

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**ANNUAL FINANCIAL REPORT**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**Village on Hatch**  
**Table of Contents**  
**June 30, 2015**

**Page No.**

**INTRODUCTORY SECTION:**

Official Roster..... 7

**FINANCIAL SECTION**

Independent Auditors' Report..... 10-12

**BASIC FINANCIAL STATEMENTS:**

Government-Wide Financial Statements:

Statement of Net Position (Exhibit A-1) ..... 15

Statement of Activities (Exhibit A-2)..... 16-17

Fund Financial Statements:

Balance Sheet – Governmental Funds (Exhibit B-1)..... 18-19

Reconciliation of the Balance Sheet – Governmental Funds to  
the Statement of Net Position ..... 21

Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds (Exhibit B-2) ..... 22-23

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances – Governmental Funds to the Statement of Activities..... 25

Statement of Revenues and Expenditures – Budget (Non-GAAP Budgetary  
Basis) and Actual (Non-GAAP Budgetary Basis):  
General Fund (Exhibit C-1) ..... 26

Statement of Revenues and Expenditures – Budget (Non-GAAP Budgetary  
Basis) and Actual (Non-GAAP Budgetary Basis):  
Parks & Recreation (Exhibit C-2) ..... 27

Statement of Revenues and Expenditures – Budget (Non-GAAP Budgetary  
Basis) and Actual (Non-GAAP Budgetary Basis):  
Equipment Building (Exhibit C-3) ..... 29

Proprietary Funds - Statement of Net Position (Exhibit D-1) ..... 30-31

Proprietary Funds - Statement of Revenues, Expenditures and Changes in Net  
Position (Exhibit D-2)..... 32-33

**STATE OF NEW MEXICO**  
**Village on Hatch**  
**Table of Contents**  
**June 30, 2015**

Proprietary Funds - Statement of Cash Flows (Exhibit D-3).....	34-35
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund (Exhibit E-1) .....	39
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>40-66</b>
 <b>SUPPLEMENTARY INFORMATION</b>	
Non-major Fund Descriptions .....	68-69
 <b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
Combining Balance Sheets – Nonmajor Governmental Funds (Statement A-1) .....	70-75
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds (Statement A-2).....	76-81
Statement of Revenues and Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis):	
Fire Fund (Statement B-1) .....	82
Police Seizure (Statement B-2) .....	83
Cemetery (Statement B-3) .....	84
Library (Statement B-4).....	85
Lodgers Tax (Statement B-5).....	86
Corrections (Statement B-6) .....	87
Economic Development (Statement B-7) .....	88
Swimming Pool Facility (Statement B-8) .....	89
Law Enforcement (Statement B-9) .....	90
EMS (Statement B-10).....	91
Solar Project (Statement B-11) .....	92
DWI Grant (Statement B-12).....	93
Stone Garden Grant (Statement B-13).....	94
Municipal Streets Appropriation (Statement B-14) .....	95
Swim-Train Facility (Statement B-15).....	96
Street Improvements (Statement B-16).....	97
Airport Action Plan (Statement B-17) .....	98
Placitas Arroyo (Statement B-18).....	99
Rapid Response Fire Truck (Statement B-19).....	100
Percha Creek Pilot Well (Statement B-20) .....	101
Statement of Revenues and Expenditures and Changes in Net Position – Budget (GAAP Basis) and Actual Proprietary Funds:	
Joint Utility (Statement B-21) .....	102
Gas (Statement B-22).....	103
Solis Waste (Statement B-23) .....	104

**STATE OF NEW MEXICO**  
**Village on Hatch**  
**Table of Contents**  
**June 30, 2015**

**SUPPORTING SCHEDULES**

Schedule of Deposits (Schedule I).....	106
Schedule of Collateral Pledged by Depository (Schedule II).....	107
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Schedule III) ...	108-109
Statement of Changes in Fiduciary Assets and Liabilities (Schedule IV).....	110
Joint Powers Agreements (Schedule V) .....	111-114
Schedule of the City of Gallup Proportionate Share of the Net Pension liability – of PERA – Municipal Police (Schedule VI).....	115
Schedule of the City of Gallup Proportionate Share of the Net Pension liability – of PERA – Municipal General (Schedule VII).....	116
Schedule of Contributions PERA Fund Division – Municipal Police (Schedule VIII).....	117
Schedule of Contributions PERA Fund Division – Municipal General (Schedule IX).....	118
Notes to the Schedule of Required Supplementary Information (Schedule X) .....	119

**COMPLIANCE SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	122-123
Schedule of Findings and Responses .....	124-131
Exit Conference.....	132

**STATE OF NEW MEXICO  
Village on Hatch  
Official Roster  
June 30, 2015**

**VILLAGE COUNCIL**

Andy Nunez..... Mayor  
James Whitlock ..... Trustee  
Noel McConnell ..... Trustee  
Kathie Franzoy ..... Trustee  
Robert Martinez..... 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, 2015, 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, 2015, 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, 2015, 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, 2015, 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 Supporting schedules I through X 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.

The supporting schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, these other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Vendor Schedule (Schedule III) required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion 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 November 23, 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  
November 23, 2015

## **BASIC FINANCIAL STATEMENTS**

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**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Statement of Net Position**  
**June 30, 2015**

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 7,096,441	\$ 351,189	\$ 7,447,630
Investment In land held for sale	1,874,643	-	1,874,643
Property taxes receivable	14,342	-	14,342
Gross receipts taxes receivable	117,126	-	117,126
Other Taxes	8,903	-	8,903
Accounts Receivable	-	125,567	125,567
Restricted cash	-	627,351	627,351
<b>Total current assets</b>	<u>9,111,455</u>	<u>1,104,107</u>	<u>10,215,562</u>
<b>Noncurrent assets</b>			
Customer Deposits	-	38,104	38,104
Non-depreciable capital assets	2,762,400	62,099	2,824,499
Depreciable capital assets	15,422,135	9,758,260	25,180,395
Less: Accumulated Depreciation	<u>(5,770,645)</u>	<u>(6,743,924)</u>	<u>(12,514,569)</u>
<b>Total noncurrent assets</b>	<u>12,413,890</u>	<u>3,114,539</u>	<u>15,528,429</u>
<b>Deferred outflows of resources</b>			
Employer contributions subsequent to the measurement date	<u>90,685</u>	<u>6,438</u>	<u>97,123</u>
<b>Total deferred outflows of resources</b>	<u>90,685</u>	<u>6,438</u>	<u>97,123</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 21,616,030</u>	<u>\$ 4,225,084</u>	<u>\$ 25,841,114</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Overdrawn cash	\$ 4,559	\$ -	\$ 4,559
Accounts payable	34,594	33,931	68,525
Accrued salaries and benefits	29,836	5,670	35,506
Notes payable	259,668	16,040	275,708
Compensated absences	9,540	10,135	19,675
Net pension liability	<u>32,524</u>	<u>6,438</u>	<u>38,962</u>
<b>Total current liabilities</b>	<u>370,721</u>	<u>72,214</u>	<u>442,935</u>
<b>Noncurrent liabilities</b>			
Meter deposits	-	38,104	38,104
Notes payable	202,564	762,313	964,877
Compensated absences	21,382	20,696	42,078
Net pension liability	<u>590,059</u>	<u>57,881</u>	<u>647,940</u>
<b>Total noncurrent liabilities</b>	<u>814,005</u>	<u>878,994</u>	<u>1,692,999</u>
<b>Total Liabilities</b>	<u>1,184,726</u>	<u>951,208</u>	<u>2,135,934</u>
<b>Deferred inflows of resources</b>			
Net difference between expected and actual earnings	261,980	25,163	287,143
Change of assumptions	<u>220</u>	<u>44</u>	<u>264</u>
<b>Total deferred inflows of resources</b>	<u>262,200</u>	<u>25,207</u>	<u>287,407</u>
<b>Net Position</b>			
Net investment in capital assets	12,413,890	3,076,435	15,490,325
<b>Restricted for:</b>			
Special revenue	635,530	-	635,530
Capital projects	475,666	-	475,666
Unrestricted	<u>6,644,018</u>	<u>172,234</u>	<u>6,816,252</u>
<b>Total net position</b>	<u>20,169,104</u>	<u>3,248,669</u>	<u>23,417,773</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 21,616,030</u>	<u>\$ 4,225,084</u>	<u>\$ 25,841,114</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

<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>	
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,343,616	\$ 386	\$ 201,398	\$ -
Public Safety	911,411	-	89,077	-
Public Works	70,506	-	-	32,675
Culture and Recreation	828,605	9,761	497,512	-
Health and welfare	112,014	30,690	-	-
Interest on Long-Term Debt	1,693	-	-	-
<b>Total Governmental Activities</b>	<b>3,267,845</b>	<b>40,837</b>	<b>787,987</b>	<b>32,675</b>
<b>Business-Type Activities</b>				
Joint Utility	922,600	426,574	-	75,904
Gas	-	-	-	-
Solid Waste	287,256	245,173	-	-
<b>Total Business-Type Activities</b>	<b>1,209,856</b>	<b>671,747</b>	<b>-</b>	<b>75,904</b>
<b>Total primary government</b>	<b>\$ 4,477,701</b>	<b>\$ 712,584</b>	<b>\$ 787,987</b>	<b>\$ 108,579</b>

**General Revenues:**

Taxes:

Property taxes levied for general purposes  
Franchise taxes  
Gross receipt taxes

Interest income

Miscellaneous Income

Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net position - restatement (note 17)

Net Position - as restated

Net position - ending

See Independent Auditors' Report and Notes to Financial Statements



<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Government Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (1,141,832)	\$ -	\$ (1,141,832)
(822,334)	-	(822,334)
(37,831)	-	(37,831)
(321,332)	-	(321,332)
(81,324)	-	(81,324)
(1,693)	-	(1,693)
<u>(2,406,346)</u>	<u>-</u>	<u>(2,406,346)</u>
-	(420,122)	(420,122)
-	-	-
<u>-</u>	<u>(42,083)</u>	<u>(42,083)</u>
<u>-</u>	<u>(462,205)</u>	<u>(462,205)</u>
<u>(2,406,346)</u>	<u>(462,205)</u>	<u>(2,868,551)</u>
102,735	-	102,735
43,504	-	43,504
684,678	79,911	764,589
55,226	286	55,512
793,629	208	793,837
(119,755)	119,755	-
<u>1,560,017</u>	<u>200,160</u>	<u>1,760,177</u>
(846,329)	(262,045)	(1,108,374)
21,288,774	3,597,562	24,886,336
(273,341)	(86,848)	(360,189)
<u>21,015,433</u>	<u>3,510,714</u>	<u>24,526,147</u>
<u>\$ 20,169,104</u>	<u>\$ 3,248,669</u>	<u>\$ 23,417,773</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Balance Sheet -**  
**Governmental Funds**  
**June 30, 2015**

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Equipment Bldg</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,920,174	\$ 73,909	\$ 969,835
Investment In land held for sale	1,874,643	-	-
Property taxes receivable	14,342	-	-
Gross receipts receivable	117,126	-	-
Other taxes receivable	8,903	-	-
<b>Total assets</b>	<u>\$ 6,935,188</u>	<u>\$ 73,909</u>	<u>\$ 969,835</u>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Overdrawn cash	\$ -	\$ -	\$ -
Accounts payable	17,472	354	-
Accrued salaries and benefits	29,836	-	-
<b>Total liabilities</b>	<u>47,308</u>	<u>354</u>	<u>-</u>
<b>Fund balance</b>			
Nonspendable	1,874,643	-	-
Restricted for:			
General Government	134,277	-	-
Special Revenue	-	-	-
Capital Projects	-	-	-
Assigned	-	73,555	969,835
Unassigned	4,878,960	-	-
<b>Total fund balance</b>	<u>6,887,880</u>	<u>73,555</u>	<u>969,835</u>
<b>Total liabilities and fund balance</b>	<u>\$ 6,935,188</u>	<u>\$ 73,909</u>	<u>\$ 969,835</u>

See Independent Auditors' Report and Notes to Financial Statements

<b>Other Governmental Funds</b>	<b>Total</b>
\$ 1,132,523	\$ 7,096,441
-	1,874,643
-	14,342
-	117,126
-	8,903
<u>\$ 1,132,523</u>	<u>\$ 9,111,455</u>
\$ 4,559	\$ 4,559
16,768	34,594
-	29,836
<u>21,327</u>	<u>68,989</u>
-	1,874,643
-	134,277
210,703	210,703
202,628	202,628
702,424	1,745,814
(4,559)	4,874,401
<u>1,111,196</u>	<u>9,042,466</u>
<u>\$ 1,132,523</u>	<u>\$ 9,111,455</u>

See Independent Auditors' Report and Notes to Financial Statements

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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, 2015**

Exhibit B-2  
Page 2 of 2

**Total Fund Balance - Governmental Funds** \$ 9,042,466

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	18,184,535
Less: Accumulated Depreciation	(5,770,645)

Deferred outflows and inflows relating to pension liabilities are not payable / collectable in the current period and therefore are not reported in the fund financial statements.

Employer contributions subsequent to the measurement date	90,685
Net difference between expected and actual earnings	(261,980)
Change of assumptions	(220)

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	(30,922)
Notes payable	(462,232)
Net pension liability	(622,583)

**Total net position of governmental activities** \$ 20,169,104

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Equipment Bldg</u>
<b>Revenues</b>			
Franchise taxes	\$ 43,504	\$ -	\$ -
Property taxes	102,735	-	-
Gross receipt taxes	684,678	-	-
Charges for services	386	9,761	-
State operating grants	201,398	497,512	-
State capital grants			
Miscellaneous income	722,774	4,391	-
Interest income	54,989	99	-
Federal grants	-	-	-
<b>Total Revenues</b>	<u>1,810,464</u>	<u>511,763</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
General government	1,069,985	-	36,907
Public safety	693,194	-	-
Public works	51,496	-	-
Culture and recreation	37,288	551,510	-
Health and welfare	-	-	-
Capital outlay	19,309	-	122,850
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>1,871,272</u>	<u>551,510</u>	<u>159,757</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(60,808)</u>	<u>(39,747)</u>	<u>(159,757)</u>
<b>Other financing sources (uses)</b>			
Transfers in	48,131	-	-
Transfers out	(167,886)	-	-
<b>Total other financing sources (uses)</b>	<u>(119,755)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(180,563)</u>	<u>(39,747)</u>	<u>(159,757)</u>
Fund balance - beginning of year	7,068,443	113,302	1,129,592
<b>Fund balance - end of year</b>	<u><u>\$ 6,887,880</u></u>	<u><u>\$ 73,555</u></u>	<u><u>\$ 969,835</u></u>

<b>Total Nonmajor Funds</b>	<b>Total</b>
\$ -	\$ 43,504
-	102,735
-	684,678
30,690	40,837
79,561	778,471
32,675	32,675
66,464	793,629
138	55,226
9,516	9,516
219,044	2,541,271
-	1,106,892
57,641	750,835
6,588	58,084
93,820	682,618
92,279	92,279
447,442	589,601
16,560	16,560
1,693	1,693
716,023	3,298,562
-	
(496,979)	(757,291)
-	48,131
-	(167,886)
-	(119,755)
(496,979)	(877,046)
1,215,322	9,526,659
\$ 1,111,196	\$ 9,042,466

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**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, 2015**

**Net Change in Fund Balance - Governmental Funds** **\$ (877,046)**

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	589,601
Depreciation expense	(623,315)

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:

Change in pension liability	57,184
-----------------------------	--------

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:

Change in accrued compensated absences	(9,313)
Principal payments on bonds and notes payable	<u>16,560</u>

**Change in Net Position of Governmental Activities** **\$ (846,329)**

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**General Fund**

Exhibit C-1

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property Taxes	\$ 179,024	\$ 179,024	\$ 88,393	\$ (90,631)
Gross receipts	1,386,688	1,386,688	684,678	(702,010)
Gasoline and Motor vehicle	-	-	-	-
Other	1,463,844	1,463,844	722,774	(741,070)
Franchise tax	88,109	88,109	43,504	(44,605)
<b>Intergovernmental income:</b>				
State operating grants	407,894	407,894	201,398	(206,496)
Charges for services	782	782	386	(396)
License and fees	-	-	-	-
Investment income	111,370	111,370	54,989	(56,381)
Miscellaneous	-	-	-	-
<b>Total revenue</b>	3,637,711	3,637,711	1,796,122	(1,841,589)
<b>Expenditures</b>				
<b>Current</b>				
General government	2,080,190	2,080,190	1,069,899	1,010,291
Public safety	1,347,480	1,347,480	693,046	654,434
Public works	100,123	100,123	51,496	48,627
Culture and recreation	72,376	72,376	37,225	35,151
Capital outlay	37,542	37,542	19,309	18,233
<b>Total expenditures</b>	3,637,711	3,637,711	1,870,975	1,766,736
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	(74,853)	(74,853)
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-		
Transfers in	-	-	48,131	48,131
Transfers out	-	-	(167,886)	(167,886)
<b>Total other financing sources (uses)</b>	-	-	(119,755)	(119,755)
Net Change in fund balance	-	-	(194,608)	(194,608)
Fund balance - beginning of year	-	-	7,068,443	7,068,443
<b>Fund balance - end of year</b>	\$ -	\$ -	\$ 6,873,835	\$ 6,873,835
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			(194,608)	
Adjustments to revenue for taxes			14,342	
Adjustment to expenditures for salaries, maintenance, and supplies			(297)	
<b>Net Change in fund balance (GAAP basis)</b>			\$ (180,563)	

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Exhibit C-2

## Village of Hatch

## Parks &amp; Recreation

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	58,986	58,986	497,512	438,526
Charges for services	-	-	9,761	9,761
License and fees	-	-	-	-
Investment income	100	100	99	(1)
Miscellaneous	-	-	4,391	4,391
<b>Total revenue</b>	<u>59,086</u>	<u>59,086</u>	<u>511,763</u>	<u>452,677</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	58,986	58,986	551,510	(492,524)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>58,986</u>	<u>58,986</u>	<u>551,510</u>	<u>(492,524)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>100</u>	<u>100</u>	<u>(39,747)</u>	<u>945,201</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	(100)	(100)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	100	100	(39,747)	(39,747)
Fund balance - beginning of year	-	-	113,302	113,302
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,555</u>	<u>\$ 73,555</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			(39,747)	
Adjustments to revenue			-	
Adjustment to expenditures			-	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ (39,747)</u>	

See Independent Auditors' Report and Notes to Financial Statements

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## STATE OF NEW MEXICO

Exhibit C-3

## 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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,507,700	1,507,700	36,907	1,470,793
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	122,850	(122,850)
<b>Total expenditures</b>	<u>1,507,700</u>	<u>1,507,700</u>	<u>159,757</u>	<u>1,347,943</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,507,700)</u>	<u>(1,507,700)</u>	<u>(159,757)</u>	<u>(1,347,943)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	1,507,700	1,507,700	-	-
Transfers in	1,507,700	1,507,700	-	(1,507,700)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,507,700</u>	<u>1,507,700</u>	<u>-</u>	<u>(1,507,700)</u>
Net Change in fund balance	-	-	159,757	159,757
Fund balance - beginning of year	-	-	(1,129,592)	(1,129,592)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (969,835)</u>	<u>\$ (969,835)</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			159,757	
Adjustments to revenue			-	
Adjustment to expenditures			-	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ 159,757</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 306,338	\$ -	\$ 44,851
Accounts Receivable	80,716	-	44,851
Restricted Cash	<u>627,351</u>	<u>-</u>	<u>-</u>
<b>Total current assets</b>	<u>1,014,405</u>	<u>-</u>	<u>89,702</u>
<b>Noncurrent assets</b>			
Customer Deposits	38,104	-	-
Capital Assets	9,820,359	-	-
Less: accumulated depreciation	<u>(6,743,924)</u>	<u>-</u>	<u>-</u>
<b>Total noncurrent assets</b>	<u>3,114,539</u>	<u>-</u>	<u>-</u>
<b>Deferred outflows of resources</b>			
Employer contributions subsequent to the measurement date	<u>6,438</u>	<u>-</u>	<u>-</u>
<b>Total deferred outflows</b>	<u>6,438</u>	<u>-</u>	<u>-</u>
<b>Total assets, and deferred outflows of resources</b>	<u>\$ 4,135,382</u>	<u>\$ -</u>	<u>\$ 89,702</u>
<b>Liabilities deferred inflows, and net position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 11,983	\$ 650	\$ 21,298
Accrued salaries and benefits	5,670	-	-
Notes payable	16,040	-	-
Compensated absences	10,135	-	-
Pension liability	<u>6,438</u>	<u>-</u>	<u>-</u>
<b>Total current liabilities</b>	<u>50,266</u>	<u>650</u>	<u>21,298</u>
<b>Noncurrent liabilities</b>			
Customer Deposits	38,104	-	-
Notes payable	762,313	-	-
Compensated absences	20,696	-	-
Pension Liability	<u>57,881</u>	<u>-</u>	<u>-</u>
<b>Total noncurrent liabilities</b>	<u>878,994</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>929,260</u>	<u>650</u>	<u>21,298</u>
<b>Deferred inflows of resources</b>			
Net difference between expected and actual earnings	25,163	-	-
Change of assumptions	<u>44</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>25,207</u>	<u>-</u>	<u>-</u>
<b>Net position</b>			
Net investment in capital asset	3,076,435	-	-
Unrestricted	<u>104,480</u>	<u>(650)</u>	<u>68,404</u>
<b>Total net position</b>	<u>3,180,915</u>	<u>(650)</u>	<u>68,404</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 4,135,382</u>	<u>\$ -</u>	<u>\$ 89,702</u>

**Total**

\$	351,189
	125,567
	<u>627,351</u>
	<u>1,104,107</u>

	38,104
	9,820,359
	<u>(6,743,924)</u>
	<u>3,114,539</u>

	<u>6,438</u>
	<u>6,438</u>

\$ 4,225,084

\$	33,931
	5,670
	16,040
	10,135
	<u>6,438</u>
	<u>72,214</u>

	38,104
	762,313
	20,696
	<u>57,881</u>
	<u>878,994</u>
	<u>951,208</u>

	25,163
	<u>44</u>
	<u>25,207</u>

	3,076,435
	<u>172,234</u>
	<u>3,248,669</u>

\$ 4,225,084

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>
<b>Operating revenues:</b>			
Charges for services	\$ 426,574	\$ -	\$ 245,173
<b>Total operating revenues</b>	<u>426,574</u>	<u>-</u>	<u>245,173</u>
<b>Operating expenses:</b>			
Depreciation and amortization	309,184	-	-
Personnel services	250,078	-	-
Contractual services	12,625	-	287,256
Supplies	6,411	-	-
Maintenance and Materials	130,530	-	-
Utilities	92,899	-	-
Miscellaneous	98,026	-	-
<b>Total operating expense</b>	<u>899,753</u>	<u>-</u>	<u>287,256</u>
<b>Operating income (loss)</b>	<u>(473,179)</u>	<u>-</u>	<u>(42,083)</u>
<b>Non-operating revenues (expense):</b>			
Gross receipts taxes	79,911	-	-
Interest income	286	-	-
Interest expense	(22,847)	-	-
Miscellaneous income (expense)	-	208	-
<b>Total non-operating revenues (expense)</b>	<u>57,350</u>	<u>208</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	<u>(415,829)</u>	<u>208</u>	<u>(42,083)</u>
Transfers in	167,875	-	45,000
Transfers out	(44,989)	(48,131)	-
Capital Grants	75,904	-	-
<b>Total contributions and transfers</b>	<u>198,790</u>	<u>(48,131)</u>	<u>45,000</u>
<b>Change in Net Position</b>	<u>(217,039)</u>	<u>(47,923)</u>	<u>2,917</u>
<b>Net Position, beginning of year</b>	3,484,802	47,273	65,487
<b>Restatement (note 17)</b>	<u>(86,848)</u>	<u>-</u>	<u>-</u>
<b>Net Position - beginning of the year, restated</b>	<u>3,397,954</u>	<u>47,273</u>	<u>65,487</u>
<b>Net Position - end of the year</b>	<u>\$ 3,180,915</u>	<u>\$ (650)</u>	<u>\$ 68,404</u>

See Independent Auditors' Report and Notes to Financial Statements



<u>Total</u>
<u>\$ 671,747</u>
<u>671,747</u>
-
309,184
250,078
299,881
6,411
130,530
92,899
98,026
<u>1,187,009</u>
<u>(515,262)</u>
-
79,911
286
(22,847)
208
<u>57,558</u>
<u>(457,704)</u>
212,875
(93,120)
75,904
<u>195,659</u>
(262,045)
3,597,562
(86,848)
<u>3,510,714</u>
<u>\$ 3,248,669</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>
<b>Cash flow form operating activities</b>			
Cash received from customers	\$ 423,809	\$ 650	\$ 244,418
Cash payments to employees for services	(251,193)	-	-
Cash payments to suppliers for goods and services	(352,595)	-	(287,340)
<b>Net cash provided buy operating activities</b>	<u>(179,979)</u>	<u>650</u>	<u>(42,922)</u>
<b>Cash flow form noncapital financing activities</b>			
Taxes received	79,911	-	-
Miscellaneous	-	208	-
Transfers	122,886	(48,131)	45,000
<b>Net cash flows provided by noncapital financing activities</b>	<u>202,797</u>	<u>(47,923)</u>	<u>45,000</u>
<b>Cash Flows form capital and related financing activities:</b>			
Interest paid	(22,847)	-	-
Principal payments	(22,040)	-	-
Acquisition of capital assets	(6,554)	-	-
Proceeds form capital governmental contributions	75,904	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>24,463</u>	<u>-</u>	<u>-</u>
<b>Cash flows form investing activities</b>			
Interest income	286	-	-
<b>Net cash provided by investing activities</b>	<u>286</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	47,567	(47,273)	2,078
Cash & cash equivalents - beginning of year	924,226	47,273	42,773
<b>Cash &amp; cash equivalents - end of year</b>	<u>\$ 971,793</u>	<u>\$ -</u>	<u>\$ 44,851</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (473,179)	\$ -	\$ (42,083)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>			
Depreciation	309,184	-	-
<b>Changes in assets &amp; liabilities:</b>			
Receivables	(3,465)	-	(755)
Accounts payable	(12,104)	650	(84)
Accrued salaries and benefits	(746)	-	-
Compensated absences	(369)	-	-
Customer deposits	700	-	-
<b>Net cash provided (used) by operating activities</b>	<u>\$ (179,979)</u>	<u>\$ 650</u>	<u>\$ (42,922)</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Total</u>
\$ 668,877
(251,193)
<u>(639,935)</u>
<u>(222,251)</u>
79,911
208
<u>119,755</u>
<u>199,874</u>
(22,847)
(22,040)
(6,554)
<u>75,904</u>
<u>24,463</u>
<u>286</u>
<u>286</u>
2,372
<u>1,014,272</u>
<u>\$ 1,016,644</u>
\$ (515,262)
309,184
(4,220)
(11,538)
(746)
(369)
<u>700</u>
<u>\$ (222,251)</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, 2015**

Exhibit E-1

	<u>Revolving Loan Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 407,819
Notes Receivable	<u>74,067</u>
<b>Total Assets</b>	<u>\$ 481,886</u>
<b>Liabilities</b>	
Held in Fiduciary Fund Account	<u>\$ 481,886</u>
<b>Total liabilities</b>	<u>\$ 481,886</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**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, 2015**

**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 and 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, 2015**

**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, 2015**

**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

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.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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:

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.

**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.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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 2015 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.

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:

Asset	Years
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, 2015, 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, 2015 the Village did not have material unearned revenues as of June 30, 2015.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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 reported on the balance sheet. See note 10 for a description of amounts reported on the Statement of Net Position.

**Pensions:** The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net pension liability. Deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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.

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.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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.”

**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.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

*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.

**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.



**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**Budgetary Information (continued)**

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, 2015 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.

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.

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.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 3. Cash and Cash Equivalents (continued)**

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, 2015, \$7,548,635 of the Village's bank balance of \$8,548,635 were exposed to custodial credit risk. \$6,058,134 of the Villages cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the city's name, and \$1,740,501 was uninsured and uncollateralized at June 30, 2015.

	1st New Mexico Bank	Bank of the Southwest	Wells Fargo	Total
Deposits	\$ 1,399,618	\$ 2,285,056	\$ 4,863,961	\$ 8,548,635
Less: FDIC Coverage	(250,000)	(250,000)	(250,000)	(1,000,000)
Total uninsured public funds	1,149,618	2,035,056	4,613,961	7,548,635
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	140,000	1,350,000	4,568,134	6,058,134
Uninsured and uncollateralized	1,009,618	685,056	45,827	1,740,501
Collateral requirements (50% of uninsured funds)	574,809	1,017,528	2,306,981	3,899,318
Pledged Collateral	140,000	1,350,000	4,568,134	6,058,134
Over (under) collateralized	(434,809)	332,472	2,261,154	2,158,817

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 Exhibit A-1	\$ 7,096,441
Less: overdrawn cash - Governmental Activities Exhibit A-1	(4,559)
Cash and cash equivalents - Business-type Activities Exhibit E-A	351,189
Restricted cash and cash equivalents - Business-type Activities Exhibit E-1	627,351
Customer Deposits - Business-type Activities Exhibit A-1	38,104
Cash and cash equivalents - Fiduciary Funds Exhibit E-1	407,819
Total cash and cash equivalents	<u>\$ 8,516,345</u>
Add: outstanding checks	35,289
Less: outstanding deposits	(2,999)
Bank balance of deposits	<u>\$ 8,548,635</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**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, 2015.

The Village's investments in Dona Ana County, NM at June 30, 2015 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 originally 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, 2015 the Village had 19 developed lots listed for sale with various asking prices per lot. The total asking price of the 19 lots is \$1,294,100. Subsequent to the balance sheet date the Village sold four additional lots that netted the Village \$267,493. The four lots were discounted approximately 3.5% 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.

**NOTE 5. Accounts and Taxes Receivable**

Receivables as of June 30, 2015 are as follows:

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Property taxes	\$ 14,342	\$ -	\$ -
Gross receipts taxes	117,126	-	-
Franchise tax	8,903	-	-
<b>Other receivables:</b>			
Customer Receivables	-	125,567	74,067
<b>Total</b>	<b>\$ 140,371</b>	<b>\$ 125,567</b>	<b>\$ 74,067</b>

The above governmental 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. The Village does not accrue an allowance for doubtful accounts related to its customer receivables in proprietary funds since there are no account recieveable balances older than 90 days, and balances older than 60 days are immaterial, and the Village expects all balances to be fully collectable.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 5. Accounts and Taxes Receivable (continued)**

Fiduciary Notes Receivable Revolving Loan Fund are as follows:

<u>Promisor</u>	<u>Original Loan Amount</u>	<u>Interest Rate</u>	<u>Loan Balance 6/30/2015</u>
All Aboard Preschool	\$ 45,000	4% per annum	\$ 29,669
All Aboard Preschool	100,000	4% per annum	17,219
Hatch Auto Electric	<u>50,000</u>	4% per annum	<u>27,188</u>
Net Receivables	<u>\$ 195,000</u>		<u>\$ 74,076</u>

These notes receivable are considered 100% collectable.

**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>
Gas	General Fund	\$ 48,131
General Fund	Solid Waste	45,000
General Fund	Joint Utility	122,886

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows (land and construction in progress is not subject to depreciation):

<b>Governmental Activities:</b>	<b>Balance June 30, 2014</b>	<b>June 30, 2014 Restatement</b>	<b>June 30, 2014 Restated</b>	<b>Additions</b>	<b>Balance June 30, 2015</b>
Capital assets not being depreciated:					
Land	\$ 2,220,608	\$ -	\$ 2,220,608	\$ 122,850	\$ 2,343,458
Construction in process	-	-	-	418,942	418,942
Total capital assets, not depreciated	<u>2,220,608</u>	<u>-</u>	<u>2,211,112</u>	<u>541,792</u>	<u>2,762,400</u>
Capital assets depreciated:					
Buildings	5,511,885	-	5,511,885	-	5,511,885
Other improvements	4,289,703	-	4,289,703	11,922	4,301,625
Infrastructure	4,314,970	-	4,314,970	-	4,314,970
Machinery and equipment	1,257,768	-	1,257,768	35,887	1,293,655
Total capital assets, depreciated	<u>15,374,326</u>	<u>-</u>	<u>15,374,326</u>	<u>47,809</u>	<u>15,422,135</u>
Less accumulated depreciation:					
Buildings	2,331,242	(577,941)	1,753,301	138,953	1,892,254
Other improvements	1,269,539	-	1,269,539	207,244	1,476,783
Infrastructure	1,309,018	-	1,309,018	258,387	1,567,405
Machinery and equipment	815,472	-	815,472	18,731	834,203
Total accumulated depreciation	<u>5,725,271</u>	<u>\$ (577,941)</u>	<u>\$ 5,147,330</u>	<u>\$ 623,315</u>	<u>5,770,645</u>
Capital Assets, Net	<u>\$ 11,869,663</u>				<u>\$ 12,413,890</u>

There were no deletions of capital assets in fiscal year 2015. Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows.

General Government	\$ 256,417
Public Safety	173,934
Public Works	13,455
Culture and Recreation	158,132
Health and welfare	<u>21,377</u>
Total depreciation expense, governmental activities	<u>\$ 623,315</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 7. Capital Assets (continued)**

<b>Business-type activities:</b>	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Balance June 30, 2015</b>
Capital assets not depreciated:			
Land	\$ 62,099	\$ -	\$ 62,099
Construction in progress	-	-	-
Total capital assets not depreciated	<u>62,099</u>	<u>-</u>	<u>62,099</u>
Capital asset depreciated:			
Buildings	54,666	-	54,666
Utility system	8,503,691	-	8,503,691
Machinery and equipment	1,193,349	6,554	1,199,903
Total capital assets, depreciated	<u>9,751,706</u>	<u>6,554</u>	<u>9,758,260</u>
Less accumulated depreciation:			
Buildings	54,666	-	54,666
Utility system	5,187,761	308,145	5,495,906
Machinery and equipment	1,192,313	1,039	1,193,352
Total accumulated depreciation	<u>6,434,740</u>	<u>309,184</u>	<u>6,743,924</u>
Capital Assets, Net	<u>\$ 3,379,065</u>		<u>\$ 3,076,435</u>

**NOTE 8. Long-term Debt**

**Governmental Activities**

During the year ended June 30, 2015, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2015</b>	<b>Due Within One Year</b>
NMFA Loans	\$ 85,939	\$ -	\$ 16,560	\$ 69,379	\$ 16,815
State Board of Finance 209-172	-	392,853	-	392,853	242,853
Compensated Absences	21,608	18,854	9,540	30,922	9,540
Total Long Term Debt	<u>\$ 169,589</u>	<u>\$ 15,424</u>	<u>\$ 24,920</u>	<u>\$ 107,597</u>	<u>\$ 269,208</u>

On June 20<sup>th</sup> 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. This loan has an average interest rate of approximately 2% and matures on May 1, 2019.

On August 17, 2014 the Village borrowed \$392,853 from the state board of finance, for purposes of drilling a drought relief water well. This is a zero interest loan and matures December 1, 2017.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 8. Long-term Debt (continued)**

**Governmental Activities (continued)**

The debt service requirements on long term debt for governmental activities at June 30, 2015 are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2016	\$ 259,668	\$ 1,401	\$ 261,069
2017	117,164	1,089	118,253
2018	67,501	752	68,253
2019	17,899	389	18,288
	<u>\$ 462,232</u>	<u>\$ 3,631</u>	<u>\$ 465,863</u>

**Business-Type Activities**

	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2015</b>	<b>Due Within One Year</b>
USDA Revenue Bonds	\$ 747,400	\$ -	\$ 19,000	\$ 728,400	\$ 13,000
NMED Clean Water Loan	42,500	-	2,500	40,000	2,500
NMFA Loans	10,493	-	540	9,953	540
Compensated Absences	27,440	13,526	10,135	30,831	10,135
Total Long Term Debt	<u>\$ 827,833</u>	<u>\$ 13,526</u>	<u>\$ 32,175</u>	<u>\$ 809,184</u>	<u>\$ 26,175</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 and matures August 26, 2024. The second, third, and fourth were all issued May 25, 2011 in the amounts of \$454,000 and \$132,000 and \$80,000, respectively, and have maturities of May 24, 2051, May 24, 2051, and September 15, 2030 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, 2015 in the amount of \$99,067. These loans have average interest rates between 2.3% and 2.65%.

**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, 2015**

**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, 2015 are as follows:

<b>Fiscal Year Ending June</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 16,040	\$ 22,200	\$ 38,240
2017	16,041	21,778	37,819
2018	17,043	21,355	38,398
2019	17,044	20,906	37,950
2020	18,045	20,410	38,455
2021-2025	99,247	94,240	193,487
2026-2030	112,282	79,195	191,477
2031-2035	119,186	61,290	180,476
2036-2040	128,400	40,136	168,536
2041-2045	93,000	25,378	118,378
2046-2050	107,000	12,825	119,825
2051	35,025	874	35,899
	<u>\$ 778,353</u>	<u>\$ 420,586</u>	<u>\$ 1,198,939</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 coverage's have not changed significantly from prior years and coverage's are expected to be continued.

As of June 30, 2015, 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, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association**

**General Information about the Pension Plan**

**Plan description:**

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

**Benefits provided**

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association (continued)**

**Contributions**

The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at: [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf).

The PERA coverage options that apply to the Village are: Municipal General and Municipal Police. The Municipal Fire Division does not apply to the Village. Statutorily required contributions to the pension plan from the Village were \$97,123 for the year ended June 30, 2015. The Village did not pick up any portion of the employees contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For PERA Fund Division Municipal General, at June 30, 2015, the Village reported a liability of \$389,274 (\$324,995 for governmental funds and \$64,279 for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was .0499 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal General Pension expense of \$16,240. At June 30, 2015, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	264
Net difference between projected and actual earnings on pension plan investments	-	152,294
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	<u>38,963</u>	<u>-</u>
Total	<u>\$ 38,963</u>	<u>\$ 152,558</u>

\$38,963 (\$32,525 for governmental funds and \$6,438 for proprietary funds) reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 38,139
2017	38,139
2018	38,139
2019	38,139
2020	2
Thereafter	<u>-</u>
Total	<u>\$ 152,558</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For PERA Fund Division Municipal Police, at June 30, 2015, the Village reported a liability of \$297,628 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was .0913 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Police pension expense of \$19,987. At June 30, 2015, the Village reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	24,178
Net difference between projected and actual earnings on pension plan investments	-	110,671
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	<u>58,160</u>	<u>-</u>
Total	<u>\$ 58,160</u>	<u>\$ 134,849</u>

\$58,160 reported as deferred outflows of resources related to pensions resulting the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 33,682
2017	33,682
2018	33,682
2019	33,682
2020	121
Thereafter	<u>-</u>
Total	<u>\$ 134,849</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

Valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100%	

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10. Pension Plan- Public Employees Retirement Association (continued)**

**Discount rate**

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 733,868	\$ 389,274	\$ 123,058
<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 567,577	\$ 297,628	\$ 96,061

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**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.

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

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, 2015, 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, 2015, 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.



**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

The Village's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$14,587, \$12,835, and \$8,946, 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, 2015 were as follows:

Fund	Amount
Law Enforcement	\$ (4,559)
Gas	(650)

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

B. Excess of expenditures over appropriations exceeded approved budgetary authority for the year ended June 30, 2015 in the following funds:

Fund	Amount
Parks and Recreation	\$ (492,524)
Municipal Street Appropriations	(623)
Solid Waste	(39,256)

**NOTE 13. Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 23, 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 \$1,111,196 of restricted amounts, all of which is restricted by enabling legislation, For descriptions of the related enabling legislation for special revenue, capital projects, see page 42 and pages and 68-69.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**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
2016	\$ 9,290
2017	1,222
2018	564
2019	-
2020	-
<b>Total</b>	<b>\$ 11,076</b>

**NOTE 16. Related Party**

As of June 30, 2015, the Village's management was not aware of any related party relationships.

**NOTE 17. Restatements**

The Village has recorded restatements to net position to prior years financial statements to correct errors in accumulative depreciation, and to implement GASB 68. A summary of restatements are as follows:

Fund Name	Net position June 30, 2014	GASB 68 Pension Liability	Accumulated Depreciation	Restated Net Position June 30, 2014
<b>Government Wide Restatements:</b>				
Governmental Activities	\$ 21,288,774	\$ (851,282)	\$ 577,941	\$ 21,015,433
Business-type Activities	3,597,562	(86,848)	-	3,510,714
<b>Total</b>	<b>\$ 24,886,336</b>	<b>\$ (938,130)</b>	<b>\$ 577,941</b>	<b>\$ 24,526,147</b>

**NOTE 18. Subsequent Pronouncements**

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.

## **SUPPLEMENTAY INFORMATION**

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Nonmajor Fund Description**  
**June 30, 2015**

**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, 2015**

**CAPITAL PROJECTS FUNDS**

**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.

**Percha Creek Pilot Well** – To account for the funds used to drill a water well to be used in the future during periods of severe drought.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<u>Special Revenue Funds</u>			
	<u>Fire Fund</u>	<u>Police Seizure</u>	<u>Cemetery</u>	<u>Library</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 113,281	\$ 65,318	\$ 220,036	\$ 71,526
<b>Total assets</b>	<u>\$ 113,281</u>	<u>\$ 65,318</u>	<u>\$ 220,036</u>	<u>\$ 71,526</u>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Overdrawn cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	382	-	12,813	347
<b>Total liabilities</b>	<u>382</u>	<u>-</u>	<u>12,813</u>	<u>347</u>
<b>Fund balance</b>				
Restricted	14,272	-	178,507	-
Assigned	98,627	65,318	28,716	71,179
Unassigned	-	-	-	-
<b>Total fund balance</b>	<u>112,899</u>	<u>65,318</u>	<u>207,223</u>	<u>71,179</u>
<b>Total liabilities and fund balance</b>	<u>\$ 113,281</u>	<u>\$ 65,318</u>	<u>\$ 220,036</u>	<u>\$ 71,526</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>
\$ 6,330	\$ 152,612	\$ 5,000	\$ 4,396	\$ -	\$ 434
\$ 6,330	\$ 152,612	\$ 5,000	\$ 4,396	\$ -	\$ 434
\$ -	\$ -	\$ -	\$ -	\$ 4,559	\$ -
-	-	-	3,226	-	-
-	-	-	3,226	4,559	-
-	-	-	-	-	-
6,330	152,612	5,000	1,170	-	434
-	-	-	-	(4,559)	-
6,330	152,612	5,000	1,170	(4,559)	434
<u>\$ 6,330</u>	<u>\$ 152,612</u>	<u>\$ 5,000</u>	<u>\$ 4,396</u>	<u>\$ -</u>	<u>\$ 434</u>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Solar Project</u>	<u>DWI Grant</u>	<u>Stonegarden Grant</u>	<u>Municipal Street Fund Appropriations</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 7,863	\$ 10,061	\$ 63,699
Total assets	<u>\$ -</u>	<u>\$ 7,863</u>	<u>\$ 10,061</u>	<u>\$ 63,699</u>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Overdrawn cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
Restricted	-	7,863	10,061	63,699
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balance</b>	<u>-</u>	<u>7,863</u>	<u>10,061</u>	<u>63,699</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ -</u></u>	<u><u>\$ 7,863</u></u>	<u><u>\$ 10,061</u></u>	<u><u>\$ 63,699</u></u>



**Capital Projects**

<b>Swim-Train Facility</b>	<b>Street Improvements</b>	<b>Airport Action Plan</b>	<b>Placitas Arroyo</b>	<b>Rapid Response Fire Truck</b>	<b>Percha Creek Pilot Well</b>
\$ 23,127	\$ 58,634	\$ 249,911	\$ 56,491	\$ 23,804	\$ -
\$ 23,127	\$ 58,634	\$ 249,911	\$ 56,491	\$ 23,804	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	58,634	-	56,491	23,804	-
23,127	-	249,911	-	-	-
-	-	-	-	-	-
23,127	58,634	249,911	56,491	23,804	-
\$ 23,127	\$ 58,634	\$ 249,911	\$ 56,491	\$ 23,804	\$ -

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**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

Statement A-1  
Page 3 of 3

	<b>Total Other Governmental Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,132,523
Total assets	\$ 1,132,523
<b>Liabilities and fund balance</b>	
<b>Liabilities</b>	
Overdrawn cash	\$ 4,559
Accounts payable	16,768
Total liabilities	21,327
<b>Fund balance</b>	
Restricted	413,331
Assigned	702,424
Unassigned	(4,559)
<b>Total fund balance</b>	1,111,196
<b>Total liabilities and fund balance</b>	\$ 1,132,523

**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, 2015**

	<u>Special Revenue</u>			
	<u>Fire Fund</u>	<u>Police Seizure</u>	<u>Cemetery</u>	<u>Library</u>
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 13,187	\$ -
State operating grants	47,943	-	-	-
State capital grants	-	-	-	-
Miscellaneous income	26,138	8,137	-	10,343
Interest income	-	-	101	-
Federal grants	-	-	-	-
<b>Total revenue</b>	<u>74,081</u>	<u>8,137</u>	<u>13,288</u>	<u>10,343</u>
<b>Expenditures</b>				
Current:				
Public safety	17,071	12,135	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	92,215
Health and welfare	-	-	39,949	-
Capital outlay	-	-	-	-
Debt service:				
Principal	16,560	-	-	-
Interest	1,693	-	-	-
<b>Total expenditures</b>	<u>35,324</u>	<u>12,135</u>	<u>39,949</u>	<u>92,215</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>38,757</u>	<u>(3,998)</u>	<u>(26,661)</u>	<u>(81,872)</u>
<b>Other financing sources (uses)</b>				
Loan Proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	38,757	(3,998)	(26,661)	(81,872)
Fund balance - beginning of year	74,142	69,316	233,884	153,051
<b>Fund balance - end of year</b>	<u>\$ 112,899</u>	<u>\$ 65,318</u>	<u>\$ 207,223</u>	<u>\$ 71,179</u>

**Special Revenue**

<u>Lodgers' Tax</u>	<u>Corrections</u>	<u>Economic Development</u>	<u>Swimming Pool Facility</u>	<u>Law Enforcement</u>	<u>EMS</u>
\$ -	\$ -	\$ -	\$ 17,503	\$ -	\$ -
-	-	-	-	23,600	6,200
-	-	-	-	-	-
2,160	19,686	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,160</u>	<u>19,686</u>	<u>-</u>	<u>17,503</u>	<u>23,600</u>	<u>6,200</u>
-	4,804	-	-	17,431	6,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	52,330	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>4,804</u>	<u>-</u>	<u>52,330</u>	<u>17,431</u>	<u>6,200</u>
2,160	14,882	-	(34,827)	6,169	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,160</u>	<u>14,882</u>	<u>-</u>	<u>(34,827)</u>	<u>6,169</u>	<u>-</u>
4,170	137,730	5,000	35,997	(10,728)	434
<u>\$ 6,330</u>	<u>\$ 152,612</u>	<u>\$ 5,000</u>	<u>\$ 1,170</u>	<u>\$ (4,559)</u>	<u>\$ 434</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, 2015**

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Solar Project</u>	<u>DWI Grant</u>	<u>Stonegarden Grant</u>	<u>Municipal Street Appropriations</u>
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
State operating grants	-	1,818	-	-
State capital grants	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Federal grants	-	-	9,516	-
<b>Total revenue</b>	<u>-</u>	<u>1,818</u>	<u>9,516</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	623
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	28,500	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>28,500</u>	<u>623</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>1,818</u>	<u>(18,984)</u>	<u>(623)</u>
<b>Other financing sources (uses)</b>				
Loan Proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	1,818	(18,984)	(623)
Fund balance - beginning of year	-	6,045	29,045	64,322
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ 7,863</u>	<u>\$ 10,061</u>	<u>\$ 63,699</u>

**Capital Projects**

<b>Swim-Train Facility</b>	<b>Street Improvement</b>	<b>Airport Action Plan</b>	<b>Placitas Arroyo</b>	<b>Rapid Response Fire Truck</b>	<b>Percha Creek Pilot Well</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	32,675	-	-	-	-
-	-	-	-	-	-
-	-	-	-	37	-
-	-	-	-	-	-
-	32,675	-	-	37	-
-	-	-	-	-	-
-	5,965	-	-	-	-
-	-	1,605	-	-	-
-	-	-	-	-	-
-	26,089	-	-	-	392,853
-	-	-	-	-	-
-	-	-	-	-	-
-	32,054	1,605	-	-	392,853
-	621	(1,605)	-	37	(392,853)
-	-	-	-	-	392,853
-	-	-	-	-	392,853
-	621	(1,605)	-	37	-
23,127	58,013	251,516	56,491	23,767	-
<b>\$ 23,127</b>	<b>\$ 58,634</b>	<b>\$ 249,911</b>	<b>\$ 56,491</b>	<b>\$ 23,804</b>	<b>\$ -</b>

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**Combining Statement of Revenues, Expenses, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015**

	<b>Total Other Governmental Funds</b>
<b>Revenues</b>	
Charges for services	\$ 30,690
State operating grants	79,561
State capital grants	32,675
Miscellaneous income	66,464
Interest income	138
Federal grants	9,516
<b>Total revenue</b>	<b>219,044</b>
<b>Expenditures</b>	
Current	
Public safety	57,641
Public works	6,588
Culture and recreation	93,820
Health and welfare	92,279
Capital outlay	447,442
Debt service:	
Principal	16,560
Interest	1,693
<b>Total expenditures</b>	<b>716,023</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(496,979)</b>
<b>Other financing sources (uses)</b>	
Loan Proceeds	392,853
<b>Total other financing sources (uses)</b>	<b>392,853</b>
Net change in fund balance	(104,126)
Fund balance - beginning of year	1,215,322
<b>Fund balance - end of year</b>	<b>\$ 1,111,196</b>

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Fire Fund**

Statement B-1

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (unfavorable) Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	77,206	77,206	47,943	(29,263)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	26,138	26,138
<b>Total revenue</b>	<u>77,206</u>	<u>77,206</u>	<u>74,081</u>	<u>(3,125)</u>
<b>Expenditures</b>				
<b>Current :</b>				
General government				
Public safety	77,206	77,206	17,071	60,135
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	16,560	(16,560)
Interest	-	-	1,693	(1,693)
<b>Total expenditures</b>	<u>77,206</u>	<u>77,206</u>	<u>35,324</u>	<u>41,882</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>38,757</u>	<u>38,757</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>38,757</u>	<u>38,757</u>
Fund balance - beginning of year	-	-	74,142	74,142
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,899</u>	<u>\$ 112,899</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				38,757
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 38,757</u>

STATE OF NEW MEXICO

Statement B-2

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	15,000	15,000	8,137	(6,863)
<b>Total revenue</b>	<u>15,000</u>	<u>15,000</u>	<u>8,137</u>	<u>(6,863)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government				
Public safety	15,000	15,000	12,135	2,865
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>12,135</u>	<u>2,865</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(3,998)</u>	<u>(3,998)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(3,998)</u>	<u>(3,998)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>69,316</u>	<u>69,316</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,318</u>	<u>\$ 65,318</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				<u>(3,998)</u>
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (3,998)</u>

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

Statement B-3

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (unfavorable) Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	155,000	155,000	13,187	(141,813)
License and fees	-	-	-	-
Investment income	-	-	101	101
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>155,000</u>	<u>155,000</u>	<u>13,288</u>	<u>(141,712)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	40,000	40,000	39,949	51
Capital outlay	115,000	115,000	-	115,000
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>155,000</u>	<u>155,000</u>	<u>39,949</u>	<u>115,051</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(26,661)</u>	<u>(26,661)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	(26,661)	(26,661)
Fund balance - beginning of year	-	-	233,884	233,884
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,223</u>	<u>\$ 207,223</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				(26,661)
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (26,661)</u>

See Independent Auditors' Report and Notes to Financial Statements

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

Statement B-4

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (unfavorable) Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	102,946	102,946	-	(102,946)
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	10,343	10,343
<b>Total revenue</b>	<u>102,946</u>	<u>102,946</u>	<u>10,343</u>	<u>(92,603)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	102,946	102,946	92,215	10,731
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>102,946</u>	<u>102,946</u>	<u>92,215</u>	<u>10,731</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(81,872)</u>	<u>(81,872)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	(81,872)	(81,872)
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>-</u>	<u>153,051</u>	<u>153,051</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,179</u>	<u>\$ 71,179</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				(81,872)
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (81,872)</u>

STATE OF NEW MEXICO

Statement B-5

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	2,600	2,600	2,160	(440)
<b>Total revenue</b>	<u>2,600</u>	<u>2,600</u>	<u>2,160</u>	<u>(440)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,600	2,600	-	2,600
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>2,160</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	-	-	2,160	2,160
Fund balance - beginning of year	-	-	4,170	4,170
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,330</u>	<u>\$ 6,330</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				2,160
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 2,160</u>

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

Statement B-6

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	22,500	22,500	19,686	(2,814)
<b>Total revenue</b>	<u>22,500</u>	<u>22,500</u>	<u>19,686</u>	<u>(2,814)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	16,500	16,500	4,804	11,696
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>16,500</u>	<u>16,500</u>	<u>4,804</u>	<u>11,696</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>6,000</u>	<u>6,000</u>	<u>14,882</u>	<u>8,882</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	(6,000)	(6,000)	-	6,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	6,000	6,000	14,882	14,882
Fund balance - beginning of year	-	-	137,730	137,730
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,612</u>	<u>\$ 152,612</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				14,882
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 14,882</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-7

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, 2015

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



## STATE OF NEW MEXICO

Statement B-8

## 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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Charges for services	85,132	85,132	17,503	(67,629)
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>85,132</u>	<u>85,132</u>	<u>17,503</u>	<u>(67,629)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	85,132	85,132	52,330	32,802
Capital outlay	-	-	-	-
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>85,132</u>	<u>85,132</u>	<u>52,330</u>	<u>32,802</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(34,827)</u>	<u>(34,827)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(34,827)</u>	<u>(34,827)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>35,997</u>	<u>35,997</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,170</u>	<u>\$ 1,170</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				<u>(34,827)</u>
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (34,827)</u>

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Statement B-9

Village of Hatch  
Law EnforcementStatement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	23,600	23,600	23,600	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>23,600</u>	<u>23,600</u>	<u>23,600</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	23,600	23,600	17,431	6,169
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>23,600</u>	<u>23,600</u>	<u>17,431</u>	<u>6,169</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>6,169</u>	<u>6,169</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>6,169</u>	<u>6,169</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(10,728)</u>	<u>(10,728)</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,559)</u>	<u>\$ (4,559)</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				6,169
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 6,169</u>

See Independent Auditors' Report and Notes to Financial Statements

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

Statement B-10

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	7,500	7,500	6,200	(1,300)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	7,500	7,500	6,200	(1,300)
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	7,500	7,500	6,200	1,300
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	7,500	7,500	6,200	1,300
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	-
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net Change in fund balance</b>	-	-	-	-
Fund balance - beginning of year	-	-	435	435
<b>Fund balance - end of year</b>	\$ -	\$ -	\$ 435	\$ 435
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				-
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				\$ -

## STATE OF NEW MEXICO

Statement B-11

## 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, 2015**

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

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Statement B-12

## 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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	6,400	6,400	1,818	(4,582)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>6,400</u>	<u>6,400</u>	<u>1,818</u>	<u>(4,582)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	6,400	6,400	-	6,400
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>6,400</u>	<u>6,400</u>	<u>-</u>	<u>6,400</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>1,818</u>	<u>1,818</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>1,818</u>	<u>1,818</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>6,045</u>	<u>6,045</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,863</u>	<u>\$ 7,863</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				<u>1,818</u>
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 1,818</u>

See Independent Auditors' Report and Notes to Financial Statements

## 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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Federal operating grants	20,000	33,341	9,516	(23,825)
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>20,000</u>	<u>33,341</u>	<u>9,516</u>	<u>(23,825)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	20,000	33,341	28,500	4,841
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>20,000</u>	<u>33,341</u>	<u>28,500</u>	<u>4,841</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(18,984)</u>	<u>(18,984)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(18,984)</u>	<u>(18,984)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>29,045</u>	<u>29,045</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,061</u>	<u>\$ 10,061</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				(18,984)
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (18,984)</u>

## STATE OF NEW MEXICO

Statement B-14

## 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, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	623	(623)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>623</u>	<u>(623)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(623)</u>	<u>(623)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	-	-	(623)	(623)
Fund balance - beginning of year	-	-	64,322	64,322
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,699</u>	<u>\$ 63,699</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				(623)
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (623)</u>

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Statement B-15

## 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, 2015**

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

See Independent Auditors' Report and Notes to Financial Statements



STATE OF NEW MEXICO

Statement B-16

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
State capital grants	393,416	393,416	32,675	(360,741)
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>393,416</u>	<u>393,416</u>	<u>32,675</u>	<u>(360,741)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	5,965	(5,965)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	393,416	393,416	26,089	367,327
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>393,416</u>	<u>393,416</u>	<u>32,054</u>	<u>361,362</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>621</u>	<u>621</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>621</u>	<u>621</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(58,013)</u>	<u>(58,013)</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,392)</u>	<u>\$ (57,392)</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				621
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 621</u>

STATE OF NEW MEXICO

Statement B-17

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	-	-	-	-
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
State capital grants	330,000	330,000	-	(330,000)
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>330,000</u>	<u>330,000</u>	<u>-</u>	<u>(330,000)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	1,605	(1,605)
Health and welfare	-	-	-	-
Capital outlay	330,000	330,000	-	330,000
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>330,000</u>	<u>330,000</u>	<u>1,605</u>	<u>328,395</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(1,605)</u>	<u>(1,605)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	-	-	(1,605)	(1,605)
Fund balance - beginning of year	-	-	251,516	251,516
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,911</u>	<u>\$ 249,911</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				(1,605)
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ (1,605)</u>

## 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, 2015**

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

STATE OF NEW MEXICO

Statement B-19

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	37	37
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>37</u>	<u>37</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>37</u>	<u>37</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	-	-	37	37
Fund balance - beginning of year	-	-	23,767	23,767
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,804</u>	<u>\$ 23,804</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				37
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ 37</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-20

Village of Hatch

Percha Creek Pilot Well

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Loan Proceeds	-	479,400	392,853	(86,547)
<b>Total revenue</b>	<u>-</u>	<u>479,400</u>	<u>392,853</u>	<u>(86,547)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	479,400	392,853	86,547
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>479,400.0</u>	<u>392,853.0</u>	<u>86,547</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	-	-	-	-
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>				-
Adjustments to revenue				-
Adjustment to expenditures				-
<b>Net Change in fund balance (GAAP basis)</b>				<u>\$ -</u>

**STATE OF NEW MEXICO  
Village of Hatch  
Joint Utility**

Statement B-21

**Statement of Revenues, Expenditures and Changes in Net Position  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Final to actual</b>
	\$	\$	\$	\$
<b>Operating revenues:</b>				
Charges for services	529,500	529,500	426,574	(102,926)
<b>Total operating revenues</b>	529,500	529,500	426,574	(102,926)
<b>Operating expenses:</b>				
Depreciation Expense	309,184	309,184	309,184	-
Personnel services	271,791	271,791	250,078	21,713
Contractual services	13,721	13,721	12,625	1,096
Supplies	6,968	6,968	6,411	557
Maintenance and Materials	141,863	141,863	130,530	11,333
Utilities	100,965	100,965	92,899	8,066
Miscellaneous	106,537	106,537	98,026	8,511
<b>Total operating expense</b>	951,029	951,029	899,753	51,276
<b>Operating income (loss)</b>	(421,529)	(421,529)	(473,179)	(51,650)
<b>Non-operating revenues (expense):</b>				
Governmental contributions	68,000	68,000	79,911	11,911
Interest income	-	-	286	286
Interest Expense	(22,847)	(22,847)	(22,847)	-
<b>Total non-operating revenues (expense)</b>	45,153	45,153	57,350	12,197
<b>Income (loss) before contributions and transfers</b>				
Transfers in	167,875	167,875	167,875	-
Transfers out	(27,100)	(27,100)	(44,989)	(17,889)
Capital Grants	250,113	250,113	75,904	(174,209)
<b>Total contributions and transfers</b>	390,888	390,888	198,790	(192,098)
<b>Change in Net Position</b>	\$ 14,512	\$ 14,512	(217,039)	\$ (231,551)
<b>Net Position, beginning of year</b>			3,397,954	
<b>Net Position - end of the year</b>			\$ 3,180,915	

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

Statement B-22

**Statement of Revenues, Expenditures and Changes in Net Position**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
<b>Operating revenues:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<b>Total operating revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses:</b>				
Depreciation Expense	-	-	-	-
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	1,000	1,000	-	1,000
<b>Total operating expense</b>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Operating income (loss)</b>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<b>Non-operating revenues (expense):</b>				
Governmental contributions	-	-	-	-
Interest income	-	-	-	-
Debt Service	-	-	-	-
Miscellaneous revenues	1,000	1,000	208	(792)
<b>Total non-operating revenues (expense)</b>	<u>1,000</u>	<u>1,000</u>	<u>208</u>	<u>(792)</u>
<b>Income (loss) before contributions and transfers</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(48,131)	(48,131)
Capital Grants	-	-	-	-
<b>Total contributions and transfers</b>	<u>-</u>	<u>-</u>	<u>(48,131)</u>	<u>(48,131)</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(47,923)</u>	<u>\$ (47,923)</u>
<b>Net Position, beginning of year</b>			47,273	
<b>Net Position - end of the year</b>			<u>\$ (650)</u>	

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Solid Waste**

Statement B-23

**Statement of Revenues, Expenditures and Changes in Net Position**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Final to actual</u>
<b>Operating revenues:</b>				
Charges for services	\$ 248,000	\$ 248,000	\$ 245,173	\$ (2,827)
<b>Total operating revenues</b>	<u>248,000</u>	<u>248,000</u>	<u>245,173</u>	<u>(2,827)</u>
<b>Operating expenses:</b>				
Depreciation Expense	-	-	-	-
Personnel services	-	-	-	-
Contractual services	248,000	248,000	287,256	(39,256)
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total operating expense</b>	<u>248,000</u>	<u>248,000</u>	<u>287,256</u>	<u>(39,256)</u>
<b>Operating income (loss)</b>	<u>-</u>	<u>-</u>	<u>(42,083)</u>	<u>(42,083)</u>
<b>Non-operating revenues (expense):</b>				
Governmental contributions	-	-	-	-
Interest income	-	-	-	-
Debt Service	-	-	-	-
<b>Total non-operating revenues (expense)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>				
Transfers in	-	-	45,000	45,000
Transfers out	-	-	-	-
Capital Grants	-	-	-	-
<b>Total contributions and transfers</b>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,917</u>	<u>\$ 2,917</u>
<b>Net Position, beginning of year</b>			<u>65,487</u>	
<b>Net Position - end of the year</b>			<u>\$ 68,404</u>	



## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Deposits**  
**June 30, 2015**

Schedule I

	<b>1st New Mexico Bank</b>	<b>Bank of the Southwest</b>	<b>Wells Fargo</b>	<b>Totals</b>
General Fund - Savings	\$ 134,278	\$ -	\$ -	\$ 134,278
General Fund - Payroll	87,180	-	-	87,180
Fire - Checking	99,009	-	-	99,009
Parks and Recreation - Checking	26,562	-	-	26,562
Library - Checking	71,931	-	-	71,931
Cemetery - Savings	41,529	-	-	41,529
Municipal Street - Checking	47,798	-	-	47,798
Joint Utility - Checking	340,519	-	-	340,519
Joint Utility - Savings	142,993	-	-	142,993
Revolving Loan Fund - Savings	407,819	-	-	407,819
General Fund - Checking	-	2,195,934	-	2,195,934
Police Seizure - Checking	-	65,318	-	65,318
Rapid Response Firetruck - Checking	-	23,804	-	23,804
General Fund - Savings	-	-	4,494,060	4,494,060
Cemetery CD	-	-	107,419	107,419
Parks and Recreation - Savings	-	-	48,320	48,320
Fire - Checking	-	-	14,272	14,272
Joint Utility - Savings	-	-	128,802	128,802
Cemetery CD	-	-	71,088	71,088
Total Deposits	<b>\$ 1,399,618</b>	<b>\$ 2,285,056</b>	<b>\$ 4,863,961</b>	<b>8,548,635</b>
			Net reconciling	(32,290)
			Total cash & cash equivalents	<b>8,516,345</b>
			Cash and cash equivalents - Exhibit A-1	7,447,630
			Restricted Cash and cash equivalents Exhibit A-1	627,351
			Customer Deposits Exhibit A-1	38,104
			Overdrawn Cash Exhibit A-1	(4,559)
			Cash & Cash Equivalents Fiduciary Funds Exhibit E-1	407,819
			Total cash & cash equivalents	<b>\$ 8,516,345</b>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Collateral Pledged by Depository**  
**June 30, 2015**

Schedule II

<b>Name of Depository</b>	<b>Description of Pledged Collateral</b>	<b>Maturity</b>	<b>CUSIP Number</b>	<b>Par/FMV Value at June 30, 2015</b>
Bank of the Southwest	Letter of Credit	11/3/2015	NA	\$ 200,000
Bank of the Southwest	Letter of Credit	9/23/2015	NA	100,000
Bank of the Southwest	Letter of Credit	12/3/2015	NA	1,050,000
Wells Fargo	FNMA	5/1/2039	31417ETE1	1,519,138
Wells Fargo	Repurchase agreement	10/1/2042	3138MFQE0	3,048,996
1st New Mexico Bank	PENA	9/1/2023	706593NA0	140,000
				<b>\$ 6,058,134</b>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Vendor Information for Purchases Exceeding \$60,000**  
**June 30, 2015**

Prepared by Elizabeth Porras, Deputy Clerk. Date: 11/18/2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract with GRT</i>	<i>\$ Amount of Amended Contract</i>
Exempt	Soul Source Provider	El Paso Electric Co.	\$ 157,545.47	-
Exempt	Soul Source Provider	PERA	\$ 184,200.73	-
Exempt	Soul Source Provider	New Mexico Self Insurer's Fund	\$ 134,016.93	-
Exempt	Soul Source Provider	Southwest Disposal	\$ 251,262.51	-
Exempt	Soul Source Provider			
RFP #13-1-1001	Medical Insurance	Health Care Service Corporation	\$ 174,060.47	-
RFP #08-2014	Accounting Services	Kubiak Melton & Associates, LLC	\$ 83,320.90	-
RFP #08/2014 Well Drilling	Well Drilling	Rodgers & Co., Inc.	\$ 376,932.35	-

See Independent Auditors' Report

Scheduel III

<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Exempt	NA	NA	Electric Co.
Exempt	NA	NA	Retirement
Exempt	NA	NA	Insurance
Exempt	NA	NA	Trash Pick up
Strategic Employee Benefit Services 8220 San Pedro NE Suite 505 Albuquerque NM 87113			Group Medical Insurance
Ken Miyagishima Insurance, Inc. 1510 S. Solano Drive Las Cruces NM 88001			
Kubiak Melton & Associates, LLC 6747 Academy Rd. NE, Suite A Albuquerque NM 87109	Y	NA	Accounting Services
Accounting & Consulting Group 2700 San Pedro NE Albuquerque NM 87110	Y	NA	Accounting Services
Harshwal & Company LLP 6739 Academy Rd NE Suite 130 Albuquerque NM 87109	Y	NA	Accounting Services
Jaramillo Accounting Group 4700 Lincoln Rd NE Ste 120 Albuquerque NM 87109	Y	NA	Accounting Services
Rodgers & Company, Inc. 2615 Isleta Blvd. SW Albuquerque NM 87105	Y	NA	Services for test well
Maulding Drilling LLC PO Box 131 Williamsburg NM 87942	Y	NA	Services for test well

## STATE OF NEW MEXICO

Schedule IV

## Village of Hatch

## Fiduciary Funds

## Statement of Changes in Assets &amp; Liabilities

For the Year Ended June 30, 2015

	<u>Revolving Loan Fund</u>			
	<u>Balance June 30, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2015</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 389,915	\$ 17,904	\$ -	\$ 407,819
Notes Receivable	88,832		14,765	74,067
<b>Total Assets</b>	<u>\$ 478,747</u>	<u>\$ 17,904</u>	<u>\$ 14,765</u>	<u>\$ 481,886</u>
<b>Liabilities</b>				
Held in Fiduciary Fund Account	478,747	17,904	14,765	481,886
<b>Total liabilities</b>	<u>\$ 478,747</u>	<u>\$ 17,904</u>	<u>\$ 14,765</u>	<u>\$ 481,886</u>

**STATE OF NEW MEXICO  
Village of Hatch  
Joint Powers Agreements  
June 30, 2015**

**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, 2015**

**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, 2015**

**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, 2015**

**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

## Village of Hatch

## Schedules of Required Supplementary Information

## Schedule of the City of Gallup Proportionate Share of the Net Pension Liability of

## PERA Fund Division – Municipal Police

## Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\*

**MUNICIPAL POLICE FUND**

		<u>2015</u>
Village's proportion of the net pension liability (asset)		0.0913
Village's proportionate share of the net pension liability (asset)	\$	297,628
Village's covered-employee payroll	\$	312,258
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		95.31%
Plan fiduciary net position as a percentage of the total pension liability		81.29%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available. 2006-2014 unavailable.

## Village of Hatch

## Schedules of Required Supplementary Information

**Schedule of the City of Gallup Proportionate Share of the Net Pension Liability of  
PERA Fund Division – Municipal General  
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\***

**MUNICIPAL GENERAL FUND**

		<u><b>2015</b></u>
Village's proportion of the net pension liability (asset)		0.0499%
Village's proportionate share of the net pension liability (asset)	\$	389,274
Village's covered-employee payroll	\$	369,008
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		105.49%
Plan fiduciary net position as a percentage of the total pension liability		81.29%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available. 2006-2014 unavailable.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedules of Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Fund Division - Municipal Police**  
**Last 10 Years\***

Schedule VIII

**MUNICIPAL POLICE FUND**

		<u><b>2015</b></u>
Contractually required contribution	\$	57,924
Contributions in relation to the contractually required contribution	\$	58,160
Contribution deficiency (excess)	\$	(236)
Village's covered-employee payroll	\$	312,258
Contributions as a percentage of covered-employee payroll		18.63%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available. 2006-2014 unavailable.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedules of Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Fund Division - Municipal General**  
**Last 10 Years\***

Schedule IX

**MUNICIPAL GENERAL FUND**

		<u><b>2015</b></u>
Contractually required contribution	\$	39,299
Contributions in relation to the contractually required contribution		38,963
Contribution deficiency (excess)	\$	336
Village's covered-employee payroll	\$	369,008
Contributions as a percentage of covered-employee payroll		10.56%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available. 2006-2014 unavailable.

## Village of Hatch

**Notes to the Schedule of Required Supplementary Information  
For the year Ended June 30, 2015****Changes of benefit terms.**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Changes of assumptions.**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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## **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, and the aggregate remaining fund information of the Village of Hatch New Mexico (the Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 23, 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 Village'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 responses to be material weaknesses. (FS 2008-002, FS 2013-001, FS 2014-001, FS 2014-003, 2015-002)

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 accompany schedule of findings and responses to be significant deficiencies. (FS 2014-002)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 (2014-002, FS 2015-001, FS 2015-003).

### **The Villages Response to Findings**

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results 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 entity'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  
November 23, 2015

**STATE OF NEW MEXICO  
Village of Hatch  
Schedule of Findings and Responses  
June 30, 2015**

**SUMMARY OF AUDIT RESULTS**

***Financials Statements:***

- |  |                   |
|--|-------------------|
| 1. Type of auditors' report issued                     | <b>Unmodified</b> |
| 2. Internal control over financial reporting:          |                   |
| a. Material weakness identified?                       | <b>Yes</b>        |
| b. Significant deficiencies identified?                | <b>Yes</b>        |
| c. Noncompliance material to the financial statements? | <b>Yes</b>        |

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

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

FS 2008-002 Legal Compliance with Budget and Budgeted Cash in Excess of Available Balances – Material Weakness – Repeated & Modified

FS 2010-001 Allowance for Doubtful Accounts - Significant Deficiency – Resolved & Modified

FS 2013-001 Reconciliation of Payroll Transactions – Material Weakness – Repeated

FS 2013-003 Reconciliation of General Fund Bank Account and Joint Utility - Material Weakness – Resolved

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

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

FS 2014-003 — Segregation of Duties – Material Weakness – Repeated

FS 2014-004— Errors with Bank Reconciliations – Material - Material Weakness – Resolved

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

**A. AUDIT FINDINGS:**

**FS 2008-002 Legal Compliance with Budgets - (Modified) – Material Weakness**

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

<u>Fund</u>	<u>Amount</u>
Parks and Recreation	\$ (492,524)
Municipal Street Appropriations	(623)
Solid Waste	(39,256)

**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.

**Effect:** Any expenditure in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amounts so allowed or paid may be had against the bondsmen of such official.

**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.

**Managements Progress:** Management is making steps on our budgetary process and monitoring. We will revisit these processes again this 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.

**Responsible Parties:** Municipal Clerk

**Timeline:** Village intends to review budgets adjustments in December of 2015 and May of 2016.

**FS 2013-001 Reconciliation of Payroll Transactions- (Modified) Material Weakness**

**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. Further the clients unadjusted due to and due from balance was out of balance by \$(772,496) resulting in material adjustments having to be made to the financial statements.

**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 current year salary expense, prior period expenses, and fund balance.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

**Cause:** The improper recording of payroll expense is due to how the client records payroll transactions in their general ledger, and the improper set up of the clients accounting system in recording payroll expense.

**Auditors' Recommendation:** We recommend that 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 responsible for the expense. Further we recommend that the client obtain professional assistance in adjusting how their accounting system records payroll expense.

**Managements Progress:** No progress has been made in correcting this issue during fiscal year ending June 30, 2015. Management intends to employ an outside consultants to help correct the posting of payroll to the Village's general ledger.

**Management's Response:** We will obtain professional assistance as soon as possible to correct the recording of payroll expense in the proper fund and in the proper period.

**Responsible Party:** Municipal Clerk

**Timeline:** The Village intends to commence the process of correcting of the postings of salary expense in the general ledger at the beginning of January of 2016.

**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.

**Managements Progress:** None

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

**Responsible Party:** Municipal Clerk

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

**Timeline:** The Village intends on implementing policies and procedures in fiscal year 2016.

**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 would 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.

**Managements Progress:** Management is in the process of liquidating this investment.

**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 counsel who understand the laws and regulations of New Mexico.

**Responsible Party:** Municipal Clerk

**Timeline:** The timeline is not reasonably determinable due to market conditions.

**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



**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

- 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.

**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.

**Managements Progress:** Management has been searching for an additional qualified person to assist in the functions of the accounting process and procedures.

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

**Responsible Party:** Municipal Clerk

**Timeline:** The Village will work on implementing policies and procedures in fiscal year 2016, and develop existing staff to separate more duties of the Deputy Clerk.

**FS 2015-001 – Improper Use of Credit Cards - Compliance and Other Matters**

**Condition:** During our testwork of credit cards we noted that police officers were exchanging credit cards to fill up there police vehicles and were not recording there odometer readings.

**Criteria:** Good accounting practices surrounding internal controls require that gas purchases made have accurate, and organized documentation relating to these purchases. Further Police Officers should not be purchasing gas for other Police officers patrol vehicles and recording multiple vehicles odometer readings in their purchase documentation submitted.

**Effect:** The Village is not maintaining adequate controls surrounding credit cards for the purchase of gas, which increases the risk of misappropriation of assets to the Village. Resulting in the evidence submitted of gas expense being useless when comparing the expense to the miles driven by the police officers patrol unit to the gas card expense.

**Cause:** Village Police Officers are filling up multiple officer's police units on their issued credit card and not maintaining proper documentation.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

**Auditors Recommendation:** We recommend that all officers use their issued credit card only to purchase gas for their police vehicle and Village staff sign off that odometer and gas expense is reasonable.

**Management Progress:** New finding

**Managements Response:** We have immediately issued a directive to all officers stating that officers will only use their credit card to purchase gas for their issued police vehicle and no other vehicles.

**Responsible Party:** Village Police Chief

**Timeline:** A new directive was given to all police officers the same day this finding was discovered, and finding has been corrected.

**FS 2015-002 – Capital assets – Material Weakness**

**Condition:** During the audit of capital assets we noted the following:

1. Capital assets are not being reconciled during the year
2. The Village did not perform the required annual capital asset inventory
3. The Village does not maintain their capital assets in a capital asset software system to properly calculate, depreciation expense and accumulative depreciation.
4. The Village does not have processes and procedures in place to properly monitor capital asset additions and deletions that occurred during the year.

**Criteria:** Section 2.20.1 of NMAC requires agencies to properly account for capital assets. The required capital asset accounting system is described in Section 2.20.1.8 of NMAC. Proper controls over the capital assets are described in Section 2.20.1.15 of NMAC. The statutory annual inventory requirement is described in Section 2.20.1.16 of NMAC.

**Effect:** Without proper accounting for capital asset additions, deletions, and depreciation, the financial statements of the Village may be misstated. This resulted in accumulative depreciation being material overstated in the prior year financial statements in the amount of \$577,941.

**Cause:** The Village does not have a sufficient internal control system in place to properly account for capital assets.

**Auditor Recommendation:** The Village must conduct a physical inventory of its capital assets in accordance with state statute and update the inventory annually. The inventory report must include asset identification, location and historical cost. This process will also assist the Village in the determination of obsolete equipment. Village should implement internal control processes and procedures to properly track and identify capital asset additions through the year and reconcile capital outlay to capital asset additions on an ongoing basis. The Village should maintain their capital asset inventory in a capital asset management software so depreciation expense, and accumulative depreciation are properly calculated.

**Management Progress:** New finding.

**Managements Response:** This issue came to light during the audit and we will work on implementing processes and procedures to properly track capital asset additions during the year: We will assign an individual the responsibility to conduct the capital asset inventory every year, and maintain the capital asset inventory in the Villages accounting software.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Schedule of Findings and Responses**  
**June 30, 2015**

**Responsible Party:** Municipal Clerk

**Timeline:** The Village intends on implementing policies and procedures surrounding capital outlay, and maintaining all capital assets in a capital asset management system in our accounting software in fiscal year 2016.

**FS 2015-003 – Uncollateralized bank deposits – Compliance and Other Matters**

**Condition:** Deposits at 1<sup>st</sup> New Mexico Bank are under collateralized in accordance with State of New Mexico Statutes. The required collateral was \$574,809; however, the collateral provided by the bank was \$140,000, resulting in an under collateralization in the amount of \$434,809.

**Criteria:** Any bank designated as a depository of public money shall deliver pledged collateral with a value equal to one half of the public money in excess of insurance, to a custodial bank and a joint safekeeping receipt issued by the custodial bank to the Village (Section 6-10-17 NMSA 1978). Monitoring collateralization of the Village's funds is essential in ensuring compliance with State of New Mexico Statutes. Also per 2.2.10 (N) (3) NMAC, the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

**Effect:** Lack of proper monitoring of pledged collateral could result in excessive loss of Village's funds if the financial institutions encounter financial difficulties.

**Cause:** The amounts on deposit were not adequately monitored to ensure balances were sufficiently collateralized.

**Auditors' Recommendation:** As part of a formal policy implemented by the Village, an individual should be assigned the responsibilities of reviewing the monthly collateral reports, investigate differences, and resolving discrepancies.

**Managements Response:** The Village will address this issue with the financial institution and ensure it is not repeated.

**Responsible Party:** Municipal Clerk

**Timeline:** The Village intends on implementing policies and procedures in fiscal year 2016, which will include the proper monitoring of collateral at depository institutions.

**STATE OF NEW MEXICO**  
**Village of Hatch**  
**Exit Conference**  
**June 30, 2015**

**Exit Conference**

An exit conference was held on November 23, 2015. In attendance were the following:

Andy Nunez  
Patrick Banegas  
Elizabeth J. Porras

Mayor  
Municipal Clerk  
Deputy Clerk

Representing Kubiak Melton & Associates

Robert Peixotto, CPA

**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.