
Advance from Rio Grande Natural Gas Association	1,144,839	-	1,144,839
Total deferred inflows of resources	<u>1,144,839</u>	<u>-</u>	<u>1,144,839</u>
NET POSITION			
Net invested in capital assets	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 position	<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 Activities
June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position 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	\$ 1,688,053	\$ 205,386	\$ -	\$ 1,286,622	(196,045)	\$ -	\$ (196,045)
Public safety	899,928	-	-	-	(899,928)	-	(899,928)
Public works	111,195	-	-	-	(111,195)	-	(111,195)
Culture and recreation	283,900	-	-	-	(283,900)	-	(283,900)
Health and welfare	145,753	-	-	-	(145,753)	-	(145,753)
Total governmental-type activities	3,128,829	205,386	-	1,286,622	(1,636,821)	-	(1,636,821)
Business-type activities:							
Joint utilities	798,993	717,216	-	-	-	(81,777)	(81,777)
Total business-type activities	798,993	717,216	-	-	-	(81,777)	(81,777)
Total primary government					(1,636,821)	(81,777)	(1,718,598)
General revenues:							
Taxes							
Franchise taxes					123,301	-	123,301
Property taxes					-	-	-
State-shared taxes					737,136	-	737,136
Intergovernmental income					-	-	-
State shared assistance					7,707	-	7,707
Small cities assistance					131,006	-	131,006
Miscellaneous					166,557	-	166,557
Interest income					1,494	829	2,323
Transfer					(43,446)	43,446	-
Total general revenues and transfers					1,123,755	44,275	1,168,030
Changes in net position					(513,066)	(37,502)	(550,568)
Net position beginning balance					15,179,634	5,506,026	20,685,660
Net position - ending					\$ 14,666,568	\$ 5,468,524	\$ 20,135,092

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 Position 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 position					(59,592)	515,872	456,280
Net position beginning balance					14,880,212	4,990,154	19,870,366
Prior period adjustment					359,014	-	359,014
Net position - beginning balance adjusted					15,239,226	4,990,154	20,229,380
Net position - ending					\$ 15,179,634	\$ 5,506,026	\$ 20,685,660

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, 2013

	General Fund	Fire Fund	Police Seizure Fund	Cemetery Fund	Total Nonmajor Funds	Total Funds
ASSETS						
Cash	\$ 207,045	\$ 112,663	\$ 120,108	\$ 155,770	\$ 864,949	\$ 1,460,535
Taxes receivable	-	-	-	-	-	-
Accounts receivable	94,526	-	-	17,815	6,069	118,410
Other receivables	-	-	-	-	-	-
Due from other funds	-	730	-	24,405	221,307	246,442
Due from other governments	-	-	-	-	218,268	218,268
Total assets	<u>\$ 301,571</u>	<u>\$ 113,393</u>	<u>\$ 120,108</u>	<u>\$ 197,990</u>	<u>\$ 1,310,593</u>	<u>\$ 2,043,655</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 25,408	\$ 1,228	\$ 1,938	\$ -	\$ 82,249	\$ 110,823
Accrued salaries	2,132	-	-	-	841	2,973
Accrued compensated absences	56,819	-	-	-	-	56,819
Due to other funds	409,124	-	-	-	456,852	865,976
Total liabilities	<u>493,483</u>	<u>1,228</u>	<u>1,938</u>	<u>-</u>	<u>539,942</u>	<u>1,036,591</u>
DEFERRED INFLOWS OF RESOURCES						
Advance from Rio Grande Natural Gas Association	1,313,047	-	-	-	-	1,313,047
Total deferred inflow of resources	<u>1,313,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313,047</u>
Fund balances:						
Subsequent year's expenditures	-	112,165	118,169	197,990	770,651	1,198,975
Unassigned	(1,504,958)	-	-	-	-	(1,504,958)
Total fund balances	<u>(1,504,958)</u>	<u>112,165</u>	<u>118,169</u>	<u>197,990</u>	<u>770,651</u>	<u>(305,983)</u>
Total liabilities and fund balances	<u>\$ 301,572</u>	<u>\$ 113,393</u>	<u>\$ 120,107</u>	<u>\$ 197,990</u>	<u>\$ 1,310,593</u>	<u>\$ 2,043,655</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 Position
June 30, 2013**

Total fund balances – governmental funds \$ (305,983)

Amounts reported for governmental activities in the statement of net position 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>1,311,399</u>	
Capital outlay capitalization	15,641,134	
Deduct accumulated depreciation	<u>553,321</u>	
		15,087,813

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>(115,262)</u>	<u>(115,262)</u>
Total net position – governmental activities		<u><u>\$ 14,666,568</u></u>

STATE OF NEW MEXICO
VILLAGE OF HATCH
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year-Ended June 30, 2013

	General Fund	Fire Fund	Police Seizure Fund	Cemetery Fund	Total Non- Major Funds	Total Governmental Funds
REVENUES						
Franchise taxes	\$ 123,301	\$ -	\$ -	\$ -	\$ -	\$ 123,301
State shared taxes	669,278	65,058	-	-	2,811	737,147
State shared allotment	-	-	-	-	7,707	7,707
Charges for services	168,001	-	-	37,385	-	205,386
Small cities assistance	131,006	-	-	-	-	131,006
Other income	55,235	7,640	21,858	-	81,824	166,557
Interest income	1,494	-	-	-	-	1,494
Federal grants	-	-	-	-	567,620	567,620
State grants	5,004	-	-	-	625,724	630,728
County grants	-	-	-	-	88,268	88,268
Total revenues	<u>1,153,319</u>	<u>72,698</u>	<u>21,858</u>	<u>37,385</u>	<u>1,373,954</u>	<u>2,659,214</u>
EXPENDITURES						
Current:						
General government	585,923	-	-	-	-	585,923
Public safety	743,696	68,188	52,724	-	35,320	899,928
Public works	110,605	-	-	-	595	111,200
Culture and recreation	51,562	-	-	-	231,435	282,997
Health and welfare	5,905	-	-	43,802	96,046	145,753
Capital outlay	-	-	-	-	1,728,124	1,728,124
Total expenditures	<u>1,497,691</u>	<u>68,188</u>	<u>52,724</u>	<u>43,802</u>	<u>2,091,520</u>	<u>3,753,925</u>
Excess (deficiency) of revenues	<u>(344,372)</u>	<u>4,510</u>	<u>(30,866)</u>	<u>(6,417)</u>	<u>(717,566)</u>	<u>(1,094,711)</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	763,450	763,450
Transfers out	<u>(806,896)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(806,896)</u>
Total other financing sources and uses	<u>(806,896)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>763,450</u>	<u>(43,446)</u>
Net change in fund balances	<u>(1,151,268)</u>	<u>4,510</u>	<u>(30,866)</u>	<u>(6,417)</u>	<u>45,884</u>	<u>(1,138,157)</u>
Fund balances-beginning	(353,690)	107,655	149,035	204,407	724,767	832,174
Fund balances-ending	<u>\$ (1,504,958)</u>	<u>\$ 112,165</u>	<u>\$ 118,169</u>	<u>\$ 197,990</u>	<u>\$ 770,651</u>	<u>\$ (305,983)</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, 2013

Total net change in fund balances-governmental funds		\$ (1,138,157)
 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	\$ 1,176,070	
Deduct capital outlays transferred to business activities	<u>193,704</u>	
Capital outlays capitalized	1,369,774	
Deduct depreciation expense	<u>744,683</u>	625,091
Cost of land sold		<u>-</u>
 Change in net position		 \$ <u>(513,066)</u>

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

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

	General Fund	Fire Fund	Police Seizure Fund	Cemetery Fund	Total Nonmajor Funds	Total Funds
ASSETS						
Cash	\$ 1,362,827	\$ 107,681	\$ 149,035	\$ 177,087	\$ 427,755	\$ 2,224,385
Accounts receivable	97,170	-	-	14,169	5,924	117,263
Other receivables	-	159	-	-	-	159
Due from other funds	-	-	-	13,276	293,037	306,313
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>
LIABILITIES AND FUND BALANCES						
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 other funds	587,609	-	-	-	-	587,609
Total liabilities	<u>668,848</u>	<u>185</u>	<u>-</u>	<u>125</u>	<u>1,949</u>	<u>671,107</u>
DEFERRED INFLOW OF RESOURCES						
Advance from Rio Grande Natural Gas	1,144,839	-	-	-	-	1,144,839
Total deferred inflow of resource	<u>1,144,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144,839</u>
Fund balances:						
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
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 fund balances – governmental funds \$ 832,174

Amounts reported for governmental activities in the statement of net position 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		1,933,491	
Capital outlay capitalization		15,019,042	
Deduct accumulated depreciation		553,321	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		(118,261)	(118,261)
Total net position – governmental activities	\$		15,179,634

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, 2012

	General Fund	Fire Fund	Police Seizure Fund	Cemetery Fund	Total Non- Major Funds	Total Governmental Funds
REVENUES						
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>
EXPENDITURES						
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>
OTHER FINANCING SOURCES						
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	<u>(1,438,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,197)</u>	<u>(1,439,689)</u>
Total other financing sources	<u>(1,060,039)</u>	<u>(18,225)</u>	<u>-</u>	<u>58,177</u>	<u>1,976,821</u>	<u>956,734</u>
Net change in fund balances	<u>(1,275,241)</u>	<u>(10,124)</u>	<u>(39,100)</u>	<u>62,859</u>	<u>239,317</u>	<u>(1,022,289)</u>
Fund balances-beginning	562,537	117,779	188,135	141,548	485,450	1,495,449
Add: prior period adjusted Fund balances-beginning, adjusted	<u>359,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,014</u>
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	\$ 3,296,885	
Deduct capital outlays transferred to business activities	<u>1,760,062</u>	
Capital outlays capitalized	1,536,823	
Deduct depreciation expense	<u>553,321</u>	983,502
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 principal paid on the loans is reported as an expenditure.

		<u>(15,805)</u>
Change in net position		<u><u>\$ (59,592)</u></u>

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
Revenues:				
Taxes	\$ 103,500	\$ 103,500	\$ 123,301	\$ 19,801
State shared taxes	781,500	781,500	669,278	(112,222)
State grant	-	-	5,004	5,004
Charges for services	123,600	123,600	168,001	44,401
Small cities assistance	173,000	173,000	131,006	(41,994)
Interest income	120,000	120,000	1,494	(118,506)
Other income	55,000	55,000	55,235	235
Total revenues	1,356,600	1,356,600	1,153,319	(203,281)
Add: beginning cash	-	-		
	\$ 1,356,600	\$ 1,356,600		
Expenditures:				
Current:				
General government	786,421	786,421	585,923	200,498
Public safety	713,212	713,212	743,696	(30,484)
Public works	59,114	59,114	110,605	(51,491)
Culture and recreation	78,472	78,472	51,562	26,910
Health and welfare	5,732	5,732	5,905	(173)
Total expenditures	1,642,951	1,642,951	1,497,691	145,260
Excess (deficiency) of revenues over (under)			(344,372)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(2,062,428)	(2,062,428)	(806,896)	1,255,532
Total other financing sources (uses)	(2,062,428)	(2,062,428)	(806,896)	1,255,532
Net change in fund balance (Non-GAAP basis)			(1,151,268)	
Difference between GAAP and Non-GAAP				
Adjust transfers		-		
Adjust accrued revenue		-		
Adjust accrued expenses		-	-	
Net change in fund balance (Modified GAAP basis)			(1,151,268)	
Fund balance-beginning			(353,690)	
Fund balance-ending			\$ (1,504,958)	

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) <u>Final to Actual</u>
Revenues:				
State allotment	\$ 67,000	\$ 67,000	\$ 65,058	\$ 1,942
Other income	7,010	7,010	7,640	(630)
Total revenues	<u>74,010</u>	<u>74,010</u>	<u>72,698</u>	<u>1,312</u>
 Add: beginning cash	 <u>107,655</u>	 <u>107,655</u>		
	<u>\$ 181,665</u>	<u>\$ 181,665</u>		
 Expenditures:				
Public safety	181,692	76,625	68,188	8,437
Capital out lay	-	115,000	-	115,000
Total expenditures	<u>181,692</u>	<u>191,625</u>	<u>68,188</u>	<u>123,437</u>
 Excess (deficiency) revenues over expenditures			4,510	
 Other financing sources (uses)				
Interest proceeds	-	-	-	-
Interest payment	-	-	-	-
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)			4,510	
 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)			4,510	
Fund balance – beginning			<u>107,655</u>	
 Fund balance – ending			<u>\$ 112,165</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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
Other income	\$ 60,000	\$ 60,000	\$ 21,858	\$ (45,807)
Total revenues	60,000	60,000	21,858	(45,807)
Add: beginning cash	149,035	149,035		
	\$ 209,035	\$ 209,035		
Expenditures:				
Public safety	60,000	60,000	52,724	7,276
Total expenditures	60,000	60,000	52,724	7,276
Excess (deficiency) revenues over expenditures			(30,866)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			(30,866)	
Differences between Modified GAAP and Non-GAAP				
Loan Proceeds			-	
Adjust accrued expense		-	-	
Net change in fund balance (Non-GAAP basis)			(30,866)	
Fund balance – beginning			149,035	
Fund balance – ending			\$ 118,169	

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, 2013

	<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:				
Charges for services	\$ 1,000	\$ 1,000	\$ 37,385	\$ 36,385
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>37,385</u>	<u>36,385</u>
Add: beginning cash	<u>204,407</u>	<u>204,407</u>		
	<u>\$ 205,407</u>	<u>\$ 205,407</u>		
Expenditures:				
Health and Welfare	<u>1,000</u>	<u>1,000</u>	<u>43,802</u>	<u>(42,802)</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>43,802</u>	<u>(42,802)</u>
Excess (deficiency) revenues over expenditures			(6,417)	
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)			(6,417)	
Fund balance – beginning			<u>204,407</u>	
Fund balance – ending			<u>\$ 197,990</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 Position
June 30,

	2013	2012
ASSETS		
Current assets:		
Cash	\$ 555,851	\$ 541,128
Accounts receivable	74,359	62,827
Due from other funds	346,481	281,296
Total current assets	976,691	885,251
Noncurrent assets:		
Restricted cash:		
ARRA Loan	50,956	-
Waste water reserve	25,848	136,293
1976 W-G 92-1 USDA Loan	25,290	-
Customer deposits	35,215	35,360
1976 Repair replacement	18,151	25,842
1998 Repair and replacement	17,979	70,745
1998 Jt Ut 91-03 USDA loan	25,975	58,237
1987 repairs and replacement	20,912	49,588
1987 joint utility reserve gross income	84,810	-
Total restricted cash	305,136	376,065
Capital assets:		
Land	2,151,061	1,855,275
Other capital assets net of depreciation	3,070,350	3,266,418
Total capital assets	5,221,411	5,121,693
Total assets	\$ 6,503,238	\$ 6,383,009
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 69,450	\$ 15,155
Due to other Fund	127,558	-
Accrued salaries	1,534	-
Customer deposits	35,680	35,480
Accrued compensated absences	1,092	2,349
Current portion of long-term liabilities	19,400	19,400
Total current liabilities	254,714	72,384
Noncurrent liabilities:		
Notes payable	780,000	804,599
Total liabilities	1,034,714	876,983
NET POSITION		
Net invested in capital assets	4,598,411	4,497,193
Restricted for:		
ARRA loan	50,956	136,293
Wastwater reserve	25,848	-
1976 W-G-1 USDA loan	25,290	-
1976 repair replacement	18,151	-
1998 repair replacement	17,979	58,237
1998 Jt Ut 91-03 USDA loan	25,975	25,842
1987 repairs and replacement	20,912	70,745
1987 joint utility reserve gross income	84,810	49,588
Unassigned:	600,192	668,128
Total net position	\$ 5,468,524	\$ 5,506,026

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 Position
Proprietary Funds - Utilities
For the Year-Ended June 30,

	2013	2012
Operating revenues		
Charges for service	\$ 633,553	\$ 675,210
Municipal taxes	78,181	84,270
Connection charges	5,482	5,161
Total operating revenues	717,216	764,641
Operating expenses		
Personnel services	532,316	252,747
Contractual expenses	95,719	332,126
Other operating expenses	168,020	23,133
Loan payments	28,754	19,400
Interest expense	4,618	18,898
Garbage contract	-	200,470
Total operating expenses	829,427	846,774
Net operating income (loss) from operations	(112,211)	(82,133)
Depreciation	296,013	301,326
	(408,224)	(383,459)
Operating income (loss) before contributions and transfers		
Non-operating revenues (expense)		
Miscellaneous income	-	20
Interest income	829	744
Transfers in	43,446	139,438
Transfers out	-	(1,114,396)
Total non-operating revenues (expenditures)	44,275	(974,194)
Change in net position	(363,949)	(1,357,653)
Total net position - beginning	964,141	2,025,781
Total net position - ending	\$ 600,192	\$ 668,128

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,

	2013	2012
Cash flows from operating activities:		
Cash received from agencies and customers	\$ 717,216	\$ 764,641
Cash used for operating expenses	(227,410)	(658,526)
Cash used for personnel services	(532,316)	(252,798)
Net cash (used) for operating activities	(42,510)	(146,683)
Cash flows from financing activities:		
Principal payment on notes	(28,754)	(11,500)
Principal payment on bonds	-	(7,900)
Interest expense	(4,618)	(18,848)
Transfer out	43,446	(975,588)
Net cash used for financing activities	10,074	(1,013,836)
Cash flows from investing activities:		
Increase in debt	(24,599)	190,562
Miscellaneous income	-	20
Interest income	829	744
Net cash provided by investing activities	(23,770)	191,326
Net increase (decrease) in cash and cash equivalents	(56,206)	(969,193)
Cash and cash equivalents – beginning	917,193	1,886,386
Cash and cash equivalents – ending	\$ 860,987	\$ 917,193
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (408,224)	(383,459)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Loan payments	28,754	19,400
Interest expense	4,618	18,848
Depreciation	296,013	301,326
Changes in assets and liabilities:		
(Increase) decrease accounts receivable	(11,532)	(54,077)
(Increase) decrease Other receivable	-	(10,842)
(Increase) decrease due from other funds	(6,911)	(37,583)
Increase (decrease) accounts payable	54,295	5,328
Increase (decrease) other payables	1,534	-
Increase (decrease) accrued interest payable	-	(7,949)
Increase (decrease) customer deposits	200	(24)
Increase (decrease) uncompensated absences	(1,257)	2,349
Net cash provided (used) by operating activities	\$ (42,510)	\$ (146,683)

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 Position
June 30, 2013

	Rio Grande Natural Gas Association Agency Fund	Private-Purpose Trust	Agency Funds
Assets			
Cash and cash equivalents	\$ 6,737,615	\$ 372,192	\$ 2,000
Note receivable	-	98,450	-
Land	2,009,379	-	-
Due from Village of Hatch	1,313,047	739	-
Total assets	\$ 10,060,041	\$ 471,381	\$ 2,000
Liabilities and net position			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -
Net position			
Held in trust for private-purpose	-	\$ 471,381	\$ 2,000
Held in fiduciary fund account	\$ 10,060,041	-	-

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 Position
For the Year-ended June 30, 2013

	<u>Rio Grande Natural Gas Association Agency Fund</u>	<u>Private-Purpose Fund</u>
Additions		
Investment earnings	\$ 16,010	\$ -
Bad debt recovery	12,281	-
Other	50	2,435
Total	<u>28,341</u>	<u>2,435</u>
Deductions		
Bad debt		
Board stipends	16,256.00	54,726.00
Taxes	920	-
Other	9,155	-
Total	<u>26,331</u>	<u>54,726</u>
Change in net position	2,010	(52,291)
Add: Bank account	60,638	-
Net position – beginning of the year	<u>9,997,393</u>	<u>523,672</u>
Net position – end of the year	<u><u>\$ 10,060,041</u></u>	<u><u>\$ 471,381</u></u>

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
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 position	 9,997,393	 2,732
 Net position – beginning of the year	 <u>-</u>	 <u>520,940</u>
 Net position – end of the year	 <u>\$ 9,997,393</u>	 <u>\$ 525,672</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, 2013

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 position and the statement of activities and changes in net position) reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

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).

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

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).

Parks and Recreations – To account for expenses incurred by the parks and recreations department.

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

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 –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.

Building/Equipment – To record expenditures for remodeling administrative building and related equipment.

Rapid Response Truck – To account for the purchase loan and equipment of fire truck.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

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.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position 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
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position 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 and 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 position. The face amount of debt issued is reported as other financing sources.

Deferred Outflows of Resources: Deferred outflows of resources are deferred changes that will be realized in a future reporting period.

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position 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.

Inter-Fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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, 2013.

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, 2013 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>
Net change in fund balance (Non Modified GAAP basis)	\$ (344,372)	\$ 4,510	\$ (30,866)	\$ (6,417)	\$ (717,555)
Adjustments:					
To revenues for tax accruals, earnings on investments and other deferrals and accruals	\$ (806,896)	\$ -	\$ -	\$ -	\$ 763,450
Net change in fund balance over expenditures (budget basis)	\$ (1,151,268)	\$ 4,510	\$ (30,866)	\$ (6,417)	\$ 45,895

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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	
	2013	2012
Insured	\$ 1,357,298	\$ 2,655,930
Collateralized:		
Collateral held by pledging bank's trust department not in the Village's name	11,526,041	10,820,798
Uninsured and uncollateralized	(3,520,370)	(3,022,329)
 Total Cash held at bank, primary government	 <u>\$ 9,362,969</u>	 <u>\$ 10,454,399</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial risk. As of June 30, 2013, \$(3,520,370) of the Village's bank balance of \$9,362,969 was exposed to custodial credit risk as follows:

	2013	2012
Uninsured and uncollateralized	\$ (8,005,671)	\$ (7,798,469)
Uninsured and collateral held by pledging bank's trust department not in Village's name	11,526,041	10,820,798
Total cash, primary government	<u>\$ (3,520,370)</u>	<u>\$ 3,022,329</u>

NOTE 4 RECEIVABLES

Receivables as of June 30, 2013 are as follows:

	Governmental Funds	Proprietary Fund	Total
Other receivables	\$ 218,268	\$ -	\$ 218,268
Due from other funds	246,442	346,481	592,923
Accounts receivable	118,410	74,359	192,769
Net receivables	<u>\$ 583,120</u>	<u>\$ 420,840</u>	<u>\$ 1,003,960</u>

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	<u>\$ 423,735</u>	<u>\$ 344,123</u>	<u>\$ 767,858</u>

These receivables are considered fully collectible as of June 30, 2013.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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 6/30/2013
All Aboard Preschool	\$ 45,000	4% per annum	\$ 22,828
All Aboard Preschool	100,000	4% per annum	43,162
Hatch Auto Electric	50,000	4% per annum	32,460
Net receivables	<u>\$ 195,000</u>		<u>\$ 98,450</u>

These notes receivable are considered fully collectible as of June 30, 2013. 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, 2013. Land is not subject to depreciation.

Governmental Activities:	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 2,211,112	\$ -	\$ -	\$ 2,211,112
Construction in progress	-	-	-	-
Total	<u>2,211,112</u>	<u>-</u>	<u>-</u>	<u>2,211,112</u>
Other capital assets being depreciated				
Buildings	2,833,212	428,357	-	3,261,569
Other improvements	9,199,162	153,881	-	9,353,043
Infrastructure	3,372,005	647,025	-	4,019,030
Machinery and equipment	661,176	134,970	76,843	719,303
Total	<u>16,065,555</u>	<u>1,364,233</u>	<u>76,843</u>	<u>17,352,945</u>
Accumulated depreciation:				
Buildings	(1,651,499)	(225,964)	-	(1,877,463)
Other improvements	(725,796)	(167,927)	-	(893,723)
Infrastructure	(714,143)	(262,498)	-	(976,641)
Machinery and equipment	(719,508)	(88,294)	(76,843)	(730,959)
Total	<u>(3,810,946)</u>	<u>(744,683)</u>	<u>(76,843)</u>	<u>(4,478,786)</u>
Net book value	<u>\$ 14,465,721</u>	<u>\$ 619,550</u>	<u>\$ -</u>	<u>\$ 15,085,271</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 6 CAPITAL ASSETS (continued)

Depreciation expense for the year-ended June 30, 2013 was charged as follows:

General governmental	\$	167,927
Public safety		225,964
Public works		262,498
Culture and recreation		45,044
Health and welfare		43,250
Total expense	\$	744,683

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Business-Like Activities:				
Capital assets not being depreciated				
Land	\$ 62,099	-	\$ -	\$ 62,099
Construction in progress	1,793,176	295,786	-	2,088,962
Total	1,855,275	295,786	-	2,151,061
Other capital assets being depreciated				
Buildings	54,666	-	-	54,666
Utility system	8,195,637	-	-	8,195,637
Machinery and equipment	581,928	99,945	-	681,873
Total	8,832,231	99,945	-	8,932,176
Accumulated depreciation				
Buildings	(54,666)	-	-	(54,666)
Utility system	(4,473,320)	(263,913)	-	(4,737,233)
Machinery and equipment	(1,037,827)	(32,100)	-	(1,069,927)
Total	(5,565,813)	(296,013)	-	(5,861,826)
Net book value	\$ 5,121,693	\$ 99,718	\$ -	\$ 5,221,411

Depreciation expense relating to business-like activities for the year-ended June 30, 2013 totaled \$296,013.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 7 LONG-TERM DEBT

During the year-ended June 30, 2013 the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Funds:	Balance June 30, 2012	Additions	Decreases	Balance June 30, 2013	Due Within One Year
NM Finance Authority - fire pumper truck	\$ 118,261	\$ -	\$ 16,034	\$ 102,227	\$ 16,288
NM Finance Authority-Net System	-	10,493	-	10,493	525
Compensated absences	2,557	56,819	2,557	56,819	2,557
Total long-term liabilities	\$ 120,818	\$ 67,312	\$ 18,591	\$ 169,539	\$ 19,370

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

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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
	\$ 102,227	\$ 3,036	\$ 105,263

On September 2013, the Village borrowed from the New Mexico Finance Authority \$10,493 to help finance a purchase of a system they were going to be using for their server.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 7 LONG-TERM DEBT (continued)

Proprietary Fund:	Balance June 30,			Balance June 30,	
	2012	Additions	Decreases	2013	One Year
Revenue Bonds	\$ 199,499	\$ -	\$ 23,099	\$ 176,400	\$ 7,900
Rural Development	438,000	2,000	-	440,000	7,000
Rural Development	139,000	-	1,000	138,000	2,000
Compensated Absences	2,349	1,092	2,349	1,092	1,092
ARRA	47,500	-	2,500	45,000	2,500
Total long-term debt	\$ 826,348	\$ 3,092	\$ 28,948	\$ 800,492	\$ 20,492

Interest expense of \$13,352 was paid during the year-ended June 30, 2013.

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

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.

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:

<u>Fiscal Year-</u>	<u>Principal</u>
2014	\$ 2,500
2015	2,500
2016	2,500
2017	2,500
2018	2,500
2018-2023	12,500
2023-2038	15,000
2039-2039	5,000
	<u>\$ 45,000</u>

The annual requirements to amortize note to Rural Development USDA:

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 7 LONG-TERM DEBT (continued)

The annual requirements to amortize note to Rural Development USDA:

Fiscal Year-	Principal	Interest	Total
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
2019	11,000	13,560	24,560
2023-2027	15,000	12,010	27,010
2028-2032	15,000	10,240	25,240
2033-2037	9,000	7,930	16,930
	<u>\$ 69,000</u>	<u>\$ 69,000</u>	<u>\$ 138,000</u>

Fiscal Year-	Principal	Interest	Total
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	8,000	6,600	14,600
2019-2022	32,000	26,400	58,400
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	23,000	12,510	35,510
	<u>\$ 249,000</u>	<u>\$ 191,000</u>	<u>\$ 440,000</u>

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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>
2014	\$ 7,000
2015	4,000
2016	4,000
2017	4,000
2018	7,533
2019-2023	22,467
2024-2028	32,000
2029-2033	38,000
2034-2038	57,400
	<u>\$ 176,400</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 \$42,004 and \$35,722 in insurance premiums for the years-ended June 30, 2013 and June 30, 2014, 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.

Funding Policy. Plan members are required to contribute 7.4% for municipal employees and 16.99% for law enforcement employees of their gross salary. The Village of Hatch is required to contribute 9.55% 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, 2013, 2012, and 2011 were \$51,666, \$32,997, and \$30,388 respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 10 POST-EMPLOYMENT BENEFITS

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

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

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

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

(1)The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year-ended June 30, 2013, 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, 2014 through June 30, 2016 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>
FY14	2.000%	1.000%
FY15	2.00%	1.00%
FY16	2.00%	1.00%

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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>
FY14	2.500%	1.250%
FY15	2.50%	1.25%
FY16	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, 2013, 2012, 2011, were \$8,946, \$8,645, and \$8,893, respectively, which equal the required contributions for each year.

NOTE 11 FEDERAL AND STATE GRANTS

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

NOTE 12 INTER-FUND TRANSFERS AND BALANCES

Transfers to/from other funds at June 30, 2013, consist of the following:

<u>From</u>	<u>To</u>	<u>Purpose</u>
\$ (50,000) General Fund	Swimming Pool Facility	To cover expenditures
(50,000) General Fund	Library	To cover expenditures
(20,000) General Fund	Airport	To cover expenditures
(110,000) General Fund	Parks and Recreation	To cover construction costs
(533,450) General Fund	Equipment and Building	To cover expenses
(5,100) General Fund	1976 W-G-S USDA Loan	To cover expenditures
(11,522) General Fund	1998 Jt Ut 91-03 USDA Loan	To cover expenditures
(5,150) General Fund	Wastewater	To cover expenses
(21,674) General Fund	Wastewater 92-07 USDA Loan	To cover expenses
<u>\$ (806,896)</u>	Total	

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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. The Rio Grande Natural Gas Association was officially dissolved on June 28, 2014.

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, 2013:

Fund	Category	Over Expended	Reason
Cemetery		\$ 42,802	Expenditures incurred greater than expected
Swim-Train Facility	Capital outlay	1,104	Expenditures incurred greater than expected
Corrections		96	Expenditures incurred greater than expected
Rapid response fire truck		82,560	Expenditures incurred greater than expected
Law Enforcement		809	Expenditures incurred greater than expected
Placitas Arroyo		87,977	Expenditures incurred greater than expected
Canal Road		226,045	Expenditures incurred greater than expected
Swimming pool facility		50,804	Expenditures incurred greater than expected
Total		<u>\$ 492,197</u>	

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

NOTE 15 INTERFUND TRANSACTIONS

Canal Road	7,496	Advance for expenditures
Fund Legislative Appropriations	31,950	Advance for expendiures
Fire Fund	730	Advance for expendiures
Rapid Response	8,048	Advance for expendiures
Street Improvement	127,135	To cover expenditures
Cemetery	24,405	To transfer beginning balance
Law Enforcement	4,022	Advance for expendiures
Equipment/Building	15,242	Advance for expendiures
Parks and Recreation	925	Advance for expendiures
Water	60,676	Funds deposited in general fund
Gas	38,204	Funds deposited in general fund
Solid Waste	4,063	Funds deposited in general fund
Waste Water	<u>243,538</u>	Funds deposited in general fund
Total due from other funds	<u>\$ 592,923</u>	
Due to other funds		
Water	\$ 60,676	Advance for expendiures
Gas	38,204	Advance for expendiures
Waste Water	243,538	Advance for expendiures
Solid Waste	<u>4,063</u>	Payroll paid from General Fund
	<u>\$ 346,481</u>	
Library	156,572	Payroll paid from General Fund
Parks and Recreation	3,227	Payroll paid from General Fund
Canal Road	73,528	Payroll paid from General Fund
Equipment/Building	29,435	Payroll paid from General Fund
Water Well	64,515	Payroll paid from General Fund
Placitas Arroyo	129,575	Payroll paid from General Fund
Rural Development	62,643	Advance for expendiures
General Fund	<u>127,558</u>	Payroll paid from General Fund
Total	<u>\$ 647,053</u>	

The advances are not made to be permanent interfund advances.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013**

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							
Assigned for future projects:							
Canal Road	\$ -	\$ 22,201	\$ -	\$ -	\$ -	\$ -	22,201
Airport plan	-	170,087	-	-	-	-	170,087
Municipal street appropriation	-	64,322	-	-	-	-	64,322
Legislative appropriations	-	31,950	-	-	-	-	31,950
Street improvement	-	127,135	-	-	-	-	127,135
Equipment/Building	-	134,913	-	-	-	-	134,913
Water Well	-	(5,359)	-	-	-	-	(5,359)
Parks and Recreation	-	925	-	-	-	-	925
Placitas Arroyo	-	(378)	-	-	-	-	(378)
Rapid response	-	32,018	-	-	-	-	32,018
Rural development	-	27,880	-	-	-	-	27,880
Swim-Train Facility	-	17,195	-	-	-	-	17,195
Library	-	-	-	-	-	(69,689)	(69,689)
Lodger's tax	-	-	-	-	-	3,470	3,470
Parks and Recreation	-	-	-	-	-	44,535	44,535
Corrections	-	-	-	-	-	119,855	119,855
EMS	-	-	-	-	-	434	434
Fire Fund	-	-	112,165	-	-	-	112,165
Police Seizures	-	-	-	118,169	-	-	118,169
Environment development	-	-	-	-	-	5,000	5,000
Cemetery	-	-	-	-	197,990	-	197,990
Swimming pool	-	-	-	-	-	40,944	40,944
Law enforcement	-	-	-	-	-	3,213	3,213
Committed to:							
Assigned for subsequent years							
expenditures	-	622,889	112,165	118,169	197,990	147,762	1,198,975
Unassigned	(1,504,958)	-	-	-	-	-	(1,504,958)
Total governmental funds	\$ (1,504,958)	\$ 622,889	\$ 112,165	\$ 118,169	\$ 197,990	\$ 147,762	\$ (305,983)

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.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Notes to Financial Statements
June 30, 2013

NOTE 16 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. The Rio Grande Natural Gas Association was dissolved June 28, 2014.

NOTE 17 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 2012/2013 were \$66,724. The remaining balance due at June 30, 2013 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, 2013. It is estimated that \$91 is uncollectable. The lien dates scheduled due and collection dates are the same as Doña Ana County.

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Nonmajor Governmental Funds
June 30, 2013**

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 the 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).

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

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, 2013**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 275,053	\$ 589,896	\$ 864,949
Accounts receivable	5,347	722	6,069
Due from other funds	30,511	190,796	221,307
Due from other governments	-	218,268	218,268
Total assets	<u>\$ 310,911</u>	<u>\$ 999,682</u>	<u>\$ 1,310,593</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,509	\$ 79,740	\$ 82,249
Due to other funds	159,799	297,053	456,852
Accrued salaries	841	-	841
Total liabilities	<u>163,149</u>	<u>376,793</u>	<u>539,942</u>
Fund balances:			
Assigned	<u>147,762</u>	<u>622,889</u>	<u>770,651</u>
Total fund balance	<u>147,762</u>	<u>622,889</u>	<u>770,651</u>
Total liabilities and fund balance	<u>\$ 310,911</u>	<u>\$ 999,682</u>	<u>\$ 1,310,593</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, 2013

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
State shared taxes	\$ 2,811	\$ -	\$ 2,811
State allotment	7,707	-	7,707
Other income	81,779	-	81,779
Federal grants	-	567,620	567,620
State grants	24,800	600,924	625,724
County grants	-	88,313	88,313
Total revenues	<u>117,097</u>	<u>1,256,857</u>	<u>1,373,954</u>
EXPENDITURES			
Current:			
Public safety	35,320	-	35,320
Public works	595	-	595
Culture and recreation	230,331	1,104	231,435
Health and welfare	50,804	45,242	96,046
Capital outlay	-	1,728,124	1,728,124
Total expenditures	<u>317,050</u>	<u>1,774,470</u>	<u>2,091,520</u>
Excess (deficiency) revenues over expenditures	<u>(199,953)</u>	<u>(517,613)</u>	<u>(717,566)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	663,450	763,450
Transfers out	-	-	-
Total other financing sources (uses)	<u>100,000</u>	<u>663,450</u>	<u>763,450</u>
Net change in fund balances	(99,953)	145,837	45,884
Fund balances – beginning	<u>247,715</u>	<u>477,052</u>	<u>724,767</u>
Fund balances – ending	<u>\$ 147,762</u>	<u>\$ 622,889</u>	<u>\$ 770,651</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, 2012

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
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>
LIABILITIES AND FUND BALANCES			
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
REVENUES			
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>
EXPENDITURES			
Current:			
General government	47,294	-	47,294
Public safety	36,975	-	36,975
Public works	168,860	-	168,860
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>
OTHER FINANCING SOURCES (USES)			
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
Special Revenue Funds
Combining Balance Sheet
June 30, 2013**

	Library	Lodger's Tax	Parks and Recreation	Corrections	Economic Development	Sub-Total
ASSETS						
Cash and cash equivalents	\$ 87,300	\$ 3,608	\$ 48,369	\$ 114,554	\$ 5,000	\$ 258,831
Accounts receivable	46	-	-	5,301	-	5,347
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 87,346</u>	<u>\$ 3,608</u>	<u>\$ 48,369</u>	<u>\$ 119,855</u>	<u>\$ 5,000</u>	<u>\$ 264,178</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 463	\$ -	\$ 443	\$ -	\$ -	\$ 906
Accrued salaries	-	138	164	-	-	302
Due to other funds	156,572	-	3,227	-	-	159,799
Total liabilities	<u>157,035</u>	<u>138</u>	<u>3,834</u>	<u>-</u>	<u>-</u>	<u>161,007</u>
Fund balances:						
Unreserved for special revenue funds	(69,689)	3,470	44,535	119,855	5,000	103,171
Total fund balances	<u>(69,689)</u>	<u>3,470</u>	<u>44,535</u>	<u>119,855</u>	<u>5,000</u>	<u>103,171</u>
Total liabilities and fund balances	<u>\$ 87,346</u>	<u>\$ 3,608</u>	<u>\$ 48,369</u>	<u>\$ 119,855</u>	<u>\$ 5,000</u>	<u>\$ 264,178</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, 2013**

	Swimming Pool Facility	Law Enforcement	EMS	Sub-Total Page 1	Total
ASSETS					
Cash and cash equivalents	\$ 15,788	\$ -	\$ 434	\$ 258,831	\$ 275,053
Accounts receivable	-	-	-	5,347	5,347
Due from other funds	26,489	4,022	-	-	30,511
Total assets	<u>\$ 42,277</u>	<u>\$ 4,022</u>	<u>\$ 434</u>	<u>\$ 264,178</u>	<u>\$ 310,911</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 794	\$ 809	\$ -	\$ 906	\$ 2,509
Accrued salaries	539	-	-	302	841
Due to other funds	-	-	-	159,799	159,799
Total liabilities	<u>1,333</u>	<u>809</u>	<u>-</u>	<u>161,007</u>	<u>163,149</u>
Fund balances:					
Unreserved for special revenue funds	40,944	3,213	434	103,171	147,762
Total fund balances	<u>40,944</u>	<u>3,213</u>	<u>434</u>	<u>103,171</u>	<u>147,762</u>
Total liabilities and fund balances	<u>\$ 42,277</u>	<u>\$ 4,022</u>	<u>\$ 434</u>	<u>\$ 264,178</u>	<u>\$ 310,911</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, 2013**

	Library	Lodger's Tax	Parks and Recreation	Corrections	Sub-total
REVENUES:					
State shared taxes	\$ -	\$ 2,811	\$ -	\$ -	\$ 2,811
Intergovernmental income	-	-	-	-	-
State allotment	-	-	-	-	-
Charges for services	9,976	-	20,685	25,176	55,837
State grants	-	-	-	-	-
Total revenues	<u>9,976</u>	<u>2,811</u>	<u>20,685</u>	<u>25,176</u>	<u>58,648</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	2,004	2,004
Public works	-	595	-	-	595
Culture and recreation	203,267	-	27,064	-	230,331
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>203,267</u>	<u>595</u>	<u>27,064</u>	<u>2,004</u>	<u>232,930</u>
Excess (deficiency) revenues over expenditures	(193,291)	2,216	(6,379)	23,172	(174,282)
OTHER FINANCING SOURCES (USES):					
Interest payment	-	-	-	-	-
Transfers in	50,000	-	-	-	50,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	(143,291)	2,216	(6,379)	23,172	(124,282)
Fund balances - beginning	<u>73,602</u>	<u>1,254</u>	<u>50,914</u>	<u>96,683</u>	<u>222,453</u>
Fund balances - ending	<u>\$ (69,689)</u>	<u>\$ 3,470</u>	<u>\$ 44,535</u>	<u>\$ 119,855</u>	<u>\$ 98,171</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, 2013**

	Swimming Pool Facility	Law Enforcement	Economic Development	EMS	Sub-Total	Total
REVENUES:						
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental income	-	-	-	-	2,811	2,811
State allotment	-	-	-	7,707	-	7,707
Charges for services	25,942	-	-	-	55,837	81,779
State grants	-	24,800	-	-	-	24,800
Total revenues	<u>25,942</u>	<u>24,800</u>	<u>-</u>	<u>7,707</u>	<u>58,648</u>	<u>117,097</u>
EXPENDITURES:						
General government	-	-	-	-	-	-
Public safety	-	25,609	-	7,707	2,004	35,320
Public works	-	-	-	-	595	595
Culture and recreation	-	-	-	-	230,331	230,331
Health and welfare	-	-	-	-	-	-
	50,804	-	-	-	-	50,804
Total expenditures	<u>50,804</u>	<u>25,609</u>	<u>-</u>	<u>7,707</u>	<u>232,930</u>	<u>317,050</u>
Excess (deficiency) revenues over	(24,862)	(809)	-	-	(174,282)	(199,953)
OTHER FINANCING SOURCES (USES):						
Transfers in	50,000	-	-	-	50,000	100,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>100,000</u>
Net change in fund balances	25,138	(809)	-	-	(124,282)	(99,953)
Fund balances - beginning	<u>15,806</u>	<u>4,022</u>	<u>5,000</u>	<u>434</u>	<u>223,134</u>	<u>247,715</u>
Fund balances - ending	<u>\$ 40,944</u>	<u>\$ 3,213</u>	<u>\$ 5,000</u>	<u>\$ 434</u>	<u>\$ 98,852</u>	<u>\$ 147,762</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, 2012**

	Stone Garden	Library	Lodger's Tax	Parks and Recreation	Corrections	Economic Development	Sub-Total
ASSETS							
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	-	-	-	-	-	-	-
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>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 476	\$ -	\$ 476
Accrued salaries	-	207	138	164	-	-	509
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	-	73,602	1,254	50,914	96,683	5,000	227,453
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
NON-MAJOR 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
ASSETS							
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
Total assets	<u>\$ -</u>	<u>\$ 16,345</u>	<u>\$ 4,022</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 228,863</u>	<u>\$ 249,664</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 539	\$ -	\$ -	\$ -	\$ 476	\$ 1,015
Accrued salaries	-	-	-	-	-	509	509
Accrued compensated absences	-	-	-	-	-	425	425
Total liabilities	<u>-</u>	<u>539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,410</u>	<u>1,949</u>
Fund balances:							
Unreserved for special revenue funds	-	15,806	4,022	-	434	227,453	247,715
Total fund balances	<u>-</u>	<u>16,345</u>	<u>4,022</u>	<u>-</u>	<u>434</u>	<u>227,453</u>	<u>247,715</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 16,345</u>	<u>\$ 4,022</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 228,863</u>	<u>\$ 249,664</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, 2012

	Solar Project	Economic Development	Library	Lodger's Tax	Parks and Recreation	Corrections	Sub-total
REVENUES:							
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>
EXPENDITURES:							
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)
OTHER FINANCING SOURCES (USES):							
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
NON-MAJOR 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
REVENUES:							
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>
EXPENDITURES:							
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)
OTHER FINANCING SOURCES (USES):							
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	-	-	-	4,022	434	123,613	128,069
Fund balances - ending	<u>\$ -</u>	<u>\$ -</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
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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
Charges for services	\$ 9,000	\$ 9,000	\$ 9,976	\$ 976
Total revenues	9,000	9,000	9,976	976
Add: beginning cash	73,602	73,602		
	<u>\$ 82,602</u>	<u>\$ 82,602</u>		
Expenditures:				
Culture and recreation	271,687	271,687	203,267	68,420
Total expenditures	<u>271,687</u>	<u>271,687</u>	<u>203,267</u>	<u>68,420</u>
Excess (deficiency) revenues over expenditures			(193,291)	
Other financing sources (uses)				
Transfers in	200,000	200,000	50,000	(150,000)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>50,000</u>	<u>(150,000)</u>
Net change in fund balance (Non-GAAP basis)			(143,291)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenue		-	-	
Net change in fund balance (Non-GAAP basis)			(143,291)	
Fund balance – beginning			<u>73,602</u>	
Fund balance – ending			<u>\$ (69,689)</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, 2013**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State-shared taxes	\$ 2,000	\$ 2,000	\$ 2,811	\$ 811
Total revenues	2,000	2,000	2,811	811
 Add: beginning cash	 1,254	 1,254	 -	
	<u>\$ 3,254</u>	<u>\$ 3,254</u>	<u>\$ 2,811</u>	
 Expenditures:				
Public works	2,000	2,000	595	1,405
Total expenditures	2,000	2,000	595	1,405
 Excess (deficiency) revenues over expenditures			2,216	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			2,216	
 Fund balance – beginning			1,254	
 Fund balance – ending			<u>\$ 3,470</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
Charges for services	\$ 75,018	\$ 75,018	\$ 20,685	\$ (54,333)
Total revenues	75,018	75,018	20,685	(54,333)
Add: beginning cash	50,914	50,914		
	<u>\$ 125,932</u>	<u>\$ 125,932</u>		
Expenditures:				
Culture and recreation	73,970	73,970	27,064	46,906
Total expenditures	73,970	73,970	27,064	46,906
Excess (deficiency) revenues over expenditures			(6,379)	
Other financing sources (uses)				
Transfers in	98,952	98,952	-	(98,952)
Transfers out	-	-	-	-
Total other financing sources (uses)	98,952	98,952	-	(98,952)
Net change in fund balance (Non-GAAP basis)			(6,379)	
Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenue			-	
Adjust accrued expenses			-	
Net change in fund balance (Non-GAAP basis)			(6,379)	
Fund balance – beginning			50,914	
Fund balance – ending			<u>\$ 44,535</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
Charges for services	\$ 10,500	\$ 10,500	\$ 25,176	\$ 14,676
Total revenues	10,500	10,500	25,176	14,676
Add: beginning cash	96,683	96,683		
	\$ 107,183	\$ 107,183		
Expenditures:				
Public safety	2,100	2,100	2,004	(96)
Total expenditures	2,100	2,100	2,004	(96)
Excess (deficiency) revenues over expenditures			23,172	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			23,172	
Fund balance – beginning			96,683	
Fund balance – ending			\$ 119,855	

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, 2013**

	<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	\$ 24,800	\$ 24,800	\$ 24,800	\$ -
Total revenues	<u>24,800</u>	<u>24,800</u>	<u>24,800</u>	<u>-</u>
Add beginning cash	<u>4,022</u>	<u>4,022</u>		
	28,822	28,822		
Expenditures:				
Public safety	24,800	24,800	25,609	(809)
Total expenditures	<u>24,800</u>	<u>24,800</u>	<u>25,609</u>	<u>(809)</u>
Excess (deficiency) revenues over expenditures			(809)	
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)			(809)	
Fund balance – beginning			<u>4,022</u>	
Fund balance – ending			<u>\$ 3,213</u>	

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, 2013**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State allotment	\$ 7,707	\$ 7,707	\$ 7,707	\$ -
Total revenues	7,707	7,707	7,707	-
Add: beginning cash	434	434		
	\$ 8,141	\$ 8,141		
Expenditures:				
Public safety	7,707	7,707	7,707	-
Total expenditures	7,707	7,707	7,707	-
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			434	
Fund balance – ending			\$ 434	

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, 2013**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Charges for services	\$ -	\$ -	\$ 25,942	\$ 25,942
Total revenues	-	-	25,942	25,942
Add: beginning cash	-	-		
	\$ -	\$ -		
Expenditures:				
Health and recreation	-	-	50,804	(50,804)
Capital outlay	-	-	-	-
Total expenditures	-	-	50,804	(50,804)
Excess (deficiency) revenues over expenditures			(24,862)	
Other financing sources (uses)				
Transfers in	-	-	50,000	50,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	50,000	50,000
Net change in fund balance-Non-GAAP basis			25,138	
Fund balance – beginning			15,806	
Fund balance – ending			\$ 40,944	

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**

	<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 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)			-	
Fund balance – beginning			5,000	
Fund balance – ending			\$ 5,000	

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

CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
VILLAGE OF HATCH
June 30, 2013**

CAPITAL PROJECTS FUNDS LISTING

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

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.

Parks and Recreation Project –To account for the receipt and expenditures for all parks and recreation projects.

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.

Water Well – To account for receipts and expenditures for Water well projects for 2013.

Rapid Response Fire Truck - To account for the receipts, loans and expenditures related to the purchase of a fire truck.

Equipment/Building – To account for expenditures for remodeling the administration building and related equipment.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
NONMAJOR GOVERNMENTAL FUND TYPES
Capital Projects Funds
Combining Balance Sheet
June 30, 2013**

	Parks and Recreation	Legislative Appropriations	Swim-Train Facility	Canal Road SP-1-11(958) SAP	Airport Action Plan	Equipment/ Building/ Land	Subtotal
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 17,096	\$ (41,767)	\$ 249,827	\$ 149,106	\$ 374,262
Due from other funds	-	-	99	-	-	-	99
Due from BTA funds	925	31,950	-	7,496	-	15,242	55,613
Due from other governments	-	-	-	130,000	-	-	130,000
Total assets	\$ 925	\$ 31,950	\$ 17,195	\$ 95,729	\$ 249,827	\$ 164,348	\$ 559,974
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 79,740	\$ -	\$ 79,740
Due To Funds	-	-	-	73,528	-	29,435	102,963
Total liabilities	-	-	-	73,528	79,740	29,435	182,703
FUND BALANCES							
Assigned for capital projects fund	925	31,950	17,195	22,201	170,087	134,913	377,271
Total fund balances	925	31,950	17,195	22,201	170,087	134,913	377,271
Total liabilities and fund balances	\$ 925	\$ 31,950	\$ 17,195	\$ 95,729	\$ 249,827	\$ 164,348	\$ 559,974

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, 2013**

	<u>Water Well</u>	<u>Street Improvements</u>	<u>Placitas Arroyo</u>	<u>Rapid Response Truck</u>	<u>Municipal Street Appropriations</u>	<u>Rual Development Project</u>	<u>Subtotal Page 1</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 59,156	\$ -	\$ 40,929	\$ 23,970	\$ 63,699	\$ 27,880	\$ 374,262	\$ 589,896
Accounts receivable	-	-	-	-	623	-	99	722
Due from other funds	-	127,135	-	8,048	-	-	55,613	190,796
Due from BTA funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	88,268	-	-	-	130,000	218,268
Total assets	<u>\$ 59,156</u>	<u>\$ 127,135</u>	<u>\$ 129,197</u>	<u>32,018</u>	<u>\$ 64,322</u>	<u>\$ 27,880</u>	<u>\$ 559,974</u>	<u>\$ 999,682</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,740	\$ 79,740
Due to other funds	64,515	-	129,575	-	-	-	102,963	297,053
Total liabilities	<u>64,515</u>	<u>-</u>	<u>129,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,703</u>	<u>376,793</u>
Reserved for capital projects fund	<u>(5,359)</u>	<u>127,135</u>	<u>(378)</u>	<u>32,018</u>	<u>64,322</u>	<u>27,880</u>	<u>377,271</u>	<u>622,889</u>
Total fund balances	<u>(5,359)</u>	<u>127,135</u>	<u>(378)</u>	<u>32,018</u>	<u>64,322</u>	<u>27,880</u>	<u>377,271</u>	<u>622,889</u>
Total liabilities and fund balances	<u>\$ 59,156</u>	<u>\$ 127,135</u>	<u>\$ 129,197</u>	<u>\$ 32,018</u>	<u>\$ 64,322</u>	<u>\$ 27,880</u>	<u>\$ 559,974</u>	<u>\$ 999,682</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, 2013**

	Water Well	Parks and Recreation	Swim-Train Facility	Canal Road SP- 1-11(958) SAP	Airport Action Plan	Equipment/ Building/ Land	Subtotal
REVENUES							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 243,954	\$ -	\$ 243,954
State grants	94,371	-	18,299	195,550	13,554	-	321,774
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>94,371</u>	<u>-</u>	<u>18,299</u>	<u>195,550</u>	<u>257,508</u>	<u>-</u>	<u>565,728</u>
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	1,104	-	-	-	1,104
Health and welfare	-	-	-	-	-	-	-
Capital out lay	<u>99,945</u>	<u>109,075</u>	<u>-</u>	<u>226,045</u>	<u>276,421</u>	<u>398,537</u>	<u>1,110,023</u>
Total expenditures	<u>99,945</u>	<u>109,075</u>	<u>1,104</u>	<u>226,045</u>	<u>276,421</u>	<u>398,537</u>	<u>1,111,127</u>
Excess (deficiency) revenues over	(5,574)	(109,075)	17,195	(30,495)	(18,913)	(398,537)	(545,399)
OTHER FINANCING SOURCES (USES)							
Principal payments	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-
Transfers in	-	110,000	-	-	20,000	533,450	663,450
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>533,450</u>	<u>663,450</u>
Net change in fund balances	(5,574)	925	17,195	(30,495)	1,087	134,913	118,051
Fund balances - beginning	<u>215</u>	<u>-</u>	<u>-</u>	<u>52,696</u>	<u>169,000</u>	<u>-</u>	<u>221,911</u>
Fund balances - ending	<u>\$ (5,359)</u>	<u>\$ 925</u>	<u>\$ 17,195</u>	<u>\$ 22,201</u>	<u>\$ 170,087</u>	<u>\$ 134,913</u>	<u>\$ 339,962</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, 2013**

	Rapid Response Truck	Placitas Arroyo	Legislative Appropriations	Street Improvements	Municipal Street Appropriations	Rural Development Project	Subtotal Page 1	Total
REVENUES								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,666	\$ 243,954	\$ 567,620
State grants	132,799	146,351	-	-	-	-	321,774	600,924
Other revenue	45	88,268	-	-	-	-	-	88,313
Total revenues	<u>132,844</u>	<u>234,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,666</u>	<u>565,728</u>	<u>1,256,857</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	1,104	1,104
Health and welfare	-	-	-	-	-	-	45,242	45,242
Capital out lay	132,560	234,997	-	-	-	295,786	1,064,781	1,728,124
Total expenditures	<u>132,560</u>	<u>234,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,786</u>	<u>1,111,127</u>	<u>1,774,470</u>
Excess (deficiency) revenues over expenditures	284	(378)	-	-	-	27,880	(545,399)	(517,613)
OTHER FINANCING SOURCES (USES)								
Principal payments	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	663,450	663,450
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663,450</u>	<u>663,450</u>
Net change in fund balances	284	(378)	-	-	-	27,880	118,051	145,837
Fund balances - beginning	<u>31,734</u>	<u>-</u>	<u>31,950</u>	<u>127,135</u>	<u>64,322</u>	<u>-</u>	<u>221,911</u>	<u>477,052</u>
Fund balances - ending	<u>\$ 32,018</u>	<u>\$ (378)</u>	<u>\$ 31,950</u>	<u>\$ 127,135</u>	<u>\$ 64,322</u>	<u>\$ 27,880</u>	<u>\$ 339,962</u>	<u>\$ 622,889</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, 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
ASSETS									
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	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ 52,696	\$ -	\$ 31,950	\$ 169,000	\$ -	\$ 253,646
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Reserved for capital projects funds	-	-	-	52,696	-	31,950	169,000	-	253,646
Total fund balances	-	-	-	52,696	-	31,950	169,000	-	253,646
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ 52,696	\$ -	\$ 31,950	\$ 169,000	\$ -	\$ 253,646

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**

	<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>
ASSETS								
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>
LIABILITIES AND FUND BALANCES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Reserved for capital projects fund	<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
REVENUES									
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	-	-	-	-	-	-	-	-	-
Total revenues	17,081	-	-	63,017	21,299	17,088	164,112	-	265,516
EXPENDITURES									
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
Total expenditures	68,333	14,221	1,112,947	78,479	21,299	68,333	174,487	55,118	1,524,884
Excess (deficiency) revenues over	(51,252)	(14,221)	(1,112,947)	(15,462)	-	(51,245)	(10,375)	(55,118)	(1,259,368)
OTHER FINANCING SOURCES (USES)									
Principal payments	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-
Transfers in	51,467	14,221	1,100,467	22,958	-	-	179,292	55,118	1,423,523
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	51,467	14,221	1,100,467	22,958	-	-	179,292	55,118	1,423,523
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
Fund balances - ending	\$ 215	\$ -	\$ -	\$ 52,696	\$ -	\$ 31,950	\$ 169,000	\$ -	\$ 253,861

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
REVENUES								
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>
EXPENDITURES								
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)
OTHER FINANCING SOURCES (USES)								
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
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, 2013

	<u>Budgeted Amounts</u>			Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to Actual</u>
	Original	Final	Actual	Final to Actual
Revenues				
State grants	\$ -	\$ -	\$ 18,299	\$ 18,299
Total revenues	-	-	18,299	18,299
 Add: beginning cash	 -	 -		
	<u>\$ -</u>	<u>\$ -</u>		
 Expenditures				
Capital outlay	-	-	1,104	(1,104)
Total expenditures	-	-	1,104	(1,104)
 Excess (deficiency) revenues over expenditures			17,195	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			17,195	
 Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
 Net change in fund balance (Non-GAAP basis)			17,195	
 Fund balance – beginning			-	
 Fund balance – ending			<u>\$ 17,195</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, 2013**

	<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	\$ 130,000	\$ 130,000	\$ -	\$ (130,000)
Other grants	60,727	60,727	-	(60,727)
Total revenues	<u>190,727</u>	<u>190,727</u>	<u>-</u>	<u>(190,727)</u>
Add: beginning cash	<u>64,322</u>	<u>64,322</u>		
	<u>\$ 255,049</u>	<u>\$ 255,049</u>		
Expenditures:				
Public safety	-	-	-	-
Capital outlay	190,727	190,727	-	190,727
Total expenditures	<u>190,727</u>	<u>190,727</u>	<u>-</u>	<u>190,727</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)			-	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued expenses			<u>-</u>	
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			<u>64,322</u>	
Fund balance – ending			<u>\$ 64,322</u>	

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, 2013**

	<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	\$ 389,738	\$ 389,738	\$ -	\$ (389,738)
State grants	139,659	139,659	94,371	(45,288)
Other grants	500,000	500,000	-	(500,000)
Total revenues	<u>1,029,397</u>	<u>1,029,397</u>	<u>94,371</u>	<u>(935,026)</u>
Add: beginning cash	-	-		
	<u>\$ 1,029,397</u>	<u>\$ 1,029,397</u>		
Expenditures:				
Health and welfare	-	-	-	-
Capital outlay	<u>1,029,397</u>	<u>1,029,397</u>	<u>99,945</u>	<u>929,452</u>
Total expenditures	<u>1,029,397</u>	<u>1,029,397</u>	<u>99,945</u>	<u>929,452</u>
Excess (deficiency) revenues over expenditures			(5,574)	
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)			(5,574)	
Differences between Modified-GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust transfers		<u>-</u>	<u>-</u>	
Net change in fund balance (Non-GAAP basis)			(5,574)	
Fund balance – beginning			<u>215</u>	
Fund balance – ending			<u>\$ (5,359)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
Airport Action Plan
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2013**

	<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	\$ 299,590	\$ 299,590	\$ 243,954	\$ (55,636)
State grants	-	-	13,554	13,554
Other revenue	<u>275,000</u>	<u>275,000</u>	-	<u>275,000</u>
Total revenues	<u>574,590</u>	<u>574,590</u>	<u>257,508</u>	<u>(317,082)</u>
Add: beginning cash	<u>169,000</u>	<u>169,000</u>		
	<u>\$ 743,590</u>	<u>\$ 743,590</u>		
Expenditures:				
Health and welfare	-	-	-	-
Capital outlay	<u>574,590</u>	<u>574,590</u>	<u>276,421</u>	<u>298,169</u>
Total expenditures	<u>574,590</u>	<u>574,590</u>	<u>276,421</u>	<u>298,169</u>
Excess (deficiency) revenues over expenditures			(18,913)	
Other financing sources (uses)				
Transfers in	-	-	20,000	20,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Net change in fund balance (Non-GAAP basis)			1,087	
Differences between Modified GAAP and Non-GAAP basis				
Adjust deferred revenue			<u>-</u>	
Net change in fund balance (Non-GAAP basis)			1,087	
Fund balance – beginning			<u>169,000</u>	
Fund balance – ending			<u>\$ 170,087</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUND
Placitas Arroyo
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2013**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
State grants	\$ 147,000	\$147,000	\$ 146,351	\$ (649)
Other	-	-	88,268	88,268
Total revenues	147,000	147,000	234,619	87,619
Add: beginning cash	-	-		
	\$ 147,000	\$147,000		
Expenditures:				
Capital outlay	147,000	147,000	234,997	(87,997)
Total expenditures	147,000	147,000	234,997	(87,997)
Excess (deficiency) revenues over expenditures			(378)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			(378)	
Differences between Modified GAAP and Non-GAAP basis				
Adjust transfers			-	
Net change in fund balance (Non-GAAP Basis)			(378)	
Fund balance – beginning			-	
Fund balance – ending			\$ (378)	

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, 2013**

	<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	\$ -	\$ -	\$ 195,550	\$ 195,550
Total revenues	-	-	195,550	195,550
 Add: beginning cash	 -	 -		
	<u>\$ -</u>	<u>\$ -</u>		
 Expenditures:				
Capital outlay	-	-	226,045	(226,045)
Total expenditures	-	-	226,045	(226,045)
 Excess (deficiency) revenues over expenditures			(30,495)	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (Non-GAAP basis)			(30,495)	
 Differences between Modified GAAP and Non-GAAP				
Adjust accrued revenues		-		
Adjust accrued expenditures		-		
Adjust note payment		-		
Adjust transfers		-	-	
 Net change in fund balance (Non-GAAP basis)			(30,495)	
 Fund balance – beginning			<u>52,696</u>	
 Fund balance – ending			<u>\$ 22,201</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, 2013**

	<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:				
Capital outlay	-	-	109,075	(109,075)
Total expenditures	-	-	109,075	(109,075)
Excess (deficiency) revenues over expenditures			(109,075)	
Other financing sources (uses)				
Transfers in	-	-	110,000	110,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	110,000	110,000
Net change in fund balance (Non-GAAP basis)			925	
Fund balance – beginning			-	
Fund balance – ending			<u>\$ 925</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues:				
Other income	\$ 1,295,000	\$ 1,295,000	\$ -	\$ (1,295,000)
Total revenues	1,295,000	1,295,000	-	(1,295,000)
Add: beginning cash	-	-	-	
	<u>\$ 1,295,000</u>	<u>\$ 1,295,000</u>	<u>\$ -</u>	
Expenditures:				
Capital outlay	1,295,000	1,295,000	398,537	896,463
Total expenditures	1,295,000	1,295,000	398,537	896,463
Excess (deficiency) revenues over expenditures			(398,537)	
Other financing sources (uses)				
Transfers in	-	-	533,450	533,450
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>533,450</u>	<u>533,450</u>
Net change in fund balance (Non-GAAP basis)			134,913	
Fund balance – beginning			<u>-</u>	
Fund balance – ending			<u>\$134,913</u>	

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
Rapid Response Fire Truck
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2013

	<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:				
Federal grant	\$ 50,000	\$ 50,000	\$ 132,844	\$ 82,844
Total revenues	50,000	50,000	132,844	82,844
Expenditures:				
Capital outlay	50,000	50,000	132,560	(82,560)
Total expenditures	50,000	50,000	132,560	(82,560)
Excess (deficiency) revenues over expenditures			284	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			284	
Fund balance – beginning			31,734	
Fund balance – ending			<u>\$ 32,018</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, 2013**

	<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 grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Add: beginning cash	-	-	-	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			<u>31,950</u>	
Fund balance – ending			<u>\$ 31,950</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
Street Improvements
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2013**

	<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:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over expenditures			-	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			-	
Fund balance – beginning			<u>127,135</u>	
Fund balance – ending			<u>\$ 127,135</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
CAPITAL PROJECTS FUNDS
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, 2013**

	Budgeted Amounts			Variances Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues:				
Federal grant	\$ 323,666	\$ 323,666	\$ 323,666	\$ -
Total revenues	323,666	323,666	323,666	-
Expenditures:				
Capital outlay	295,786	295,786	295,786	-
Total expenditures	295,786	295,786	295,786	-
Excess (deficiency) revenues over expenditures			27,880	
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance (Non-GAAP)			27,880	
Differences between Modified GAAP and Non-GAAP basis				
Adjust accrued revenue		-		
Adjust accrued expenditures		-	-	
Net change in fund balance (Non-GAAP basis)			27,880	
Fund balance – beginning			-	
Fund balance – ending			\$ 27,880	

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 Position
For the Year-Ended June 30, 2013

	Water	Gas	Solid Waste	Waste Water	Restricted Funds	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 241,376	\$ 222,640	\$ 36,343	\$ 55,492	\$ 269,921	\$ 825,772
Accounts receivable, net of allowance for doubtful accounts	30,662	-	23,915	19,782	-	74,359
Due from other funds	60,676	38,204	4,063	243,538	-	346,481
Total current assets	332,714	260,844	64,321	318,812	269,921	1,246,612
Restricted cash						
Meter deposits	35,215	-	-	-	-	35,215
Capital assets	-	-	-	-	-	-
Land and work in progress	-	-	-	2,151,061	-	2,151,061
Other capital assets, net of depreciation	590,123	-	-	2,480,227	-	3,070,350
Total assets	\$ 958,052	\$ 260,844	\$ 64,321	\$ 4,950,100	\$ 269,921	\$ 6,503,238
Liabilities						
Current liabilities						
Accounts payable	\$ 7,359	\$ 7,416	\$ 47,429	\$ 7,246	\$ -	\$ 69,450
Due to other funds	127,358	200	-	-	-	127,558
Salaries	577	-	-	957	-	1,534
Customers deposits	35,680	-	-	-	-	35,680
Accrued compensated absences	-	-	-	1,092	-	1,092
Current portion of long-term liabilities	-	-	-	-	-	-
Total current liabilities	170,974	7,616	47,429	9,295	-	235,314
Revenue bonds payable	-	-	-	176,400	-	176,400
Note Payable-ARRA	-	-	-	45,000	-	45,000
Note payable - rural development	-	-	-	578,000	-	578,000
Total long-term liabilities	-	-	-	799,400	-	799,400
Total liabilities	170,974	7,616	47,429	808,695	-	1,034,714
Net position						
Restricted for:						
ARRA Loan	-	-	-	-	50,956	50,956
Waste Water Reserve	-	-	-	-	25,848	25,848
1976 W-G 92-1 USDA Loan	-	-	-	-	25,290	25,290
1976 Repair Replacement	-	-	-	-	18,151	18,151
1998 Repair and Replacement	-	-	-	-	17,979	17,979
1998 Jt Ut 91-03 USDA Loan	-	-	-	-	25,975	25,975
1987 Repairs and Replacement	-	-	-	-	20,912	20,912
1987 Joint Utility Reserve Gross Income	-	-	-	-	84,810	84,810
Net investment in capital assets	-	-	-	-	-	-
Restricted assets	590,123	-	-	4,008,288	-	4,598,411
Unrestricted	196,955	253,228	16,892	133,117	-	600,192
Total liabilities and net position	\$ 958,052	\$ 260,844	\$ 64,321	\$ 4,950,100	\$ 269,921	\$ 6,503,238

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, 2013

	<u>Water</u>	<u>Gas</u>	<u>Solid Waste</u>	<u>Waste Water</u>	<u>Total</u>
Revenues					
Charges for service	\$ 167,986	\$ 205	\$ 255,191	\$ 210,171	\$ 633,553
Municipal taxes	78,181	-	-	-	78,181
Connection fees	5,482	-	-	-	5,482
Total operating revenues	<u>\$ 251,649</u>	<u>\$ 205</u>	<u>\$ 255,191</u>	<u>\$ 210,171</u>	<u>\$ 717,216</u>
Expenses					
Personnel services	180,239	-	12,342	65,514	258,095
Contractual expenses	-	56	274,221	95,663	369,940
Other operating expenses	164,982	-	-	3,038	168,020
Loan payments	-	-	-	28,754	28,754
Interest expense	-	-	-	4,618	4,618
Capital outlay	-	-	-	-	-
Garbage contract	-	-	-	-	-
Total operating expenses	<u>345,221</u>	<u>56</u>	<u>286,563</u>	<u>197,587</u>	<u>829,427</u>
Net operating income (loss) from water operations before depreciation	(93,572)	149	(31,372)	12,584	(112,211)
Depreciation	32,100	-	-	263,913	296,013
Operating income (loss)	<u>(125,672)</u>	<u>149</u>	<u>(31,372)</u>	<u>(251,329)</u>	<u>(408,224)</u>
Interest income	-	163	-	666	829
Transfers in	-	-	-	43,446	43,446
Transfers out	-	-	-	-	-
Total non-operating revenues (expenditures)	<u>-</u>	<u>163</u>	<u>-</u>	<u>44,112</u>	<u>44,275</u>
Net operating income (loss)	(125,672)	312	(31,372)	(207,217)	(363,949)
Total net position - beginning	<u>322,627</u>	<u>252,916</u>	<u>48,264</u>	<u>340,334</u>	<u>964,141</u>
Total net position - ending	<u>\$ 196,955</u>	<u>\$ 253,228</u>	<u>\$ 16,892</u>	<u>\$ 133,117</u>	<u>\$ 600,192</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Proprietary Funds - Utilities
Net Position
For the Year-Ended June 30, 2012

	Water	Gas	Solid Waste	Waste Water	Restricted Funds	Total
Assets						
Current assets						
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
Total current assets	293,452	252,916	61,176	277,707	340,705	1,225,956
Restricted cash						
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
Total assets	\$ 851,090	\$ 252,916	\$ 61,176	\$ 4,877,122	\$ 340,705	\$ 6,383,009
Liabilities						
Current liabilities						
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
Total current liabilities	38,285	-	12,912	21,187	-	72,384
Noncurrent liabilities						
Revenue bonds payable	-	-	-	191,599	-	191,599
Note payable - rural development	-	-	-	613,000	-	613,000
Total long-term liabilities	-	-	-	804,599	-	804,599
Total liabilities	38,285	-	12,912	825,786	-	876,983
Net position						
Restricted for:						
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
Net investment in capital assets	-	-	-	-	-	-
Restricted assets	522,278	-	-	3,974,915	-	4,497,193
Unrestricted	290,527	252,916	48,264	76,421	-	668,128
Total liabilities and net position	\$ 851,090	\$ 252,916	\$ 61,176	\$ 4,877,122	\$ 340,705	\$ 6,383,009

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

	<u>Water</u>	<u>Gas</u>	<u>Solid Waste</u>	<u>Waste Water</u>	<u>Total</u>
Revenues					
Charges for service	\$ 206,857	\$ (236)	\$ 243,193	\$ 225,396	\$ 675,210
Municipal taxes	82,885	1,385	-	-	84,270
Connection fees	5,161	-	-	-	5,161
Total operating revenues	<u>\$ 294,903</u>	<u>\$ 1,149</u>	<u>\$ 243,193</u>	<u>\$ 225,396</u>	<u>\$ 764,641</u>
Expenses					
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
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>
Interest income	-	20	-	-	20
Miscellaneous income	-	744	-	-	744
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 position - 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 position - 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.

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Modified- GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 727,248	\$ 727,248	\$ 633,553	(93,695)
Municipal taxes	99,000	99,000	78,181	(20,819)
Connection charges	6,500	6,500	5,482	(1,018)
Total revenues	832,748	832,748	717,216	(115,532)
Add: beginning cash	668,128	668,128		
	\$ 1,500,876	\$ 1,500,876		
Expenses:				
Personnel services	343,297	343,297	532,316	(189,019)
Solid waste contract	210,000	210,000	95,719	114,281
Contract services	-	-	168,020	(168,020)
Other operating expenses	239,100	239,100	-	239,100
Capital outlay	792,397	792,397	-	792,397
Total expenses	1,584,794	1,584,794	796,055	788,739
Excess (deficiency) revenues over expenses			(78,839)	
Other financing sources (uses)				
Principal payments	(16,000)	(16,000)	(28,754)	(12,754)
Interest payments	(14,674)	(14,674)	(4,618)	10,056
Interest income	335	335	829	494
Transfers in	46,098	46,098	43,446	(2,652)
Transfers out	-	-	-	-
Total other financing sources (uses)	15,759	15,759	10,903	(4,856)
Net change in fund balance (Non-GAAP basis)			(67,936)	
Difference between Modified GAAP and Non-				
Adjust accrued revenue			-	
Transfers			-	
Adjust accrued interest			-	
Adjust accrued expenses			-	
Principal payments on notes			-	
Depreciation expense		301,326	296,013	
Net change in fund balance (Modified GAAP basis)			(363,949)	
Net position – beginning			964,141	
Net position – ending			\$ 600,192	

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

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
VILLAGE OF HATCH
June 30, 2013**

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, 2013

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
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	\$ 6,858,418	\$ -	\$ 120,804	\$ 6,737,615
Land	1,994,137	15,242	-	2,009,379
Due from Village of Hatch	1,144,839	168,208	-	1,313,047
	<u>9,997,394</u>	<u>\$ 183,450</u>	<u>\$ 120,804</u>	<u>\$ 10,060,041</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
PRIVATE-PURPOSE TRUST FUND
REVOLVING LOAN FUND
Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget (Modified-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Interest	\$ 200	\$ 3,000	\$ 2,435	\$ (565)
Current personnel payments	17,400	17,400	-	(17,400)
Total revenues	17,600	20,400	2,435	(17,965)
Add: beginning cash	339,751	339,751		
	\$357,351	\$360,151		
Expenditures:				
Bad debt	-	-	54,726	(54,726)
Total expenditures	-	-	54,726	(54,726)
Excess (deficiency) revenues over expenditures			(52,291)	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP basis)			(52,291)	
Difference between Modified GAAP and Non-GAAP				
Adjust for principal payments		-		
Adjust transfers		-	-	
Net change in fund balance (Actual GAAP basis)			(52,291)	
Fund balance – beginning			523,672	
Fund balance – ending			\$ 471,381	

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, 2013**

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
Cash and Cash Equivalents					
Bank of the West					
Fire Department	CK	\$ 15,271	\$ -	\$ -	\$ 15,271
Payroll account	CK	33,187	-	24,762	8,425
Hatch CDBG	CK	45,200	-	-	45,200
Public safety building	CK	-	-	-	-
Water operating	CK	337,549	-	36,540	301,009
Bank of the West Total		\$ 431,207	\$ -	\$ 61,302	\$ 369,905
Wells Fargo					
Juvenile recreation account	SAV	\$ 46,851	\$ -	\$ 346	\$ 46,505
Garden memories	CK	107,092	-	-	107,092
Rural Street Sweeper	CK	239	-	-	239
R D repair and replace	MM	1,399	-	-	1,399
Wells Fargo CD	CD	70,858	-	-	70,858
Wells Fargo Total		\$ 226,439	\$ -	\$ 346	\$ 226,093
Bank of the Southwest					
General fund	CK	\$ 508,967	\$ 1,373	\$ 186,920	\$ 323,420
Gas operating	SAV	228,112	-	5,472	222,640
Police seizure	CK	120,108	-	-	120,108
Wastewater placement-general fund	SV	23,731	-	-	23,731
Bank of the Southwest Total		\$ 880,918	\$ 1,373	\$ 192,392	\$ 689,899
1st New Mexico Bank					
Parks and Recreation	CD	\$ 4,325	\$ -	\$ 2,462	\$ 1,863
Fire Department operating	CD	106,011	-	8,619	97,392
Garden of Memories 702	CK	9,474	-	-	9,474
Garden of Memories 294	CK	48,678	-	-	48,678
Library	CK	106,020	-	18,720	87,300
Cash Reserve	CK	133,483	-	-	133,483
1st New Mexico Bank Total		\$ 407,991	\$ -	\$ 29,801	\$ 378,190
Total Cash and Cash Equivalents		\$ 1,946,555	\$ 1,373	\$ 283,841	\$ 1,664,087

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Depositories
June 30, 2013**

Bank	Type	Amount Per Bank	Plus DIT	Less O/S Checks	Balance Per Books
Restricted Cash					
Bank of the West					
Wastewater reserve	MM	\$ 25,854	\$ -	\$ -	\$ 25,854
98 JT UT repair and replacement	CK	17,979	-	-	17,979
Hatch joint utility system	MM	3,577	-	-	3,577
Meter deposit	CK	35,589	-	42	35,547
Bank of the West Total		<u>\$ 82,999</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 82,957</u>
Wells Fargo					
1987 repair and replacement	CK	\$ 20,961	\$ -	\$ -	\$ 20,961
1976 JT UT	CK	22,165	-	-	22,165
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
132,000 bond debit service	MM	5,151	-	-	5,151
454,000 bond debit service	MM	18,470	-	-	18,470
Wells Fargo Total		<u>\$ 101,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,375</u>
1st New Mexico Bank					
1976 repair and replacement	CK	\$ 18,265	\$ -	\$ -	\$ 18,265
1998 JT UT reserve	CK	9,208	-	-	9,208
1987 JT UT reserve	MM	76,497	-	-	76,497
1998 reserve	CD	16,834	-	-	16,834
1st New Mexico Bank Total		<u>\$ 120,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,804</u>
Total Restricted Cash		<u>\$ 305,178</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 305,136</u>
Other					
Wells Fargo - RGNGA	MM	\$ 2,657,600	\$ -	\$ -	\$ 2,657,600
Wells Fargo - RGNGA	MM	4,033,427	-	-	4,033,427
Wells Fargo - RGNGA	CK	46,588	-	-	46,588
Bank of West - Private Program	MM	194,066	370	-	194,436
1st New Mexico - Private Program	MM	177,555	201	-	177,756
Bank of West - Agency Fund	CD	2,000	-	-	2,000
Total Other		<u>\$ 7,111,236</u>	<u>\$ 571</u>	<u>\$ -</u>	<u>\$ 7,111,807</u>
Grand total cash		<u>\$ 9,362,969</u>	<u>\$ 1,944</u>	<u>\$ 283,883</u>	<u>\$ 9,081,030</u>

Legend

SAV-Savings
CK-Checking
MM-Money Market
CD-Certificate of Deposit

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Custodial Risk
June 30, 2013**

	Bank of the West	Wells Fargo Bank	Bank of the Southwest	1st New Mexico Bank	Total
Amount held in bank June 30, 2013	\$ 710,272	\$ 7,065,429	\$ 880,918	\$ 706,350	\$ 9,362,969
Less FDIC insurance	(487,190)	(250,000)	(370,108)	(250,000)	(1,357,298)
Uninsured public funds	223,082	6,815,429	510,810	456,350	8,005,671
50% collateral requirement (Section 6-10-17 NMSA-1978)	111,541	3,407,715	255,405	228,175	4,002,836
Pledged security	945,243	9,655,798	575,000	350,000	11,526,041
Over (under) collateral	<u>\$ 833,702</u>	<u>\$ 6,248,084</u>	<u>\$ 319,595</u>	<u>\$ 121,825</u>	<u>\$ 7,523,206</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Collateral Pledged to Secure the
Deposits of Public Funds
June 30, 2013

BANK OF THE WEST

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2013
		WFMN NO035 2602	\$ 1,000,000	\$ 945,243
			<u>\$ 1,000,000</u>	<u>\$ 945,243</u>

WELLS FARGO

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2013
Wells Fargo	1/8/2036	FN256349923865	\$ 8,921,071	\$ 9,655,798
Total			<u>\$ 8,921,071</u>	<u>\$ 9,655,798</u>

BANK OF THE SOUTHWEST

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2013
Bank of the Southwest	09/30/13	FLILB	\$ 200,000	\$ 200,000
Bank of the Southwest	06/06/14	FLILB	375,000	375,000
Total			<u>\$ 575,000</u>	<u>\$ 575,000</u>

1ST NEW MEXICO BANK

Name of Depository	Maturity Date	Description of Pledged Collateral	Par Value	Fair Market Value 6/30/2013
1st Bank of New Mexico	5/1/2015	Dulce NM ISD 264430G12	350,000	350,553
Total			<u>\$ 350,000</u>	<u>\$ 350,553</u>

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

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Grant Expenditures
June 30, 2013

<u>Department</u>	<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>
Water well		\$ 94,371	\$ -	\$ 94,371	\$ -	\$ 94,371	\$ -
Swim Training Facility		18,299	-	18,299	-	18,299	17,198
Canal Road US Dept of Transportation		65,530	-	65,530	-	65,530	-
Rapid Response Truck		132,799	-	132,799	-	132,799	-
Placitas Arroyo		146,354	-	146,354	-	146,354	-
Department of Transportation	21.106	257,508	-	13,554	243,954	257,508	-
Rural Development	10.760	2,010,860	1,687,194	-	295,786	295,786	27,880
TOTALS		<u>\$ 2,725,721</u>	<u>\$ 1,687,194</u>	<u>\$ 470,907</u>	<u>\$ 539,740</u>	<u>\$ 1,010,647</u>	<u>\$ 45,078</u>

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

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Joint Powers Agreements
June 30, 2013**

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, 2013**

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, 2013**

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, 2013**

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, 2013

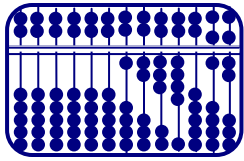
	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Prior Year's Federal Expenditure</u>	<u>Current Federal Expenditure</u>	<u>Total Remaining Cost</u>
USDA Rural Deveopment Watewater Improvement -Phase 1	10.760	90185	\$ 2,010,860	\$ 1,687,194	\$ 295,786	\$ 27,880
Department of Transportation Federal Aviation	21.106		243,954	-	243,954	-
			<u>\$ 2,254,814</u>	<u>\$ 1,687,194</u>	<u>\$ 539,740</u>	<u>\$ 27,880</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* WITH MATERIAL
WEAKNESSES AND SIGNIFICANT DEFICIENCIES IDENTIFIED; AND REPORTABLE INSTANCES
OF NONCOMPLIANCE AND OTHER MATTERS IDENTIFIED**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Village of Hatch as of and for the year-ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village of Hatch's basic financial statements and the combining and individual funds and related budgetary comparisons of the Village of Hatch presented as supplemental information and have issued our report thereon dated August 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Hatch's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hatch's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Hatch's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be material weaknesses. 2007-01, 2012-03 and 2012-04.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be significant deficiencies. 2008-01, 2008-02, 2010-01, 2010-02, 2012-01, 2013-01, 2013-02 and 2013-03.

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 the 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 in the accompanying *schedule of findings and responses* as items. 2007-01, 2012-01, and 2012-04.

The Village of Hatch's Response to Findings

The Village of Hatch's responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. The Village of Hatch's responses were subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on them.

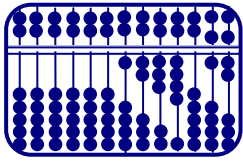
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Hatch's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcus, Fairall, Bristol + Co. P.L.L.C.

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

August 28, 2014



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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the 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, 2013. Village of Hatch's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Village of Hatch's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Village of Hatch's compliance.

Opinion on Each Major Federal Program

In our opinion, village of Hatch complied, in all material respects, with the types of 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, 2013.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and responses as items 2012-01 and 2012-04. Our opinion on each major federal program is not modified with respect to these matters.

Village of Hatch's response to the noncompliance findings identified in our audit are describes in the accompanying *schedule of findings and responses*. Village of Hatch's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Village of Hatch is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Village of Hatch's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 *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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control over compliance that we consider to be material weaknesses as described in accompanying schedule of findings and responses 2012-04. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and responses as items 2012-01 that we consider to be significant deficiencies.

Village of Hatch's response to the internal control over compliance findings identified in our audit is described in the accompanying *schedule of findings and responses*. Village of Hatch's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on schedule of expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Village of Hatch's as of and for the year ended June 30, 2013, and have issued our report thereon dated August 28, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Marcus, Fairall, Bristol + Co. P.L.L.C.

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

August 28, 2014

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2013**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unqualified

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

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

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

<u>C DFA number</u>	<u>Name of Federal Program or Cluster</u>
21.106	US Department of Federal Aviation, USDA Rural
10.760	Development Wastewater Improvement Phase 1

Dollar threshold used to distinguish between Type A and Type B programs	\$	<u> 300,000 </u>
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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, 2013**

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
2012-01 – Federal Clearing House completion of Data Collection form - repeated
2012-03 – Cash handling procedures - repeated
2012-02 – USDA Rural development – Phase 1 - resolved
2012-04 – Separate bank accounts for federal awards – repeated
2012-05 – Violation of Hatch’s responsibilities - resolved

CURRENT YEAR FINDINGS:

Finding 2007-01 Failure to Apply GAAP – Material Weakness

Condition

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

Criteria

Key employees 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

Key employees on management need the qualification and training to apply GAAP principles in preparing the Village financial statements.

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 and generally accepted accounting principles.

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, 2013 to the New Mexico State Auditor was December 1, 2013. 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, 2013**

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 the completion of the legal work necessary to complete the requirements for the fiduciary accounting for Rio Grande Natural Gas Association as a fiduciary entity of the Village of Hatch. 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 and the completion of the legal work for the fiduciary account of Rio Grande Natural Gas Association.

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
Cemetery		\$ 42,802	Expenditures incurred greater than expected
Swim-Train Facility	Capital outlay	1,104	Expenditures incurred greater than expected
Corrections		96	Expenditures incurred greater than expected
Law enforcement		809	Expenditures incurred greater than expected
Swimming Pool Facility		50,804	Was not budgeted
Rapid response fire truck		82,560	Expenditures incurred greater than expected
Canal Road		226,045	Was not budgeted
Placitas Arroyo		87,977	Expenditures incurred greater than expected
Total		<u>\$ 492,197</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.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2013**

Section I - Financial Statement Findings (continued)

Finding 2008-02 Legal Compliance with Budget (continued)

Response

Budgets will be reported and monitored more closely in the future.

Finding 2010-01 Allowance for Doubtful Accounts - Significant Deficiency

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 should be written off and the Board of Trustees had not established a policy to write these accounts off.

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 trial balance was not reviewed and compared to the detail reports to determine what adjustments were required.

Recommendation

The Village should adopt a monthly procedure to ensure the reconciliations are completed and accurate and the trial balance and detailed reports are in agreement.

Response

The Village of Hatch is currently working on establishing policies and procedures to accomplish this requirement.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2013**

Section I - Financial Statement Findings (continued)

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.

Finding 2013-01 Reconciliation of Payroll Transactions- Significant Deficiency

Condition

All payroll transactions are recorded in one account in the general fund then are reimbursed by the respective fund that the payroll is applicable. There is no reconciliation prepared to determine that the proper amount was reimbursed to the payroll bank amount in the general fund. The monthly trial balance was not being requested from the data processing organization and the reconciliation was not checked to determine if the two documents reconciled.

Criteria

All bank accounts are to be reconciled from the bank statement to the amount shown in the general ledger to comply with generally accepted accounting principles.

Effect

The balance in the general ledger was misstated in the amount of \$1,255,198 for the payroll account because the disbursements from the account were not recorded.

Recommendation

A copy of the trial balance be requested monthly and all bank account reconciliation be traced to the trial balance for accuracy.

Response

We will prepare and implement policies and procedures to require bank accounts be properly reconciled to the general ledger monthly.

**STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2013**

Section I - Financial Statement Findings (continued)

Finding 2013-02 Reconciling Transactions for Accounts Receivable-Significant Deficiency

Condition

The accounts receivable control account was misstated by \$2,000,000 due to the fact the posting were not correct until the following month

Criteria

Generally accepted accounting principles require the reconciliation of amounts posted to the customer's accounts with the posting documentation on a daily basis to eliminate material differences in reporting the revenue and misstating the customer's account.

Effect

Customer accounts were materially misstated and the respective revenue account was materially misstated.

Recommendation

A daily review of the transactions posted to the accounts receivable and compared to the documentation be reviewed daily by someone other than the accounts receivable clerk.

Response

Policies and procedures will be developed to monitor these transactions on a daily basis.

Finding 2013-03 Reconciliation of General Fund Bank Account- Significant Deficiency

Condition

The general fund bank account was not reconciled to the balance in the general ledger which would have disclosed that all transactions were not posted to the general ledger account to comply with generally accepted accounting principles.

Criteria

All bank accounts are to be reconciled from the bank statement to the amount shown in the general ledger to comply with generally accepted accounting principles.

Effect

The balance in the general ledger was misstated in the amount of \$381,079 because the disbursements from this account were not recorded properly.

Recommendation

A copy of the trial balance be requested on a monthly basis and all bank account reconciliations be traced to the trial balance for accuracy

Response

We will prepare policies and procedures to require bank accounts be properly reconciled to the general ledger monthly.

STATE OF NEW MEXICO
VILLAGE OF HATCH
Schedule of Findings and Responses
June 30, 2013

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

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 in future periods.

Finding 2012-04 USDA Rural Development Phase 1 and 2 CDFA 10.760 Contract 90185 Through State of New Mexico Environmental Department Separate Bank Account was not Maintained for Federal Awards in Accordance with the Compliance Supplement OMB Circular A-133 – 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, 2013

EXIT CONFERENCE

An exit conference was held on August 28, 2014, with Jack Fairall, CPA of Marcus, Fairall, Bristol + Co., P.L.L.C., meeting with the following Village officials:

Andy Nunez	Mayor
James Whitlock	Trustee
Elizabeth J. Porras	Deputy 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.