

STATE OF NEW MEXICO
Village of Hatch
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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Village on Hatch
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Village on Hatch
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**STATE OF NEW MEXICO
Village on Hatch
Official Roster
June 30, 2014**

VILLAGE COUNCIL

Andy Nunez..... Mayor
James Whitlock Trustee
Noel McConnell Trustee
Kathie Franzoy Trustee
Corie Watkins..... Trustee

VILLAGE OFFICIALS

Patrick Banegas Village Clerk
Elizabeth Porras Deputy Clerk

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor and Board of Trustees
Village of Hatch
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 (the Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, nonmajor enterprise funds, fiduciary funds and the budgetary comparisons for the major capital projects funds, debt service funds, permanent funds and all 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 year ended June 30, 2014, 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.

Auditors' Responsibility

Our responsibility is to express opinion 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.

Opinion

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 the Village, as of June 30, 2014, 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 year 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, and fiduciary funds of the Village as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major, capital projects fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purposes of forming an opinion on the Village's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules require by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2015 on our consideration of the Village'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's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
April 14, 2015

BASIC FINANCIAL STATEMENTS

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STATE OF NEW MEXICO
Village of Hatch
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 7,495,809	\$ 377,194	\$ 7,873,003
Investment In land held for sale	2,000,000	-	2,000,000
Property taxes receivable	17,045	-	17,045
Gross receipts receivable	127,812	-	127,812
Other Taxes	7,794	-	7,794
Internal balances	-	-	-
Due from customers	-	121,347	121,347
Restricted cash	-	599,675	599,675
Total current assets	<u>9,648,460</u>	<u>1,098,216</u>	<u>10,746,676</u>
Noncurrent assets			
Customer Deposits	-	37,404	37,404
Non-depreciable capital assets	2,220,608	62,099	2,282,707
Depreciable capital assets	15,374,326	9,751,706	25,126,032
Less: Accumulated Depreciation	<u>(5,725,271)</u>	<u>(6,434,740)</u>	<u>(12,160,011)</u>
Total noncurrent assets	<u>11,869,663</u>	<u>3,416,469</u>	<u>15,286,132</u>
Total Assets	<u>\$ 21,518,123</u>	<u>\$ 4,514,685</u>	<u>\$ 26,032,808</u>
Liabilities			
Current Liabilities			
Overdrawn cash	4,915	-	4,915
Accounts payable	87,347	45,469	132,816
Accrued salaries and benefits	29,539	6,416	35,955
Current portion of loans payable	16,560	22,040	38,600
Accrued compensated absences	-	13,664	13,664
Total current liabilities	<u>138,361</u>	<u>87,589</u>	<u>225,950</u>
Noncurrent liabilities			
Meter deposits	-	37,404	37,404
Loans payable	69,379	778,353	847,732
Accrued compensated absences	<u>21,608</u>	<u>13,776</u>	<u>35,384</u>
Total noncurrent liabilities	<u>90,987</u>	<u>829,533</u>	<u>920,520</u>
Total Liabilities	<u>229,348</u>	<u>917,122</u>	<u>1,146,470</u>
Net Position			
Net investment in capital assets	11,869,663	3,316,966	15,186,629
Restricted for:			
Special revenue	738,086	-	738,086
Capital projects	477,236	-	477,236
Unrestricted	<u>8,203,790</u>	<u>280,597</u>	<u>8,484,387</u>
Total net position	<u>21,288,775</u>	<u>3,597,563</u>	<u>24,886,338</u>
Total liabilities and net position	<u>\$ 21,518,123</u>	<u>\$ 4,514,685</u>	<u>\$ 26,032,808</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions and Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,491,669	\$ 180	\$ 213,282	\$ 312,070
Public Safety	969,682	-	83,782	-
Public Works	172,722	84,398	88,200	-
Culture and Recreation	769,976	42,408	263,753	-
Health and welfare	101,622	29,992	-	-
Interest on Long-Term Debt	1,965	-	-	-
Total Governmental Activities	3,507,636	156,978	649,017	312,070
Business-Type Activities				
Gas	391	-	-	-
Joint Utility	829,256	452,584	-	179,405
Solid Waste	271,528	264,496	-	-
Total Business-Type Activities	1,101,175	717,080	-	179,405
Total primary government	\$ 4,608,811	\$ 874,058	\$ 649,017	\$ 491,475
General Revenues:				
Taxes:				
Property Taxes levied for general purposes				
Franchise taxes				
Property taxes				
Gross receipt taxes				
Gas tax				
Interest income				
Miscellaneous Income				
Transfers				
Distributions from Rio Grande Natural Gas				
Subtotal, General Revenues				
Change in Net Position				
Net Position - beginning				
Net position - restatement (note 16)				
Net Position - as restated				
Net position - ending				

See Independent Auditors' Report and Notes to Financial Statements

**Net (Expense) Revenue and
Changes in Net Position**

Government Activities	Business- Type Activities	Total
\$ (966,137)	\$ -	\$ (966,137)
(885,900)	-	(885,900)
(124)	-	(124)
(463,815)	-	(463,815)
(71,630)	-	(71,630)
(1,965)	-	(1,965)
<u>(2,389,571)</u>	<u>-</u>	<u>(2,389,571)</u>
-	(391)	(391)
-	(197,267)	(197,267)
-	(7,032)	(7,032)
<u>-</u>	<u>(204,690)</u>	<u>(204,690)</u>
<u>\$ (2,389,571)</u>	<u>\$ (204,690)</u>	<u>\$ (2,594,261)</u>
50,796	-	50,796
106,034	-	106,034
783,257	65,144	848,401
5,361	-	5,361
1,754	527	2,281
935,104	-	935,104
(110,611)	110,611	-
10,162,895	-	10,162,895
<u>11,934,590</u>	<u>176,282</u>	<u>12,110,872</u>
9,545,019	(28,408)	9,516,611
14,666,568	5,468,524	20,135,092
(2,922,812)	(1,842,553)	(4,765,365)
<u>11,743,756</u>	<u>3,625,971</u>	<u>15,369,727</u>
<u>\$ 21,288,775</u>	<u>\$ 3,597,563</u>	<u>\$ 24,886,338</u>

STATE OF NEW MEXICO
Village of Hatch
Balance Sheet -
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Equipment Bldg</u>
Assets			
Cash and cash equivalents	\$ 5,002,293	\$ 114,662	\$ 1,129,592
Investment In land held for sale	2,000,000	-	-
Property taxes receivable	16,422	-	-
Gross receipts receivable	127,812	-	-
Other taxes	7,794	-	-
Total assets	<u>\$ 7,154,321</u>	<u>\$ 114,662</u>	<u>\$ 1,129,592</u>
Liabilities and fund balance			
Liabilities			
Overdrawn cash	\$ -	\$ -	\$ -
Accounts payable	56,339	1,360	-
Accrued salaries and benefits	29,539	-	-
Total liabilities	<u>85,878</u>	<u>1,360</u>	<u>-</u>
Fund balance			
Nonspendable	2,000,000	-	-
Restricted for:			
General Government	134,014	-	-
Special Revenue	-	-	-
Capital Projects	-	-	-
Assigned	-	-	-
Unassigned	4,934,429	113,302	1,129,592
Total fund balance	<u>7,068,443</u>	<u>113,302</u>	<u>1,129,592</u>
Total liabilities and fund balance	<u>\$ 7,154,321</u>	<u>\$ 114,662</u>	<u>\$ 1,129,592</u>

Other Governmental Funds	Total
\$ 1,249,262	\$ 7,495,809
-	2,000,000
623	17,045
-	127,812
-	7,794
\$ 1,249,885	\$ 9,648,460

\$ 4,915	\$ 4,915
29,648	87,347
-	29,539
34,563	121,801

-	2,000,000
-	134,014
229,602	229,602
202,593	202,593
59,870	59,870
723,257	6,900,580
1,215,322	9,526,659
\$ 1,249,885	\$ 9,648,460

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STATE OF NEW MEXICO
Village of Hatch
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of
Net Position
June 30, 2014

Total Fund Balance - Governmental Funds	\$ 9,526,659
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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

Capital Assets	17,594,934
Less: Accumulated Depreciation	(5,725,271)

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

Accrued Compensated Absences	(21,608)
Long-Term Debt	<u>(85,939)</u>

Total net position of governmental activities	<u>\$ 21,288,775</u>
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STATE OF NEW MEXICO
Village of Hatch
Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Equipment Bldg</u>
Revenues			
Franchise taxes	\$ 50,796	\$ -	\$ -
Property taxes	106,034	-	-
Gross receipt taxes	783,257	-	-
Gas tax	5,361	-	-
Charges for services	180	84,398	-
State operating grants	213,282	-	-
State capital grants	-	-	-
Miscellaneous income	776,553	-	-
Interest income	1,479	108	-
Federal grants	-	-	-
County grants	-	258,013	-
Total Revenues	<u>1,936,942</u>	<u>342,519</u>	<u>-</u>
Expenditures			
Current:			
General government	953,080	-	192,002
Public safety	603,580	-	-
Public works	59,952	-	-
Culture and recreation	49,766	279,143	-
Health and welfare	-	-	-
Capital outlay	-	-	28,838
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>1,666,378</u>	<u>279,143</u>	<u>220,840</u>
Excess (deficiency) of revenues over expenditures	<u>270,564</u>	<u>63,376</u>	<u>(220,840)</u>
Other financing sources (uses)			
Transfers in	204,411	14,170	1,568,000
Transfers out	(2,486,199)	-	-
Distributions for Rio Grande Natural Gas	10,162,895	-	-
Total other financing sources (uses)	<u>7,881,107</u>	<u>14,170</u>	<u>1,568,000</u>
Net change in fund balance	<u>8,151,671</u>	<u>77,546</u>	<u>1,347,160</u>
Fund balance - beginning of year	(1,504,958)	44,535	134,913
Restatement (Note 16)	421,730	(8,779)	(352,481)
Fund balance - beginning of the year, restated	<u>(1,083,228)</u>	<u>35,756</u>	<u>(217,568)</u>
Fund balance - end of year	<u>\$ 7,068,443</u>	<u>\$ 113,302</u>	<u>\$ 1,129,592</u>

Total Nonmajor Funds	Total
\$ -	\$ 50,796
-	106,034
-	783,257
-	5,361
72,400	156,978
169,999	383,281
312,070	312,070
158,551	935,104
167	1,754
7,723	7,723
-	258,013
720,910	3,000,371
-	1,145,082
140,799	744,379
72,638	132,590
262,164	591,073
78,010	78,010
333,346	362,184
16,288	16,288
1,965	1,965
905,210	3,071,571
-	
(184,300)	(71,200)
657,282	2,443,863
(68,275)	(2,554,474)
-	10,162,895
589,007	10,052,284
404,707	9,981,084
1,019,527	(305,983)
(208,912)	(148,442)
810,615	(454,425)
\$ 1,215,322	\$ 9,526,659

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STATE OF NEW MEXICO
Village of Hatch
Reconciliation of the Statement or Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net Change in Fund Balance - Governmental Funds **\$ 9,981,084**

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

Governmental funds report capital outlay as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense:

Capital Expenditures recorded in capital outlay	362,184
Depreciation expense	(821,329)

Expenses reported in the statement of activities that do not require the use of
current financial resources and therefore are not reported as expenditures in the
governmental funds:

Decrease in accrued compensated absences	6,792
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current
financial resources to governmental funds, while the repayment of the principal
of long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net position. Also,
governmental funds report the effect of premiums and similar items when debt is
first issued, whereas these amounts are deferred and amortized in the statement
of activities:

Principal Payments on bonds and notes payable	<u>16,288</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 9,545,019</u></u>
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STATE OF NEW MEXICO
Village of Hatch
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ 65,000	\$ 65,000	\$ 90,721	\$ 25,721
Gross receipts	640,000	640,000	655,445	15,445
Gasoline and Motor vehicle	6,500	6,500	4,252	(2,248)
Other	289,099	289,099	776,553	487,454
Franchise tax	37,000	37,000	43,002	6,002
Intergovernmental income:				
State operating grants	131,000	131,000	213,282	82,282
Charges for services	-	-	180	180
License and fees	-	-	-	-
Investment income	-	-	1,479	1,479
Miscellaneous	-	-	-	-
Total revenue	1,168,599	1,168,599	1,784,914	616,315
Expenditures				
Current				
General government	740,801	740,801	885,202	(144,401)
Public safety	699,740	699,740	591,816	107,924
Public works	79,250	79,250	59,952	19,298
Culture and recreation	61,358	61,358	42,449	18,909
Capital outlay	-	-	-	-
Total expenditures	1,581,149	1,581,149	1,579,419	1,730
Excess (deficiency) of revenues over expenditures	(412,550)	(412,550)	205,495	618,045
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	412,550	412,550		
Transfers in	1,114,365	1,114,365	8,799,306	7,684,941
Transfers out	(3,091,907)	(3,091,907)	(918,199)	2,173,708
Total other financing sources (uses)	(1,977,542)	(1,977,542)	7,881,107	9,858,649
Net Change in fund balance	(1,564,992)	(1,564,992)	7,675,612	7,675,612
Fund balance - beginning of year	-	-	(1,083,228)	(1,083,228)
Fund balance - end of year	\$ -	\$ -	\$ 6,592,384	\$ 6,592,384
Net change in fund balance (non-GAAP budgetary basis)			7,675,612	
Adjustments to revenue for taxes			152,028	
Adjustment to expenditures for salaries, maintenance, and supplies			(86,959)	
Net Change in fund balance (GAAP basis)			\$ 8,151,671	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Parks & Recreation
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	258,013	258,013
Charges for services	103,600	103,600	84,398	(19,202)
License and fees	-	-	-	-
Investment income	-	-	108	108
Miscellaneous	-	-	-	-
Total revenue	103,600	103,600	342,519	238,919
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	103,600	103,600	277,783	(174,183)
Capital outlay	-	-	-	-
Total expenditures	103,600	103,600	277,783	(174,183)
Excess (deficiency) of revenues over expenditures	-	-	64,736	413,102
Other financing resources (uses)				
Designated cash (budgeted increase in cash)				
Transfers in	-	-	14,170	14,170
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	14,170	14,170
Net Change in fund balance	-	-	78,906	78,906
Fund balance - beginning of year	-	-	35,756	35,756
Fund balance - end of year	\$ -	\$ -	\$ 114,662	\$ 114,662
Net change in fund balance (non-GAAP budgetary basis)			78,906	
Adjustments to revenue			-	
Adjustment to expenditures for supplies			(1,360)	
Net Change in fund balance (GAAP basis)			\$ 77,546	

See Independent Auditors' Report and Notes to Financial Statements

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STATE OF NEW MEXICO
Village of Hatch
Equipment Building
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP	(Unfavorable)
			Basis)	Final to Actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	2,766,000	1,568,000	-	(1,568,000)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	2,766,000	1,568,000	-	-
Expenditures				
Current				
General government	370,000	1,568,000	192,002	1,375,998
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	28,838	(28,838)
Total expenditures	370,000	1,568,000	220,840	1,347,160
Excess (deficiency) of revenues over expenditures	2,396,000	-	(220,840)	(1,347,160)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(2,396,000)	-	-	-
Transfers in	-	-	1,568,000	1,568,000
Transfers out	-	-	-	-
Total other financing sources (uses)	(2,396,000)	-	1,568,000	1,568,000
Net Change in fund balance	-	-	1,347,160	1,347,160
Fund balance - beginning of year	-	-	(217,568)	(217,568)
Fund balance - end of year	\$ -	\$ -	\$ 1,129,592	\$ 1,129,592
Net change in fund balance (non-GAAP budgetary basis)			1,347,160	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ 1,347,160	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Statement of Net Position
Proprietary Funds
June 30, 2014

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>
Assets			
Cash and Cash Equivalents	\$ 287,147	\$ 47,274	\$ 42,773
Accounts Receivable	77,251	-	44,096
Restricted Cash	599,675	-	-
Total current assets	<u>964,073</u>	<u>47,274</u>	<u>86,869</u>
Noncurrent assets			
Customer Deposits	37,404	-	-
Capital Assets	9,813,805	-	-
Less: accumulated depreciation	(6,434,740)	-	-
Total noncurrent assets	<u>3,416,469</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,380,542</u>	<u>\$ 47,274</u>	<u>\$ 86,869</u>
Liabilities and net position			
Liabilities			
Accounts payable	\$ 24,087	\$ -	\$ 21,382
Accrued salaries and benefits	6,416	-	-
Customer deposits	37,404	-	-
Notes payable	22,040	-	-
Compensated absences payable	27,440	-	-
Total current liabilities	<u>117,387</u>	<u>-</u>	<u>21,382</u>
Noncurrent liabilities			
Notes payable	778,353	-	-
Total noncurrent liabilities	<u>778,353</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>895,740</u>	<u>-</u>	<u>21,382</u>
Net position			
Net investment in capital asset	3,379,065	-	-
Unrestricted	105,737	47,274	65,487
Total net position	<u>3,484,802</u>	<u>47,274</u>	<u>65,487</u>
Total liabilities and net position	<u>\$ 4,380,542</u>	<u>\$ 47,274</u>	<u>\$ 86,869</u>

Total

\$ 377,194
121,347
599,675
1,098,216

37,404
9,813,805
(6,434,740)
3,416,469
\$ 4,514,685

\$ 45,469
6,416
37,404
22,040
27,440
138,769

778,353
778,353
917,122

3,379,065
218,498
3,597,563
\$ 4,514,685

STATE OF NEW MEXICO
Village of Hatch
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>
Operating revenues:			
Charges for services	\$ 452,584	\$ -	\$ 264,496
Total operating revenues	<u>452,584</u>	<u>-</u>	<u>264,496</u>
Operating expenses:			
Depreciation and amortization	104,647	-	-
Personnel services	248,490	-	-
Contractual services	58,991	-	271,528
Supplies	6,917	-	-
Maintenance and Materials	159,295	-	-
Utilities	109,589	-	-
Miscellaneous	117,823	391	-
Total operating expense	<u>805,752</u>	<u>391</u>	<u>271,528</u>
Operating income (loss)	<u>(353,168)</u>	<u>(391)</u>	<u>(7,032)</u>
Non-operating revenues (expense):			
Gross receipts taxes	65,144	-	-
Interest income	527	-	-
interest expense	(23,504)	-	-
Total non-operating revenues (expense)	<u>42,167</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(311,001)</u>	<u>(391)</u>	<u>(7,032)</u>
Transfers in	378,465	-	39,204
Transfers out	(85,058)	(222,000)	-
Capital Grants	179,405	-	-
Total contributions and transfers	<u>472,812</u>	<u>(222,000)</u>	<u>39,204</u>
Change in Net Position	161,811	(222,391)	32,172
Net Position, beginning of year	5,198,404	253,228	16,892
Restatement	(1,875,413)	16,437	16,423
Net Position - beginning of the year, restated	<u>3,322,991</u>	<u>269,665</u>	<u>33,315</u>
Net Position - end of the year	<u>\$ 3,484,802</u>	<u>\$ 47,274</u>	<u>\$ 65,487</u>

Total

<u>\$ 717,080</u>
<u>717,080</u>
-
104,647
248,490
330,519
6,917
159,295
109,589
118,214
<u>1,077,671</u>
<u>(360,591)</u>
-
65,144
527
<u>(23,504)</u>
<u>42,167</u>
<u>(318,424)</u>
417,669
(307,058)
179,405
<u>290,016</u>
<u>(28,408)</u>
5,468,524
<u>(1,842,553)</u>
<u>3,625,971</u>
<u><u>\$ 3,597,563</u></u>

STATE OF NEW MEXICO
Village of Hatch
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Joint Utility</u>	<u>Gas</u>
Cash flow form operating activities		
Cash received form customers	\$ 427,501	\$ -
Cash payments to employees for services	(244,533)	-
Cash payments to suppliers for goods and services	(443,134)	(7,807)
Net cash provided buy operating activities	<u>(260,166)</u>	<u>(7,807)</u>
Cash flow form noncapital financing activities		
Taxes received	65,144	-
Transfers	(138,165)	(183,996)
Net cash flows provided by noncapital financing activities	<u>(73,021)</u>	<u>(183,996)</u>
Cash Flows form capital and related financing activities:		
Interest paid	(23,504)	-
Principal payments	19,500	-
Proceeds form capital governmental contributions	179,405	-
Net cash provided (used) by capital and related financing activities	<u>175,401</u>	<u>-</u>
Cash flows form investing activities		
Interest income	527	-
Net cash provided by investing activities	<u>527</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(157,259)	(191,803)
Cash & cash equivalents - beginning of year	1,081,485	239,077
Cash & cash equivalents - end of year	<u>\$ 924,226</u>	<u>\$ 47,274</u>
Reconciliation of operating income (loss to net cash provided (used) by operating activities		
Operating income (loss)	\$ (353,168)	\$ (391)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	104,647	-
Changes in assets & liabilities:		
Receivables	(26,807)	-
Accounts payable	9,481	(7,416)
Accrued salaries and benefits	4,882	-
Compensated absences	(925)	-
Customer deposits	1,724	-
Net cash provided (used) by operating activities	<u>\$ (260,166)</u>	<u>\$ (7,807)</u>

<u>Solid Waste</u>	<u>Total</u>
\$ 244,315	\$ 671,816
-	(244,533)
(297,575)	(748,516)
<u>(53,260)</u>	<u>(321,233)</u>
-	65,144
<u>43,267</u>	<u>(278,894)</u>
<u>43,267</u>	<u>(213,750)</u>
-	(23,504)
-	19,500
-	<u>179,405</u>
-	<u>175,401</u>
-	<u>527</u>
-	<u>527</u>
(9,993)	(359,055)
<u>52,766</u>	<u>1,373,328</u>
<u>\$ 42,773</u>	<u>\$ 1,014,273</u>
\$ (7,032)	\$ (360,591)
-	104,647
(20,181)	(46,988)
(26,047)	(23,982)
-	4,882
-	(925)
-	<u>1,724</u>
<u>\$ (53,260)</u>	<u>\$ (321,233)</u>

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
Village of Hatch
Fiduciary Funds
Statement of Fiduciary Assets & Liabilities
June 30, 2014

	Rio Grande Natural Gas	Revolving Loan Fund
Assets		
Cash and Cash Equivalents	\$ -	\$ 389,915
Notes Receivable	-	88,832
Total Assets	\$ -	\$ 478,747
Liabilities		
Held in Fiduciary Fund Account	\$ -	\$ 478,747
Total liabilities	\$ -	\$ 478,747

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies

The Village of Hatch (Village) was incorporated in 1928, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, etc.); highways and streets; water, sewer services, and solid waste; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village is a body political and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of Village's financial statements. The financial statements and notes are the representation of Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially 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.

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 Statement No. 14 as amended by GASB Statements No. 39 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

The basic-but not the only-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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based on the criteria above the Village does not have any component units & is not a component unit of any other government agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund 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.

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*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's Net Position are reported in three parts-net investment in capital assets; restricted net position; and unrestricted net position.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Financial Reporting Entity (continued)

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 enterprise 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 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 the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 allocated to separate functions on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

The Village reports the following major governmental funds:

Governmental funds include:

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

The *Parks and Recreation Fund* accounts for the operation of summer recreation programs. Financing is provided by grants from Dona Ana County.

The *Equipment/Building fund* accounts for expenditures related to repair and maintenance and capital improvements to the Villages infrastructure.

The Village reports the following proprietary funds as major funds. Proprietary funds include:

The *Joint Utility fund* accounts for the fees generated from charges for services.

The *Gas fund* accounts for the remaining activities related to the previous operation of Rio Grande Natural Gas. There is a residual cash balance of \$47,247 still in the fund at year end. The Village Trustees will make a decision as to what the residual funds will be utilized for in fiscal year 2015.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Solid Waste Fund* accounts activities of the Village's solid waste utility. The Village Contracts Southwest Disposal who handles the Villages Solid Waste Services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in 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 enterprise fund is charges for services for the Village's utilities. Operating expenses for enterprise 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.

Additionally, the government reports the following fiduciary funds:

Rio Grande Natural Gas accounts for the assets from the sale of Rio Grande Natural Gas Association. This fund has been dissolved on June 26, 2014 and all assets have been distributed into the Villages General fund.

Revolving Loan Fund accounts 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.

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance

Cash and Cash Equivalents: 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, interest-bearing savings accounts, certificates of deposit, bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government and the State Treasurer's Investment Pool.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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 in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered 100% collectable.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements. As of June 30 2014 the Village had no prepaid expenses.

Capital Assets: Capital assets, which include property, plant, utility systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets 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. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	32-39
Other improvements	10-40
Infrastructure	15-40
Machinery and Equipment	5-10

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2014, along with applicable PERA and Retiree Health Care.

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue. As of June 30, 2014 the Village did not have material unearned revenues as of June 30, 2014.

Deferred Outflows and Deferred Inflows of Resources: The Village implemented the provisions of GASB statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

In addition to assets, the Balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position which applies to a future period and so will not be recognized as an outflow of resources that is expensed, until then. The Village does not have any of this type of item.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule, depending on their length of service. Employees may accumulate 288 hours of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for a maximum of 288 hours of accrued annual leave.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Employees can earn vacation leave at various rates depending on the employee’s length of service, as follows:

<u>Employee Duration</u>	<u>Hours Accumulated</u>
0-1 Year	40 hours
1-10 Years	96 hours
10 Years and Over	144 hours

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Employees can carry over up to 480 hours of sick leave from year to year. Upon termination employees receive no pay for sick time accumulated.

Vested or accumulated vacation leave that is expected to be liquidated within the next twelve months with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within the next twelve months are reported in the government-wide statement of net position.

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (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. Fund balance is reported in these five classifications:

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 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.

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

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

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

The Village applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund 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 interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

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

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Trustees, and submitted to the Department of Finance and Administration (DFA) for State approval. Once the budget has been formally approved, any amendments that increase or decrease an individual fund's budget must also be approved by the Village Trustees and the DFA. 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 by fund.

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

Proprietary fund budgets are prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The Village does not budget for depreciation expense, only capital outlay.

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

For governmental funds the accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2014 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual budgetary statement.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

For proprietary funds the accompanying Statements of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. Cash and Cash Equivalents

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

By operation of federal law, beginning January 1, 2013, funds deposited in a non-interest bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the Village's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2014, \$7,835,474 of the Village's bank balance of \$8,835,474 was subject to custodial credit risk, all of which was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name. \$1,199,991 the Village's deposits were uninsured and uncollateralized at June 30, 2014.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 3. Cash and Cash Equivalents (continued)

	1st New Mexico Bank	Bank of the Southwest	Bank of the West	Wells Fargo	Total
Deposits	\$ 766,400	\$ 2,703,177	\$ 673,782	\$ 4,692,116	\$ 8,835,474
Less: FDIC Coverage	(250,000)	(250,000)	(250,000)	(250,000)	(1,000,000)
(50% of uninsured funds)	258,200	1,226,589	211,891	2,221,058	3,917,737
Pledged Collateral	490,000	1,350,000	423,782	4,371,701	6,635,483
Over (Under) collateralized	<u>\$ 231,800</u>	<u>\$ 123,411</u>	<u>\$ 211,891</u>	<u>\$ 2,150,643</u>	<u>\$ 2,717,746</u>

The Carrying Amount of deposits and investments shown above are included in the Village's Statement of Net position as follows:

Cash and cash equivalents - Governmental Activities	\$ 7,495,809
Cash and cash equivalents - Business-type Activities	377,194
Restricted cash and cash equivalents - Business-type Activities	599,675
Customer Deposits - Business-type Activities	37,404
Cash and cash equivalents - Fiduciary Funds	389,915
Total cash and cash equivalents	<u>8,899,997</u>
Add: outstanding checks	61,579
Less: outstanding deposits	(121,187)
Less: over drafted cash - Governmental Activities	<u>(4,915)</u>
Bank balance of deposits	<u><u>\$ 8,835,474</u></u>

NOTE 4. Investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village are in direct violation of State investment requirements as of June 30, 2014.

The Village's investments in Dona Ana County, NM at June 30, 2014 consist of an investment in land held for sale in the city of Las Cruces, New Mexico. The Villages original cost of this investment is \$2,000,000 and the current market value is not readily determinable. The land consist of 125 acres of undeveloped land and 21 developed residential lots. The Village purchased the land on May 30, 2012 and is in the process of liquidating this investment. As of June 30, 2014 the Village had the 21 developed lots listed for sale with various asking prices per lot. The total asking price of the 21 lots is \$1,357,600. Prior to the balance sheet date the Village sold two lots that were discounted approximately 5.5% from the asking price and closing costs were approximately 8% of the sales price. The 125 acres of land is currently listed for sale at \$1,965,000.

The Village's investment in land is exposed to various types of risk including liquidity risk. An investment is considered to be liquid if it is converted into cash in a reasonable period of time, at a reasonable price and at a reasonable cost.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 5. Accounts and Taxes Receivable

Receivables as of June 30, 2014 are as follows:

	Governmental Funds	Proprietary Funds
Property taxes	\$ 17,045	\$ -
Gross receipts taxes	127,812	-
Franchise tax	6,062	-
Gasoline tax	1,732	-
Other receivables:		-
Customer Receivables	-	121,347
Total	\$ 152,651	\$ 121,347

The above receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be immaterial to the financial statements and was not reclassified as deferred inflow of resources in the governmental fund financial statements.

Fiduciary Notes Receivable Revolving Loan Fund are as follows:

Promisor	Amount	Interest Rate	6/30/2014
All Aboard Preschool	\$ 45,000	4% per annum	\$ 35,880
All Aboard Preschool	100,000	4% per annum	19,619
Hatch Auto Electric	50,000	4% per annum	29,261
Net Receivables	\$ 195,000		\$ 84,760

These notes receivable are considered 100% collectable.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 6. Transfers

Operating transfers are made to close out funds and supplement other funding sources in the normal course of operations.

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Parks and Recreation	\$ 14,170
General Fund	Equipment Building	1,568,000
General Fund	Fire Fund	570
General Fund	Cemetery	10,098
General Fund	Library	274,114
General Fund	Swimming Pool Facility	84,144
General Fund	ODWI Grant	6,045
General Fund	Swim Train Facility	6,031
General Fund	Street Improvements	48,774
General Fund	Airport Action Plan	186,199
General Fund	Placitas Arroyo	41,307
General Fund	Joint Utility	246,747
Law Enforcement	General Fund	893
Solar Project	General Fund	36,000
Street Improvements	General Fund	31,382
Gas	General Fund	90,282
Joint Utility	General Fund	45,854
Joint Utility	Solid Waste	39,204
Gas	Joint Utility	131,718
	Total Transfers	<u>\$ 2,861,532</u>

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014 follows (land and construction in progress is not subject to depreciation):

Governmental Activities:	Balance June 30, 2013	June 30, 2013 Restatement	June 30, 2013 Restated	Additions	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 2,211,112	-	2,211,112	9,496	\$ 2,220,608
Total capital assets, not depreciated	2,211,112	-	2,211,112	9,496	2,220,608
Capital assets depreciated:					
Buildings	3,261,569	2,244,016	5,505,585	6,300	5,511,885
Other improvements	9,353,043	(5,063,340)	4,289,703	-	4,289,703
Infrastructure	4,019,030	148,940	4,167,970	147,000	4,314,970
Machinery and equipment	719,303	339,077	1,058,380	199,388	1,257,768
Total capital assets, depreciated	17,352,945	(2,331,307)	15,021,638	352,688	15,374,326
Less accumulated depreciation:					
Buildings	1,877,463	293,414	2,170,877	160,365	2,331,242
Other improvements	893,723	168,605	1,062,328	207,211	1,269,539
Infrastructure	976,641	56,191	1,032,832	276,186	1,309,018
Machinery and equipment	730,959	(93,054)	637,905	177,567	815,472
Total accumulated depreciation	4,478,786	425,156	4,903,942	821,329	5,725,271
Capital Assets, Net	<u>\$ 15,085,271</u>				<u>\$ 11,869,663</u>

There were no deletions of capital assets in fiscal year 2014. Depreciation expense for the year ended June 30, 2014 was charged to governmental activities as follows.

General Government	\$ 349,477
Public Safety	227,183
Public Works	40,466
Culture and Recreation	180,394
Health and welfare	23,809
	<hr/>
Total depreciation expense, governmental activities	<u>\$ 821,329</u>

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 7. Capital Assets (continued)

Business-type activities:	Balance June 30, 2013	June 30, 2013 Restatement	June 30, 2013 Restated	Additions	Deletions	Balance June 30, 2014
Capital assets not depreciated:						
Land	\$ 62,099	\$ -	\$ -	\$ -	\$ -	\$ 62,099
Construction in progress	2,088,962	-	-	-	2,088,962	-
Total capital assets not depreciated	<u>2,151,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,088,962</u>	<u>62,099</u>
Capital asset depreciated:						
Buildings	54,666	-	54,666	-	-	54,666
Utility system	8,195,637	(1,780,908)	6,414,729	2,088,962	-	8,503,691
Machinery and equipment	681,873	511,476	1,193,349	-	-	1,193,349
Total capital assets, depreciated	<u>8,932,176</u>	<u>(1,269,432)</u>	<u>7,662,744</u>	<u>2,088,962</u>	<u>-</u>	<u>9,751,706</u>
Less accumulated depreciation:						
Buildings	54,666	-	54,666	-	-	54,666
Utility system	4,737,233	351,472	5,088,705	99,056	-	5,187,761
Machinery and equipment	1,069,927	116,795	1,186,722	5,591	-	1,192,313
Total accumulated depreciation	<u>5,861,826</u>	<u>468,267</u>	<u>6,330,093</u>	<u>104,647</u>	<u>-</u>	<u>6,434,740</u>
capital Assets, Net	<u>\$ 5,221,411</u>					<u>\$ 3,379,065</u>

For the year ended June 30, 2014, \$104,647 of depreciation expense was charged to the Joint Utility Fund.

NOTE 8. Long-term Debt

Governmental Activities

During the year ended June 30, 2014, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2013	Restatement	June 30, 2013 Restated	Additions	Retirements	Balance June 30, 2014	Due Within One Year
NMFA Loans	\$ 112,720	\$ (10,493)	\$ 102,227	\$ -	\$ 16,288	\$ 85,939	\$ 16,560
Compensated Absences	56,819	(42,003)	14,816	15,424	8,632	21,608	-
Total Long Term Debt	<u>\$ 169,589</u>	<u>\$ (52,496)</u>	<u>\$ 117,093</u>	<u>\$ 15,424</u>	<u>\$ 24,920</u>	<u>\$ 107,597</u>	<u>\$ 16,560</u>

On June 20th 2008 the Village borrowed \$162,634 for the purpose of purchasing a new fire pumper truck. This loan is secured and payable from the fire protection fund revenues, which are distributed by the New Mexico State Treasurer directly to the New Mexico Finance Authority.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

The debt service requirements on long term debt for governmental activities at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2015	\$ 16,560	\$ 1,693	\$ 18,253
2016	16,815	1,401	18,216
2017	17,164	1,089	18,253
2018	17,501	752	18,253
2019	17,899	389	18,288
	<u>\$ 85,939</u>	<u>\$ 5,324</u>	<u>\$ 91,263</u>

Business-Type Activities

	Balance June 30, 2013	Restatement	June 30, 2013 Restated	Additions	Retirements	Balance June 30, 2014	Due Within One Year
USDA Loan	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 4,000	\$ 6,000	\$ 6,000
USDA Revenue Bonds	176,400	-	176,400	-	4,000	172,400	4,000
USDA Revenue Bonds	440,000	-	440,000	-	7,000	433,000	7,000
USDA Revenue Bonds	138,000	-	138,000	-	2,000	136,000	2,000
NMEDClean Water Loan	45,000	-	45,000	-	2,500	42,500	2,500
NMFA Loans	-	10,493	10,493	-	-	10,493	540
Compensated Absences	1,092	27,273	28,365	12,739	13,664	\$ 27,440	13,664
Total Long Term Debt	<u>\$ 800,492</u>	<u>\$ 47,766</u>	<u>\$ 848,258</u>	<u>\$ 12,739</u>	<u>\$ 33,164</u>	<u>\$ 827,833</u>	<u>\$ 35,704</u>

Revenue Bonds

The Village has four separate issuances of bonds outstanding with the USDA. The first was issued on August 26, 1998 in the amount of \$211,400. The second, third, and fourth were all issued May 25, 2011 in the amounts of \$454,000 and \$132,000 and \$80,000, respectively. These bonds issuances were for the purposes of undertaking capital improvements projects for the Joint Utility System. These bonds are secured and payable from the net revenues of the Village's Joint Utility. These bonds have an accumulative asset reserve as of June 30, 2014 in the amount of \$97,745.

NM Clean Water Loan

On December 17, 2009 the Village borrowed \$50,000 from the New Mexico Environment Department for the purpose of undertaking capital improvements. This loan is secured by and payable from the net revenues derived from the operation of the Joint Utility.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

NMFA Loan

On March 22, 2013 The Village Borrowed \$11,026 from the New Mexico Finance Authority for the purposed of planning, designing, and permitting a new supplement water production well for the Village's Public Water System. This Loan is secured by and payable form the net revenues derived from the operation of the Joint Utility System.

The debt service requirements on long-term debt for business type activities at June 30, 2014 are as follows:

Fiscal Year Ending June	Principal	Interest	Total
2015	\$ 22,040	\$ 22,884	\$ 44,924
2016	16,041	21,961	38,002
2017	16,043	21,539	37,582
2018	17,044	21,116	38,160
2019	17,045	20,667	37,712
2020-2024	96,247	95,746	191,993
2025-2029	110,282	81,192	191,474
2030-2034	118,251	63,947	182,198
2035-2039	134,400	43,139	177,539
2040-2044	92,000	26,555	118,555
2045-2049	103,000	14,286	117,286
2050-2051	48,533	1,864	50,397
	<u>\$ 790,926</u>	<u>\$ 434,895</u>	<u>\$ 1,225,821</u>

NOTE 9. Risk Management

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village participates in the New Mexico Self-Insurers' Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would not be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverages have not changed significantly from prior years and coverages are expected to be continued.

As of June 30, 2014, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 10. Pension Plan – Public Employees Retirement Association (PERA)

Plan Description: Substantially all of the Village'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, New Mexico 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 13.85% for law enforcement and 10.65% for all other employees. The Village is required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and 9.15% for all other plan members. The contribution requirements of plan members and the Village are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the fiscal years ended June 30, 2014, 2013, and 2012 were \$69,544, \$51,666, and \$30,388, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description: The Village 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.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 {G} NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$12,835, \$8,946, and \$8,645, respectively, which equal the required contributions for each year.

NOTE 12. Deficit Fund Balance

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds: The funds with deficit fund balances as of June 30, 2014 were as follows:

Fund	Amount
Law Enforcement	\$ (10,728)

Deficit balances are generally covered by collection of grants or transfers from the General Fund.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 12. Deficit Fund Balance (continued)

B. Excess of expenditures over appropriations exceeded approved budgetary authority for the year ended June 30, 2014 in the following funds:

Fund	Amount
Parks and Recreation	\$ (174,183)
Street Improvements	(26,297)
Placates Arroyo	(22,638)
Rapid Response Fire Truck	\$ (10,687)

C. Designated cash appropriations exceed available balances in the following funds:

Fund	Amount
General Fund	\$ 3,473,320

NOTE 13. Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is April 20, 2015, which is the date on which the financial statements were available to be issued.

NOTE 14. Restricted net position

The government-wide statement of net position reports \$1,215,322 of restricted amounts, all of which is restricted by enabling legislation, For descriptions of the related enabling legislation for special revenue, capital projects, see pages 43-44 and pages and 65-66.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 15. Leases

The Village has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal year ending June 30,	Amount
2015	\$ 13,718
2016	9,290
2017	1,222
2018	564
2019	-
Total	\$ 24,793

Note 16. Distribution from Rio Grande Natural Gas Association

Rio Grande Natural Gas Association was dissolved June 26, 2014 and all cash and financial resources were distributed into the Villages General fund. Distributions consisted of the following:

Distribution	Amount
Cash	\$ 4,315,926
Land	2,000,000
Deferred Inflow of Resources	3,846,969
Total	\$ 10,162,895

NOTE 17. Related Party

As of June 30, 2014, the Village's management was not aware of an related party relationships.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 18. Restatements

The Village has recorded restatements to net position and fund balances to correct errors in the prior year financial statements. A summary of restatements are as follows:

Fund Name	Net position / Fund Balance June 30, 2013	Cash	Prior Period Expenses and Transfers	Capital Assets	Long-Term Debt	Restated Net Position/Fund Balance June 30, 2013
Government Wide Restatements:						
Governmental Activities	\$ 14,666,568	\$ 991,543	\$ (1,139,985)	\$ (2,756,463)	\$ (17,907)	11,743,756
Business-type Activities	5,468,524	185,549	(252,637)	(1,737,699)	(37,766)	3,625,971
Total	20,135,092	1,177,092	(1,392,622)	(4,494,162)	(55,673)	15,369,727
Major Governmental Funds Restatements:						
General Fund	(1,504,958)	958,747	(537,017)	-	-	(1,083,228)
Park and recreation	44,535	-	(8,779)	-	-	35,756
Equipment Bldg	134,913	-	(352,481)	-	-	(217,568)
Total Major Governmental Funds	(1,325,510)	958,747	(898,277)	-	-	(1,265,040)
Nonmajor Governmental Fund Restatements:						
Fire Fund	112,165	-	393	-	-	112,558
Police Seizure	118,169	-	1,676	-	-	119,845
Cemetery	197,990	11,474	18,440	-	-	227,904
Library	(69,689)	-	42,643	-	-	(27,046)
Lodgers Tax	3,470	-	138	-	-	3,608
Corrections	119,855	-	(5,301)	-	-	114,554
Economic Development	5,000	-	-	-	-	5,000
Swimming Pool Facility	40,944	-	(45,320)	-	-	(4,376)
Law Enforcement	3,213	-	(7,235)	-	-	(4,022)
EMS	434	-	-	-	-	434
Stone Garden	-	21,322	-	-	-	21,322
Parks and Recreation	925	-	(925)	-	-	-
Municipal Street Appropriation	64,322	-	-	-	-	64,322
Swim Train Facility	17,195	-	(99)	-	-	17,096
Street Improvements	127,135	-	(161,406)	-	-	(34,271)
Airport Action Plan	170,087	-	-	-	-	170,087
Placitas Arroyo	(378)	-	-	-	-	(378)
Rapid Response Firetruck	32,018	-	(8,040)	-	-	23,978
Legislative Appropriations	31,950	-	(31,950)	-	-	-
Canal Road SP-1-11 (968)	22,201	-	(22,201)	-	-	-
Water Well	(5,359)	-	5,359	-	-	-
Rural Development Project	27,880	-	(27,880)	-	-	-
Total Nonmajor Governmental Funds	1,019,527	32,796	(241,708)	-	-	810,615
Total Governmental Funds Restatements	(305,983)	991,543	(1,139,985)	-	-	(454,425)
Proprietary Fund Restatements:						
Joint Utility	5,198,404	185,549	(285,497)	(1,737,699)	(37,766)	3,322,991
Gas	253,228	-	16,437	-	-	269,665
Solid Waste	16,892	-	16,423	-	-	33,315
Total Proprietary Fund Restatements	\$ 5,468,524	\$ 185,549	\$ (252,637)	\$ (1,737,699)	\$ (37,766)	\$ 3,625,971

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 19. Subsequent Pronouncements

In June 2012, GASB Statement No. 68 Accounting and Financial reporting for Pensions-an amendment of GASB Statement No. 27, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The Village will implement this standard during the fiscal year June 30, 2015 and will significantly impact the Village.

In January 2013, GASB Statement No. 69 Government Combinations and Disposals of Government Operations, Effective Date: The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The Village is still evaluating how this reporting standard will affect the Village.

In November 2013, GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

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SUPPLEMENTAY INFORMATION

STATE OF NEW MEXICO
Village of Hatch
Nonmajor Fund Description
June 30, 2014

SPECIAL REVENUE FUNDS

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

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

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

Lodger’s Tax – 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 – To account for judicial fees and administration costs. (NMSA 35-14-11)

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.

Law Enforcement Protection – 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).

EMS – 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)

Solar Project – To account for revenues related to the lease of land for solar power generation.

DWI Grant – The DWI program partners with many entities that include law enforcement, MAAD, National Guard, Safe Kids, Private businesses and more, to combat the high DWI rate in New Mexico. Funding is provided by the U.S. Department of Justice.

Stone Garden Grant (OPSG) – To account for funds received from FEMA to enhance cooperation and coordination among local, tribal territorial, state, and Federal law enforcement agencies in a joint mission to secure the United States borders along routes of ingress from international borders.

STATE OF NEW MEXICO
Village of Hatch
Nonmajor Fund Description
June 30, 2014

CAPITAL PROJECTS FUNDS

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)

Municipal Street Appropriations – To account for receipts and expenditures of State Grants for street improvements.

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

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.

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

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

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).

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.

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

STATE OF NEW MEXICO
Village of Hatch
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>			
	<u>Fire Fund</u>	<u>Police Seizure</u>	<u>Cemetery</u>	<u>Library</u>
Assets				
Cash and cash equivalents	\$ 79,329	\$ 69,316	\$ 236,906	\$ 162,955
Property taxes receivable	-	-	-	-
Total assets	<u>\$ 79,329</u>	<u>\$ 69,316</u>	<u>\$ 236,906</u>	<u>\$ 162,955</u>
Liabilities and fund balance				
Liabilities				
Overdrawn cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	5,187	-	3,022	9,904
Total liabilities	<u>5,187</u>	<u>-</u>	<u>3,022</u>	<u>9,904</u>
Fund balance				
Restricted	14,272	-	180,240	-
Assigned	59,870	-	-	-
Unassigned	-	69,316	53,644	153,051
Total fund balance	<u>74,142</u>	<u>69,316</u>	<u>233,884</u>	<u>153,051</u>
Total liabilities and fund balance	<u>\$ 79,329</u>	<u>\$ 69,316</u>	<u>\$ 236,906</u>	<u>\$ 162,955</u>

Special Revenue Funds

<u>Lodgers' Tax</u>	<u>Corrections</u>	<u>Economic Development</u>	<u>Swimming Pool Facility</u>	<u>Law Enforcement</u>	<u>EMS</u>
\$ 4,170	\$ 137,730	\$ 5,000	\$ 40,188	\$ -	\$ 434
-	-	-	-	-	-
<u>\$ 4,170</u>	<u>\$ 137,730</u>	<u>\$ 5,000</u>	<u>\$ 40,188</u>	<u>\$ -</u>	<u>\$ 434</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,915	\$ -
-	-	-	4,191	5,813	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,191</u>	<u>10,728</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,170</u>	<u>137,730</u>	<u>5,000</u>	<u>35,997</u>	<u>(10,728)</u>	<u>434</u>
<u>4,170</u>	<u>137,730</u>	<u>5,000</u>	<u>35,997</u>	<u>(10,728)</u>	<u>434</u>
<u>\$ 4,170</u>	<u>\$ 137,730</u>	<u>\$ 5,000</u>	<u>\$ 40,188</u>	<u>\$ -</u>	<u>\$ 434</u>

STATE OF NEW MEXICO
Village of Hatch
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Solar Project</u>	<u>DWI Grant</u>	<u>Stonegarden Grant</u>	<u>Parks & Recreation</u>
Assets				
Cash and cash equivalents	\$ -	\$ 6,045	\$ 29,045	\$ -
Property taxes receivable	-	-	-	-
Total assets	\$ -	\$ 6,045	\$ 29,045	\$ -
Liabilities and fund balance				
Liabilities				
Overdrawn cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Restricted	-	6,045	29,045	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	-	6,045	29,045	-
Total liabilities and fund balance	\$ -	\$ 6,045	\$ 29,045	\$ -

Capital Projects

Municipal Street Fund Appropriations	Swim-Train Facility	Street Improvements	Airport Action Plan	Placitas Arroyo	Rapid Response Fire
\$ 63,699	\$ 23,127	\$ 59,544	\$ 251,516	\$ 56,491	\$ 23,767
623	-	-	-	-	-
<u>\$ 64,322</u>	<u>\$ 23,127</u>	<u>\$ 59,544</u>	<u>\$ 251,516</u>	<u>\$ 56,491</u>	<u>\$ 23,767</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,531	-	-	-
-	-	<u>1,531</u>	-	-	-
64,322	-	58,013	-	56,491	23,767
-	-	-	-	-	-
-	23,127	-	251,516	-	-
<u>64,322</u>	<u>23,127</u>	<u>58,013</u>	<u>251,516</u>	<u>56,491</u>	<u>23,767</u>
<u>\$ 64,322</u>	<u>\$ 23,127</u>	<u>\$ 59,544</u>	<u>\$ 251,516</u>	<u>\$ 56,491</u>	<u>\$ 23,767</u>

STATE OF NEW MEXICO
Village of Hatch
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Capital Projects			
	Legislative Appropriations	Canal Road	Water Well	Rural Development Project
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -
Liabilities and fund balance				
Liabilities				
Overdrawn cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ -	\$ -

**Total Other
Governmental Funds**

\$	1,249,262
	623
\$	<u>1,249,885</u>

\$	4,915
	29,648
	<u>34,563</u>

	432,195
	59,870
	<u>723,257</u>
	1,215,322
\$	<u><u>1,249,885</u></u>

STATE OF NEW MEXICO
Village of Hatch
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Special Revenue</u>			
	<u>Fire Fund</u>	<u>Police Seizure</u>	<u>Cemetery</u>	<u>Library</u>
Revenues				
Franchise taxes	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Gross receipt taxes	-	-	-	-
Gas tax	-	-	-	-
Charges for services	-	-	10,738	-
State operating grants	45,147	-	-	-
State capital grants	-	-	-	-
Miscellaneous income	26,186	4,365	-	13,971
Interest income	10	-	129	-
Federal grants	-	-	-	-
County grants	-	-	-	-
Total revenue	<u>71,343</u>	<u>4,365</u>	<u>10,867</u>	<u>13,971</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	92,076	13,439	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	107,988
Health and welfare	-	-	14,985	-
Capital outlay	-	41,455	-	-
Debt service:				
Principal	16,288	-	-	-
Interest	1,965	-	-	-
Total expenditures	<u>110,329</u>	<u>54,894</u>	<u>14,985</u>	<u>107,988</u>
Excess (deficiency) of revenues over expenditures	<u>(38,986)</u>	<u>(50,529)</u>	<u>(4,118)</u>	<u>(94,017)</u>
Other financing sources (uses)				
Transfers in	570	-	10,098	274,114
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>570</u>	<u>-</u>	<u>10,098</u>	<u>274,114</u>
Net change in fund balance	(38,416)	(50,529)	5,980	180,097
Fund balance - beginning of year	112,165	118,169	197,990	(69,689)
Restatement (Note 18)	393	1,676	29,914	42,643
Fund balance - beginning of year, restated	<u>112,558</u>	<u>119,845</u>	<u>227,904</u>	<u>(27,046)</u>
Fund balance - end of year	<u>\$ 74,142</u>	<u>\$ 69,316</u>	<u>\$ 233,884</u>	<u>\$ 153,051</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Lodgers' Tax	Corrections	Economic Development	Swimming Pool Facility	Law Enforcement	EMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	19,254	-	-
-	-	-	-	24,199	6,713
-	-	-	-	-	-
1,820	27,796	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,820	27,796	-	19,254	24,199	6,713
-	-	-	-	-	-
-	4,620	-	-	23,712	6,713
-	-	-	-	-	-
1,258	-	-	-	-	-
-	-	-	63,025	-	-
-	-	-	-	6,300	-
-	-	-	-	-	-
-	-	-	-	-	-
1,258	4,620	-	63,025	30,012	6,713
562	23,176	-	(43,771)	(5,813)	-
-	-	-	84,144	-	-
-	-	-	-	(893)	-
-	-	-	84,144	(893)	-
562	23,176	-	40,373	(6,706)	-
3,470	119,855	5,000	40,944	3,213	434
138	(5,301)	-	(45,320)	(7,235)	-
3,608	114,554	5,000	(4,376)	(4,022)	434
\$ 4,170	\$ 137,730	\$ 5,000	\$ 35,997	\$ (10,728)	\$ 434

STATE OF NEW MEXICO
Village of Hatch
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Solar Project</u>	<u>DWI Grant</u>	<u>Stonegarden Grant</u>	<u>Parks & Recreation</u>
Revenues				
Franchise taxes	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Gross receipt taxes	-	-	-	-
Gas tax	-	-	-	-
Charges for services	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous income	36,000	-	-	-
Interest income	-	-	-	-
Federal grants	-	-	7,723	-
County grants	-	-	-	-
Total revenue	<u>36,000</u>	<u>-</u>	<u>7,723</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>36,000</u>	<u>-</u>	<u>7,723</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	6,045	-	-
Transfers out	(36,000)	-	-	-
Total other financing sources (uses)	<u>(36,000)</u>	<u>6,045</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	6,045	7,723	-
Fund balance - beginning of year	-	-	-	925
Restatement (Note 18)	-	-	21,322	(925)
Fund balance - beginning of year, restated	<u>-</u>	<u>-</u>	<u>21,322</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 6,045</u>	<u>\$ 29,045</u>	<u>\$ -</u>

Capital Projects

Municipal Street Appropriation	Swim-Train Facility	Street Improvement	Airport Action Plan	Placitas Arroyo	Rapid Response Fire Truck
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	42,408	-	-
-	-	-	5,740	88,200	-
-	-	221,892	-	-	90,178
-	-	-	-	-	48,413
-	-	-	-	-	28
-	-	-	-	-	-
-	-	221,892	48,148	88,200	138,619
-	-	-	-	-	-
-	-	-	-	-	239
-	-	-	-	72,638	-
-	-	-	152,918	-	-
-	-	-	-	-	-
-	-	147,000	-	-	138,591
-	-	-	-	-	-
-	-	-	-	-	-
-	-	147,000	152,918	72,638	138,830
-	-	74,892	(104,770)	15,562	(211)
-	6,031	48,774	186,199	41,307	-
-	-	(31,382)	-	-	-
-	6,031	17,392	186,199	41,307	-
-	6,031	92,284	81,429	56,869	(211)
64,322	17,195	127,135	170,087	(378)	32,018
-	(99)	(161,406)	-	-	(8,040)
64,322	17,096	(34,271)	170,087	(378)	23,978
\$ 64,322	\$ 23,127	\$ 58,013	\$ 251,516	\$ 56,491	\$ 23,767

STATE OF NEW MEXICO
Village of Hatch
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Capital Projects			
	Legislative Appropriations	Canal Road	Water Well	Rural Development Project
Revenues				
Franchise taxes	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Gross receipt taxes	-	-	-	-
Gas tax	-	-	-	-
Charges for services	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Federal grants	-	-	-	-
County grants	-	-	-	-
Total revenue	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	31,950	22,201	(5,359)	27,880
Restatement (Note 18)	(31,950)	(22,201)	5,359	(27,880)
Fund balance - beginning of year, restated	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

**Total Other
Governmental
Funds**

\$	-
	-
	-
	-
	72,400
	169,999
	312,070
	158,551
	167
	7,723
	-
	<u>720,910</u>
	-
	-
	-
	140,799
	72,638
	262,164
	78,010
	333,346
	16,288
	<u>1,965</u>
	<u>905,210</u>
	-
	<u>(184,300)</u>
	-
	657,282
	<u>(68,275)</u>
	<u>589,007</u>
	404,707
	1,019,527
	<u>(208,912)</u>
	<u>810,615</u>
\$	<u><u>1,215,322</u></u>

STATE OF NEW MEXICO

Village of Hatch

Fire Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	70,668	70,668	45,147	(25,521)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	10	10
Miscellaneous	7,010	7,010	26,186	19,176
Total revenue	<u>77,678</u>	<u>77,678</u>	<u>71,343</u>	<u>(6,335)</u>
Expenditures				
Current :				
General government				
Public safety	167,750	167,750	86,889	80,861
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	16,288	(16,288)
Interest	-	-	1,965	(1,965)
Total expenditures	<u>167,750</u>	<u>167,750</u>	<u>105,142</u>	<u>62,608</u>
Excess (deficiency) of revenues over expenditures	<u>(90,072)</u>	<u>(90,072)</u>	<u>(33,799)</u>	<u>56,273</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	90,072	90,072	-	(90,072)
Transfers in	-	-	570	570
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>570</u>	<u>570</u>
Net Change in fund balance	(90,072)	(90,072)	(33,229)	(33,229)
Fund balance - beginning of year	-	-	112,558	112,558
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,329</u>	<u>\$ 79,329</u>
Net change in fund balance (non-GAAP budgetary basis)				(33,229)
Adjustments to revenue				-
Adjustment to expenditures for supplies				(5,187)
Net Change in fund balance (GAAP basis)				<u>\$ (38,416)</u>

STATE OF NEW MEXICO
Village of Hatch
Police Seizure
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	70,000	20,000	4,365	(15,635)
Total revenue	<u>70,000</u>	<u>20,000</u>	<u>4,365</u>	<u>(15,635)</u>
Expenditures				
Current				
General government				
Public safety	10,000	60,000	13,439	46,561
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	41,455	(41,455)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>10,000</u>	<u>60,000</u>	<u>54,894</u>	<u>5,106</u>
Excess (deficiency) of revenues over expenditures	<u>60,000</u>	<u>(40,000)</u>	<u>(50,529)</u>	<u>(10,529)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(60,000)	40,000	-	(40,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	60,000	(40,000)	(50,529)	(50,529)
Fund balance - beginning of year	-	-	119,845	119,845
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,316</u>	<u>\$ 69,316</u>
Net change in fund balance (non-GAAP budgetary basis)				(50,529)
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ (50,529)</u>

STATE OF NEW MEXICO
Village of Hatch
Cemetery
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	9,647	9,647	10,738	1,091
License and fees	-	-	-	-
Investment income	100	100	129	29
Miscellaneous	-	-	-	-
Total revenue	<u>9,747</u>	<u>9,747</u>	<u>10,867</u>	<u>1,120</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	12,747	12,747	11,963	784
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>12,747</u>	<u>12,747</u>	<u>11,963</u>	<u>784</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,096)</u>	<u>1,904</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	3,000	3,000	-	(3,000)
Transfers in	3,100	3,100	10,098	6,998
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,100</u>	<u>3,100</u>	<u>10,098</u>	<u>6,998</u>
Net Change in fund balance	100	100	9,002	9,002
Fund balance - beginning of year	-	-	227,904	227,904
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,906</u>	<u>\$ 236,906</u>
Net change in fund balance (non-GAAP budgetary basis)				9,002
Adjustments to revenue				-
Adjustment to expenditures for maintenance				(3,022)
Net Change in fund balance (GAAP basis)				<u>\$ 5,980</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Library
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	8,000	8,000	13,971	5,971
Total revenue	8,000	8,000	13,971	5,971
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	168,165	168,165	98,084	70,081
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	168,165	168,165	98,084	70,081
Excess (deficiency) of revenues over expenditures	(160,165)	(160,165)	(84,113)	76,052
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	160,165	160,165	-	(160,165)
Transfers in	160,165	160,165	274,114	113,949
Transfers out	-	-	-	-
Total other financing sources (uses)	160,165	160,165	274,114	113,949
Net Change in fund balance	-	-	190,001	190,001
Fund balance - beginning of year	-	-	(27,046)	(27,046)
Fund balance - end of year	\$ -	\$ -	\$ 162,955	\$ 162,955
Net change in fund balance (non-GAAP budgetary basis)				190,001
Adjustments to revenue				-
Adjustment to expenditures for supplies				(9,904)
Net Change in fund balance (GAAP basis)				\$ 180,097

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Lodgers Tax
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	2,600	2,600	1,820	(780)
Total revenue	<u>2,600</u>	<u>2,600</u>	<u>1,820</u>	<u>(780)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,600	2,600	1,258	1,342
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,600</u>	<u>2,600</u>	<u>1,258</u>	<u>1,342</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>562</u>	<u>562</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>562</u>	<u>562</u>
Fund balance - beginning of year	-	-	3,608	3,608
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,170</u>	<u>\$ 4,170</u>
Net change in fund balance (non-GAAP budgetary basis)				562
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ 562</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Corrections
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	21,500	21,500	27,796	6,296
Total revenue	<u>21,500</u>	<u>21,500</u>	<u>27,796</u>	<u>6,296</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	13,000	13,000	4,620	8,380
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>4,620</u>	<u>8,380</u>
Excess (deficiency) of revenues over expenditures	<u>8,500</u>	<u>8,500</u>	<u>23,176</u>	<u>14,676</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(8,500)	(8,500)	-	8,500
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	8,500	8,500	23,176	23,176
Fund balance - beginning of year	-	-	114,554	114,554
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,730</u>	<u>\$ 137,730</u>
Net change in fund balance (non-GAAP budgetary basis)				23,176
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ 23,176</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Economic Development
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	5,000	5,000
Fund balance - end of year	\$ -	\$ -	\$ 5,000	\$ 5,000
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ -

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Swimming Pool Facility
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	64,000	94,832	19,254	(75,578)
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	64,000	94,832	19,254	(75,578)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	125,664	94,832	58,834	35,998
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	125,664	94,832	58,834	35,998
Excess (deficiency) of revenues over expenditures	(61,664)	-	(39,580)	(39,580)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	61,664	-	-	-
Transfers in	-	-	84,144	84,144
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	84,144	84,144
Net Change in fund balance	(61,664)	-	44,564	44,564
Fund balance - beginning of year	-	-	(4,376)	(4,376)
Fund balance - end of year	\$ -	\$ -	\$ 40,188	\$ 40,188
Net change in fund balance (non-GAAP budgetary basis)				44,564
Adjustments to revenue				-
Adjustment to expenditures for maintenance				(4,191)
Net Change in fund balance (GAAP basis)				\$ 40,373

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Law Enforcement
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	30,000	30,000	24,199	(5,801)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	30,000	30,000	24,199	(5,801)
Expenditures				
Current				
General government	-	-	-	-
Public safety	30,000	30,000	17,899	12,101
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	6,300	(6,300)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	30,000	30,000	24,199	5,801
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(893)	(893)
Total other financing sources (uses)	-	-	(893)	(893)
Net Change in fund balance	-	-	(893)	(893)
Fund balance - beginning of year	-	-	(4,022)	(4,022)
Fund balance - end of year	\$ -	\$ -	\$ (4,915)	\$ (4,915)
Net change in fund balance (non-GAAP budgetary basis)				(893)
Adjustments to revenue				-
Adjustment to expenditures for supplies				(5,813)
Net Change in fund balance (GAAP basis)				\$ (6,706)

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Village of Hatch
EMS**

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	7,500	7,500	6,713	(787)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	7,500	7,500	6,713	(787)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	7,500	7,500	6,713	787
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	7,500	7,500	6,713	787
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	435	435
Fund balance - end of year	\$ -	\$ -	\$ 435	\$ 435
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ -

STATE OF NEW MEXICO
Village of Hatch
Solar Project
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Final to actual</u>
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	36,000	36,000
Total revenue	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>36,000</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>36,000</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(36,000)	(36,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(36,000)</u>	<u>(36,000)</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
DWI Grant
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	5,000	5,000	-	(5,000)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	5,000	5,000	-	(5,000)
Expenditures				
Current				
General government	-	-	-	-
Public safety	5,000	5,000	-	5,000
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	5,000	5,000	-	5,000
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	6,045	6,045
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	6,045	6,045
Net Change in fund balance	-	-	6,045	6,045
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 6,045	\$ 6,045
Net change in fund balance (non-GAAP budgetary basis)				6,045
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ 6,045

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Stone Garden Grant
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Federal operating grants	25,000	25,000	7,723	(17,277)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	25,000	25,000	7,723	(17,277)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	25,000	25,000	-	25,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	25,000	25,000	-	25,000
Excess (deficiency) of revenues over expenditures	-	-	7,723	7,723
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	7,723	7,723
Fund balance - beginning of year	-	-	21,322	21,322
Fund balance - end of year	\$ -	\$ -	\$ 29,045	\$ 29,045
Net change in fund balance (non-GAAP budgetary basis)				7,723
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ 7,723

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Parks & Recreation
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	274,000	137,000	-	(137,000)
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	274,000	137,000	-	(137,000)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	137,000	-	137,000
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	137,000	-	137,000
Excess (deficiency) of revenues over expenditures	274,000	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(274,000)	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	274,000	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ -

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Municipal Streets Appropriation
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	5,100	5,100	-	5,100
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,100</u>	<u>5,100</u>	<u>-</u>	<u>5,100</u>
Excess (deficiency) of revenues over expenditures	<u>(5,100)</u>	<u>(5,100)</u>	<u>-</u>	<u>5,100</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	5,100	5,100	-	(5,100)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>(5,100)</u>	<u>(5,100)</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	-	-	64,322	64,322
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,322</u>	<u>\$ 64,322</u>
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Swim-Train Facility
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	6,031	6,031
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,031</u>	<u>6,031</u>
Net Change in fund balance	-	-	6,031	6,031
Fund balance - beginning of year	-	-	17,096	17,096
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,127</u>	<u>\$ 23,127</u>
Net change in fund balance (non-GAAP budgetary basis)				6,031
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ 6,031</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Street Improvements
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	120,703	120,703	221,892	101,189
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	120,703	120,703	221,892	101,189
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	120,703	120,703	147,000	(26,297)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	120,703	120,703	147,000	(26,297)
Excess (deficiency) of revenues over expenditures	-	-	74,892	74,892
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	48,774	48,774
Transfers out	-	-	(29,851)	(29,851)
Total other financing sources (uses)	-	-	18,923	18,923
Net Change in fund balance	-	-	93,815	93,815
Fund balance - beginning of year	-	-	(34,271)	(34,271)
Fund balance - end of year	\$ -	\$ -	\$ 59,544	\$ 59,544
Net change in fund balance (non-GAAP budgetary basis)				93,815
Adjustments to revenue				-
Adjustment to expenditures for maintenance				(1,531)
Net Change in fund balance (GAAP basis)				\$ 92,284

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Airport Action Plan
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	496,647	496,647	5,740	(490,907.0)
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	42,408	42,408.0
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>496,647</u>	<u>496,647</u>	<u>48,148.0</u>	<u>(448,499.0)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	496,647	496,647	152,918	343,729.0
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>496,647.0</u>	<u>496,647.0</u>	<u>152,918.0</u>	<u>343,729.0</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(104,770)</u>	<u>(104,770)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	186,199	186,199
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>186,199</u>	<u>186,199</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>81,429</u>	<u>81,429</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>170,087</u>	<u>170,087</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,516</u>	<u>\$ 251,516</u>
Net change in fund balance (non-GAAP budgetary basis)				81,429
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ 81,429</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Placitas Arroyo
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	50,000	50,000	88,200	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	50,000	50,000	88,200.0	38,200.0
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	50,000	50,000	72,638	(22,638.0)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	50,000.0	50,000.0	72,638.0	(22,638.0)
Excess (deficiency) of revenues over expenditures	-	-	15,562	15,562
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	41,307	41,307
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	41,307	41,307
Net Change in fund balance	-	-	56,869	56,869
Fund balance - beginning of year	-	-	(378)	(378)
Fund balance - end of year	\$ -	\$ -	\$ 56,491	\$ 56,491
Net change in fund balance (non-GAAP budgetary basis)				56,869
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ 56,869

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Rapid Response Fire Truck
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	128,143	128,143	90,178	(37,965)
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	28	28
Miscellaneous	-	-	48,413	48,413
Total revenue	128,143	128,143	138,619	10,476
Expenditures				
Current				
General government	-	-	-	-
Public safety	128,143	128,143	239	127,904
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	138,591	(138,591)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	128,143.0	128,143.0	138,830.0	(10,687)
Excess (deficiency) of revenues over expenditures	-	-	(211)	(211)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	(211)	(211)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ (211)	\$ (211)
Net change in fund balance (non-GAAP budgetary basis)				(211)
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ (211)

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Legislative Appropriations
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ -

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Canal Road
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Village of Hatch

Water Well

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ -</u>

STATE OF NEW MEXICO
Village of Hatch
Rural Development Project
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				-
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Joint Utility
Statement of Revenues, Expenditures and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 630,186	\$ 630,186	\$ 452,584	\$ (177,602)
Total operating revenues	630,186	630,186	452,584	(177,602)
Operating expenses:				
Depreciation Expense	-	-	104,647	(104,647)
Personnel services	-	-	248,490	(248,490)
Contractual services	92,200	92,200	58,991	33,209
Supplies	353,269	353,269	6,917	346,352
Maintenance and Materials	935,038	935,038	159,295	775,743
Utilities	-	-	109,589	(109,589)
Miscellaneous	790,267	790,267	117,823	672,444
Total operating expense	2,170,774	2,170,774	805,752	1,365,022
Operating income (loss)	(1,540,588)	(1,540,588)	(353,168)	1,187,420
Non-operating revenues (expense):				
Governmental contributions	-	-	65,144	65,144
Interest income	17,429	17,429	527	(16,902)
Debt Service	(54,088)	(54,088)	(23,504)	(30,584)
Total non-operating revenues (expense)	(36,659)	(36,659)	42,167	78,826
Income (loss) before contributions and transfers				
Transfers in	-	-	378,465	378,465
Transfers out	-	-	(85,058)	(85,058)
Capital Grants	1,586,391	1,586,391	179,405	(1,406,986)
Total contributions and transfers	1,586,391	1,586,391	472,812	(1,113,579)
Change in Net Position	\$ 9,144	\$ 9,144	161,811	\$ 152,667
Net Position, beginning of year			3,322,991	
Net Position - end of the year			\$ 3,484,802	

STATE OF NEW MEXICO
Village of Hatch
Gas

Statement of Revenues, Expenditures and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	GAAP Basis	Favorable (unfavorable)
				Final to actual
Operating revenues:				
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total operating revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Operating expenses:				
Depreciation Expense	-	-	-	-
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	223,000	223,000	391	222,609
Total operating expense	<u>223,000</u>	<u>223,000</u>	<u>391</u>	<u>222,609</u>
Operating income (loss)	<u>(222,000)</u>	<u>(222,000)</u>	<u>(391)</u>	<u>221,609</u>
Non-operating revenues (expense):				
Governmental contributions	-	-	-	-
Interest income	-	-	-	-
Debt Service	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	(222,000)	(222,000)
Capital Grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>(222,000)</u>	<u>(222,000)</u>
Change in Net Position	<u>\$ (222,000)</u>	<u>\$ (222,000)</u>	<u>(222,391)</u>	<u>\$ (391)</u>
Net Position, beginning of year			<u>269,665</u>	
Net Position - end of the year			<u>\$ 47,274</u>	

STATE OF NEW MEXICO

Village of Hatch

Solid Waste

**Statement of Revenues, Expenditures and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final	GAAP Basis	Favorable (unfavorable)
				Final to actual
Operating revenues:				
Charges for services	\$ 243,000	\$ 243,000	\$ 264,496	\$ 21,496
Total operating revenues	<u>243,000</u>	<u>243,000</u>	<u>264,496</u>	<u>21,496</u>
Operating expenses:				
Depreciation Expense	-	-	-	-
Personnel services	-	-	-	-
Contractual services	243,000	243,000	271,528	(28,528)
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Total operating expense	<u>243,000</u>	<u>243,000</u>	<u>271,528</u>	<u>(28,528)</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>(7,032)</u>	<u>(7,032)</u>
Non-operating revenues (expense):				
Governmental contributions	-	-	-	-
Interest income	-	-	-	-
Debt Service	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	39,204	39,204
Transfers out	-	-	-	-
Capital Grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>39,204</u>	<u>39,204</u>
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,172</u>	<u>\$ 32,172</u>
Net Position, beginning of year			<u>33,315</u>	
Net Position - end of the year			<u>\$ 65,487</u>	

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Hatch
Schedule of Deposits
June 30, 2014

	<u>1st New Mexico Bank</u>	<u>Bank of the Southwest</u>	<u>Bank of The West</u>	<u>Wells Fargo</u>	<u>Totals</u>
General Fund - Savings	\$ 134,014	\$ -	\$ -	\$ -	\$ 134,014
Fire - Checking	65,105	-	-	-	65,105
Parks and Recreation - Checking	53,496	-	-	-	53,496
Library - Checking	157,476	-	-	-	157,476
Cemetery - Savings	56,609	-	-	-	56,609
Joint Utility - Savings	121,236	-	-	-	121,236
Revolving Loan Fund - Savings	178,463	-	-	-	178,463
General Fund - Checking	-	2,556,326	-	-	2,556,326
Police Seizure - Checking	-	69,691	-	-	69,691
Rapid Response Firetruck - Checking	-	23,767	-	-	23,767
Gas - Checking	-	53,394	-	-	53,394
Street Improvements - Checking	-	-	45,200	-	45,200
Joint Utility - Checking	-	-	349,035	-	349,035
Cemetery - Savings	-	-	2,000	-	2,000
Revolving Loan Fund - Savings	-	-	211,452	-	211,452
General - Checking	-	-	66,094	-	66,094
General Fund - Savings	-	-	-	4,315,926	4,315,926
Cemetery CD	-	-	-	107,253	107,253
Parks and Recreation - Savings	-	-	-	54,956	54,956
Fire - Checking	-	-	-	14,272	14,272
Joint Utility - Savings	-	-	-	128,722	128,722
Cemetery CD	-	-	-	70,987	70,987
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deposits	<u>\$ 766,399</u>	<u>\$ 2,703,178</u>	<u>\$ 673,781</u>	<u>\$ 4,692,116</u>	8,835,474
				Net reconciling items:	<u>64,523</u>
					<u>\$ 8,899,997</u>
				Cash and cash equivalents	7,873,003
				Restricted Cash and cash equivalents	599,675
				Customer Deposits	37,404
				Cash & Cash Equivalents Fiduciary Funds	<u>389,915</u>
				Total cash & cash equivalents	<u>\$ 8,899,997</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Schedule of Collateral Pledged by Depository
June 30, 2014

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Par/FMV Value at June 30, 2014
Bank of the Southwest	Letter of Credit	6/17/2015	NA	\$ 200,000
Bank of the Southwest	Letter of Credit	9/22/2014	NA	100,000
Bank of the Southwest	Letter of Credit	12/3/2014	NA	1,050,000
Wells Fargo	FNMA	1/1/2043	31417ETE1	148,214
Wells Fargo	FNMA	7/1/2043	31417G4Y9	4,223,487
Bank of the West	FEMA	9/1/2042	3138MAKS6	892,500
1st New Mexico Bank	DULCE	5/1/2015	264430GJ2	350,000
1st New Mexico Bank	PENA	9/1/2023	706593AN0	140,000
				\$ 7,104,201

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Fiduciary Funds
Statement of Changes in Assets & Liabilities
For the Year Ended June 30, 2014

Rio Grande Natural Gas Association Agency Fund

	Balance June 30, 2013	Receipts	Disbursements	Balance June 30, 2014
Assets				
Cash and Cash Equivalents	\$ 6,737,615	\$ 102,854	\$ 6,840,469	\$ -
Land	2,009,379	-	2,009,379	-
Due From Village of Hatch	1,313,047	-	1,313,047	-
Total Assets	\$ 10,060,041	\$ 102,854	\$ 10,162,895	\$ -
Liabilities				
Held in Fiduciary Fund Account	10,060,041	102,854	10,162,895	-
Total liabilities	\$ 10,060,041	\$ 102,854	\$ 10,162,895	\$ -

Revolving Loan Fund

	Balance June 30, 2013	Receipts	Disbursements	Balance June 30, 2014
Assets				
Cash and Cash Equivalents	\$ 372,192	\$ 17,723	\$ -	\$ 389,915
Notes Receivable	98,450	-	9,618	88,832
Due From Village of Hatch	739	-	739	-
Total Assets	\$ 471,381	\$ 17,723	\$ 10,357	\$ 478,747
Liabilities				
Held in Fiduciary Fund Account	471,381	17,723	10,357	478,747
Total liabilities	\$ 471,381	\$ 17,723	\$ 10,357	\$ 478,747

STATE OF NEW MEXICO
Village of Hatch
Joint Powers Agreements
June 30, 2014

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

**STATE OF NEW MEXICO
Village of Hatch
Joint Powers Agreements
June 30, 2014**

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, and extended on an annual basis.
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, 2014

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, 2014**

EMNR Department and Village of Hatch

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

State of NM Taxation and Revenue Department and Village of Hatch

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

COMPLIANCE SECTION



Report on internal controls over financial reporting and in compliance and other matters based on an audit of financial statements performed in Accordance with Governmental Auditing Standards.

INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor and Board of Trustees
Village of Hatch
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 (the Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated April 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 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 FS 2013-003, FS 2014-001, and FS 2014-003 FS 2014-004.

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 FS 2008-001, FS 2008-002, FA 2010-001, FS 2013-001, and FS 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 FS 2008-001, FS 2008-002, and FS 2014-002.

The Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses The Village's responses were not subjected to the auditing procedures applied in the audit of the 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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors –Business Consultants - CPAs

Albuquerque, New Mexico
April 14, 2015

STATE OF NEW MEXICO
Village of Hatch
Schedule of Findings and Responses
June 30, 2014

A. AUDIT FINDINGS:

FS 2008-001 Audit Report Submission to the New Mexico State Auditor – Significant Deficiency & Noncompliance

Condition: The required submission date of the audit report for the fiscal year-ended June 30, 2014 to the New Mexico State Auditor was December 1, 2014. 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.

Cause: Additional time was needed for the Village of Hatch to complete its fiscal year 2013 audit due to legal work regarding the accounting of Rio Grande Natural Gas Association as a fiduciary entity of the Village of Hatch.

Effect: There are delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and local governments.

Auditors' Recommendation: Properly prepare for future audits and account for funds in accordance to GAAP, and GASB.

Management's Response: The Villages staff intends to properly prepare for future audits and properly account for funds in accordance to GAAP and GASB.

STATE OF NEW MEXICO
Village of Hatch
Schedule of Findings and Responses
June 30, 2014

FS 2008-002 (modified) Legal Compliance with Budget and Budgeted Cash in Excess of Available Balances – Significant Deficiency & Noncompliance

Condition: The Village exceeded budgeted expenditures in the following funds:

<u>Fund</u>	<u>Amount</u>
Parks and Recreation	\$ (174,183)
Street Improvements	(26,297)
Placates Arroyo	(22,638)
Rapid Response Fire Truck	\$ (10,687)

When the Village’s budgeted expenditures exceed its budgeted revenue, the Village budgets “designated cash” left over from the previous year to make up the short fall. However, “designated cash” in the current year budget cannot exceed prior year cash and receivables in the same fund.

Designated cash appropriations exceeded available balances in the following fund:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 3,473,320

Criteria: All Village funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation. Per Section 6-6-11, NMSA 1978 (the Batemen Act), it is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void. In addition, Section 2.2.2.10. (P) (1), NMAC, states that the Village’s cash balances budgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the Village incurring debt to pay for current year budgeted expenditures, which would be noncompliance with the Batemen Act.

Cause: The Village has inadequate monitoring of budgeting adjustments at year end.

Auditors’ Recommendations: We recommend all Village funds, with the exception of agency funds, be budgeted and approved by the Village Trustees. Once adopted, budgets must be monitored for compliance with state statute. In addition, we recommend the Village’s cash balances be budgeted to absorb budget deficits do not exceed the actual cash balances available at the end of the prior year.

Management’s Response: Management agrees with the finding. Steps will be taken in the future to ensure all budgets are properly prepared and monitored.

STATE OF NEW MEXICO
Village of Hatch
Schedule of Findings and Responses
June 30, 2014

FS 2010-001 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.

Auditors' Recommendation: The Village personnel need to establish a policy for determining an allowance for uncollectible receivables.

Management's Response: The Village of Hatch will establish an allowance for doubtful account for non-collectible account receivable.

FS 2013-001 Reconciliation of Payroll Transactions- (Modified) Significant Deficiency

Condition: All payroll transactions are recorded in one account in the general fund then a due to and due from is recorded in the respective funds the payroll expenditure relates to.

Criteria: Proper accounting of expenses for each accounting period, and in each fund should be maintained by properly recording accounting transactions.

Effect: Material restatements were required to properly state prior period expenses which were paid by decreasing cash and increasing an asset in the payroll fund and increasing a liability and an expense in the fund which incurred the expense.

Auditors' Recommendation: Cash used in the general fund to cover payroll expense should be transfer out of the general fund, and into to the respective funds incurring the expense, and payroll expense should be recorded in the proper fund.

Management's Response: We will prepare and implement policies and procedures to require the proper recording of payroll expense.

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FS 2013-003 Reconciliation of General Fund Bank Account and Joint Utility- (Modified)
Material Weakness

Condition: The general fund bank account was not properly reconciled to the balance in the general ledger resulting in a material cash being understated in the proper year financial statements by \$958,747. \$4,315,926 in cash was not included in the GL and required a material adjustment. The Joint Utility bank account was not properly reconciled resulting in cash being overstated by \$29,589.

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, and properly comply with the Villages internal control policies.

Effect: The balance in the general ledger was understated by the amount of \$5,274,673 in governmental funds and overstated by \$29,589 in proprietary funds.

Auditors' 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, and completeness of cash balances and activity.

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

FS 2014-001 — COSO Framework Monitoring Deficiencies – Material Weakness

Condition: During our testwork, it was noted that the internal controls were not being monitored throughout the year.

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework suggests that internal control systems need to be monitored – a process that assesses the quality of the internal control's system's performance over time. This is accomplished through ongoing monitoring activities or separate evaluations. Internal control deficiencies detected through these monitoring activities should be reported upstream and corrective actions should be taken to ensure continuous improvement of the system.

Effect: The Village cannot ascertain that all internal controls are being implemented and operating effectively, which increases the risk of assets to be misappropriated and misstatements in the financial statements to go undetected.

Cause: Management has not performed a proper evaluation and risk assessment in order to ensure proper internal controls are in place.

Auditors' Recommendation: We recommend that the Village adopt and implement a policy requiring monitoring of its internal controls and make modifications as needed. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Management's Response: Management agrees with the finding and will work on policies and procedures for monitoring internal controls to ensure compliance.

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FS 2014-002 Picacho Mountain Investment – Significant Deficiency & Material Noncompliance

Condition: The Village purchased land with Permanent Funds pursuant to a resolution passed by Village Trustees. The purchase of the land was intended to be an investment

Criteria: Section 6-10-10 NMSA 1978 governs the “investment” of public funds held by a municipality. Land for resale is not an option available to a municipality for investment of public funds.

Cause: Due to the lack of knowledge within the Village and/or counsel employed by the Village, the Village initiated investments that are not in the scope that is allowed by New Mexico law.

Effect: Village Trustees were misled by inaccurate legal advice as well as statements and facts regarding the circumstances made by management.

Auditors’ Recommendation: We recommend the Village continue to pursue and adhere to strict internal controls. The most crucial component of internal control is control environment. We recommend that the Village strive to strengthen the tone at the top, which will involve ensuring that all Village Trustees, the Mayor, and Village management create an environment in which laws, regulations and policies are strictly adhered to. The Village must focus its efforts on ensuring complete transparency with Village operations and avoiding the appearance of conflicts of interest.

Management’s Response: Management agrees with the finding and will work on policies and procedures for monitoring internal controls to ensure compliance, and the proper adherence to the laws of New Mexico. Further management has obtained competent legal council who understand the laws and regulations of New Mexico.

FS 2014-003 — Segregation of Duties – Material Weakness

Condition: During our testwork of the cash receipts and cash disbursements process, we noted the following instances of a lack of appropriate segregation of duties:

The deputy clerk can perform all essential functions in the cash receipt cycle.

- The Deputy Clerk has the ability to perform all major disbursements processes
- The Deputy Clerk has the ability to perform all major payroll processes
- The Deputy Clerk has the ability to create deposit slips, make deposits, record entries, and prepare the bank reconciliation on all bank accounts.
- The Deputy Clerk has the ability to perform bank transfers for accounts that are reconciled
- The Deputy Clerk has the ability to post manual journal entries to the general ledger
- The Deputy Clerk has back up duties related to counting the utilities and miscellaneous cash receipts of the accounts she deposits and reconciles
- The Deputy Clerk performs bank reconciliation and has access to the general ledger and can make wire transfers

Criteria: The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management’s responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements.

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Effect: Without adequate segregation of duties in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

Cause: Due to limited resources, the Village relies on the expertise of one individual to perform many duties. Limited resources in the process noted above appear to result in a lack of segregation of duties.

Auditors' Recommendations: Develop a formal review process for the receipt, disbursement, and payroll transaction cycle. Also, implement and document policies and procedures to maintain proper internal controls that include segregation of duties.

Management's Response: Management agrees with the finding and will work on written policies and procedures regarding segregation of duties.

FS 2014-004—ERRORS WITHIN BANK RECONCILIATIONS - Material Weakness

Condition: During our test work, we noted the following:

- For the year ended June 30, 2014, the Village's Rio Grande Natural Gas Association account had no reconciliation performed and was not included on the initial general ledger, this amounted to \$4,315,927 in unrecorded cash.
- For the year ended June 30, 2014, the Village had a total of 29 checks noted by the auditor as being outstanding for longer than six months. These checks should be canceled and reissued if appropriate.
- It was noted by the auditor that 9 reconciliations had numerous errors in their recordings and material differences in the GL balance and the bank reconciliation balances.
- Bank reconciliations were populated with numerous past audit adjustments that materially understated cash balances by \$958,747, had proper bank recs been performed this issue would have been avoided.

Criteria: An essential element of a preventative control system is the proper preparation of bank and investment reconciliations. In this case a material weakness in said control was noted.

Effect: The Village is not maintaining adequate controls in regards to safeguarding cash and providing prompt and accurate recording.

Cause: The Village was unable to reconcile cash correctly.

Auditors' Recommendation: We recommend a formal review of the monthly bank statements and bank reconciliations and approval. The reviews should be done by the a responsible official (such as the Board Treasurer or another Board Member) of the organization who does not have access to cash, the check stock, or the general ledger and is familiar with accounting procedures. We recommend training (if possible) for staff involved in said activities.

Management's Response: The Village is in the process in obtaining proper training of its staff to properly perform bank reconciliations.

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B. STATUS OF PRIOR YEAR AUDIT FINDINGS

2007-001 – Failure to apply GAAP – resolved

2008-001 – Audit Report submission to the New Mexico State Auditor – repeated

2008-002 – Legal compliance with budget - repeated

2010-001 – Allowance for doubtful accounts – repeated

2010-002 – Failure to reconcile control ledgers to subsidiary accounts – resolved

2012-001 – Federal Clearing House completion of Data Collection Form - resolved

2012-003 – Cash handling procedures - resolved

2012-004 – Separate bank accounts for federal awards – resolved

STATE OF NEW MEXICO
Village of Hatch
Exit Conference
June 30, 2014

Exit Conference

An exit conference was held on April 14, 2015, with Robert Peixotto, CPA of KMA meeting with the following Village officials:

Andy Nunez
James Whitlock
Elizabeth J. Porras

Mayor
Trustee
Deputy Clerk

Auditor Prepared Financial Statements

KMA assisted the Village in the preparation of the GAAP-based financial statements and notes to the financial statements. The financial statements were prepared using the original books and records provided by the management of the Village. The responsibility for the financial statements remains with the Village.