

**STATE OF NEW MEXICO
VILLAGE OF HATCH
ANNUAL FINANCIAL REPORT
JUNE 30, 2016**



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Village on Hatch
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**STATE OF NEW MEXICO
Village of Hatch
Official Roster
June 30, 2016**

VILLAGE COUNCIL

Andy Nunez Mayor
Kathie Franzoy..... Trustee
Robert Martinez Trustee
Robert Torres..... Trustee
Dennis Torres Trustee

VILLAGE OFFICIALS

Patrick Banegas..... Municipal Clerk
Elizabeth Porras..... Deputy Clerk

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FINANCIAL SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

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 of the Village of Hatch New Mexico (the Village) as of and for the year ended June 30, 2016, 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 Villages nonmajor governmental funds, and the budgetary comparisons for all nonmajor funds, and the proprietary 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, 2016, 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 misstatement, 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 in accordance with 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, and accordingly, no such opinion is expressed.

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, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 fund and fiduciary fund of the Village, as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparisons for all nonmajor governmental funds, and the proprietary funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Accounting principles generally accepted in the United States of America require that Schedule I and Schedule II and the Notes to the Schedule of Required Supplementary Information on pages 58-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming opinions on the Village's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The Supporting Schedules III through VII required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supporting Schedules III through VI 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the 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 introductory section and the Schedule VII have not been subject 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 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.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
October 31, 2016

BASIC FINANCIAL STATEMENTS

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STATE OF NEW MEXICO
Village of Hatch
Statement of Net Position
June 30, 2016

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 6,936,657	\$ 375,016	\$ 7,311,673
Investment In land held for sale	1,459,002	-	1,459,002
Property taxes receivable	12,531	-	12,531
Gross receipts taxes receivable	127,936	-	127,936
Other Taxes	9,256	-	9,256
Accounts Receivable	-	98,257	98,257
Restricted cash	-	269,399	269,399
Total current assets	<u>8,545,382</u>	<u>742,672</u>	<u>9,288,054</u>
Noncurrent assets			
Customer Deposits	-	38,554	38,554
Non-depreciable capital assets	3,014,072	62,099	3,076,171
Depreciable capital assets	15,458,127	10,230,665	25,688,792
Less: Accumulated Depreciation	(6,717,701)	(6,891,042)	(13,608,743)
Total noncurrent assets	<u>11,754,498</u>	<u>3,440,276</u>	<u>15,194,774</u>
Deferred outflows of resources			
Employer contributions subsequent to the measurement date	96,579	6,298	102,877
Changes in Proportion	145,357	16,151	161,508
Difference between expected and actual	50,465	-	50,465
Total deferred outflows of resources	<u>292,401</u>	<u>22,449</u>	<u>314,850</u>
Total assets and deferred outflows of resources	<u>\$ 20,592,281</u>	<u>\$ 4,205,397</u>	<u>\$ 24,797,678</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 37,544	\$ 29,592	\$ 67,136
Accrued salaries and benefits	35,117	6,290	41,407
Notes payable	17,164	16,040	33,204
Compensated absences	21,133	14,306	35,439
Total current liabilities	<u>110,958</u>	<u>66,228</u>	<u>177,186</u>
Noncurrent liabilities			
Meter deposits	-	38,554	38,554
Notes payable	35,400	736,273	771,673
Net pension liability	1,137,635	118,874	1,256,509
Total noncurrent liabilities	<u>1,173,035</u>	<u>893,701</u>	<u>2,066,736</u>
Total Liabilities	<u>1,283,993</u>	<u>959,929</u>	<u>2,243,922</u>
Deferred inflows of resources			
Net difference between expected and actual earnings	14,439	1,088	15,527
Change of assumptions	27,981	2,108	30,089
Total deferred inflows of resources	<u>42,420</u>	<u>3,196</u>	<u>45,616</u>
Net Position			
Net investment in capital assets	11,754,498	3,401,722	15,156,220
Restricted for:			
Special revenue	899,012	-	899,012
Capital projects	360,047	-	360,047
Unrestricted	6,252,311	(159,450)	6,092,861
Total net position	<u>19,265,868</u>	<u>3,242,272</u>	<u>22,508,140</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,592,281</u>	<u>\$ 4,205,397</u>	<u>\$ 24,797,678</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions and Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,132,659	\$ 348	\$ 263,159	\$ -
Public Safety	1,197,347	-	77,552	47,924
Public Works	153,415	-	-	90,207
Culture and Recreation	279,562	26,367	15,390	-
Health and welfare	-	7,276	-	-
Interest on Long-Term Debt	1,437	-	-	-
Total Governmental Activities	<u>2,764,420</u>	<u>33,991</u>	<u>356,101</u>	<u>138,131</u>
Business-Type Activities				
Joint Utility	665,034	418,781	-	461,111
Solid Waste	261,649	248,108	-	-
Total Business-Type Activities	<u>926,683</u>	<u>666,889</u>	<u>-</u>	<u>461,111</u>
Total primary government	<u>\$ 3,691,103</u>	<u>\$ 700,880</u>	<u>\$ 356,101</u>	<u>\$ 599,242</u>
General Revenues:				
Taxes:				
Property taxes levied for general purposes				
Franchise taxes				
Property taxes				
Gross receipt taxes				
Gas tax				
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

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

Government Activities	Business- Type Activities	Total
\$ (869,152)	\$ -	\$ (869,152)
(1,071,871)	-	(1,071,871)
(63,208)	-	(63,208)
(237,805)	-	(237,805)
7,276	-	7,276
(1,437)	-	(1,437)
<u>(2,236,197)</u>	<u>-</u>	<u>(2,236,197)</u>
-	214,858	214,858
-	(13,541)	(13,541)
-	201,317	201,317
<u>(2,236,197)</u>	<u>201,317</u>	<u>(2,034,880)</u>
78,796	-	78,796
41,302	-	41,302
-	-	-
686,815	72,174	758,989
-	-	-
1,634	253	1,887
509,302	-	509,302
283,609	(283,609)	-
<u>1,601,458</u>	<u>(211,182)</u>	<u>1,390,276</u>
(634,739)	(9,865)	(644,604)
20,169,104	3,248,669	23,417,773
(268,497)	3,468	(265,029)
<u>19,900,607</u>	<u>3,252,137</u>	<u>23,152,744</u>
<u>\$ 19,265,868</u>	<u>\$ 3,242,272</u>	<u>\$ 22,508,140</u>

**STATE OF NEW MEXICO
Village of Hatch
Balance Sheet -
Governmental Funds
June 30, 2016**

Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 5,668,690	\$ 1,267,967	\$ 6,936,657
Investment In land held for sale	1,459,002	-	1,459,002
Property taxes receivable	12,531	-	12,531
Gross receipts receivable	127,936	-	127,936
Other taxes receivable	9,256	-	9,256
Total assets	<u>\$ 7,277,415</u>	<u>\$ 1,267,967</u>	<u>\$ 8,545,382</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 28,636	\$ 8,908	\$ 37,544
Accrued salaries and benefits	35,117	-	35,117
Total liabilities	<u>63,753</u>	<u>8,908</u>	<u>72,661</u>
Fund balance			
Nonspendable	1,459,002	-	1,459,002
Restricted for:			
Committed	-	-	-
General Government	134,519	-	134,519
Special Revenue	-	899,012	899,012
Capital Projects	-	360,047	360,047
Unassigned	5,620,141	-	5,620,141
Total fund balance	<u>7,213,662</u>	<u>1,259,059</u>	<u>8,472,721</u>
Total liabilities and fund balance	<u>\$ 7,277,415</u>	<u>\$ 1,267,967</u>	<u>\$ 8,545,382</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
June 30, 2016

Exhibit B-1
Page 2 of 2

Total Fund Balance - Governmental Funds **\$ 8,472,721**

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	18,472,199
Less: Accumulated Depreciation	(6,717,701)

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

Net deferred outflows of resources (Exhibit A-1)	292,401
Net deferred inflows of resources (Exhibit A-1)	(42,420)

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

Accrued Compensated Absences	(21,133)
Notes payable	(52,564)
Net pension liability	(1,137,635)
	<u>(1,211,332)</u>

Total net position of governmental activities	<u>\$ 19,265,868</u>
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STATE OF NEW MEXICO

Exhibit B-2

Village of Hatch

Page 1 of 2

**Statement of Revenues, Expenses, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2016**

	General Fund	Total Nonmajor Funds	Total
Revenues			
Franchise taxes	\$ 41,302	\$ -	\$ 41,302
Property taxes	78,796	-	78,796
Gross receipt taxes	686,815	-	686,815
Charges for services	348	33,643	33,991
State operating grants	263,159	92,942	356,101
State capital grants		138,131	138,131
Miscellaneous income	426,518	82,784	509,302
Interest income	1,470	164	1,634
Federal grants	-	-	-
County grants	-	-	-
Total Revenues	1,498,408	347,664	1,846,072
Expenditures			
Current:			
General government	805,740	-	805,740
Public safety	797,491	54,266	851,757
Public works	51,911	57,224	109,135
Culture and recreation	40,803	158,069	198,872
Health and welfare	-	-	-
Capital outlay	-	318,965	318,965
Debt service:			
Principal	392,853	16,815	409,668
Interest	-	1,437	1,437
Total expenditures	2,088,798	606,776	2,695,574
Excess (deficiency) of revenues over expenditures	(590,390)	(259,112)	(849,502)
Other financing sources (uses)			
Transfers in	1,163,089	282,302	1,445,391
Transfers out	(303,276)	(858,506)	(1,161,782)
	-	-	-
Total other financing sources (uses)	859,813	(576,204)	283,609
Net change in fund balance	269,423	(835,316)	(565,893)
Fund balance - beginning of year	6,887,880	2,154,588	9,042,468
Restatement (Note 17)	56,359	(60,213)	(3,854)
Fund balance - beginning of the year, restated	6,944,239	2,094,375	9,038,614
Fund balance - end of year	\$ 7,213,662	\$ 1,259,059	\$ 8,472,721

See Independent Auditors' Report and Notes to Financial Statements

**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, 2016**

Net Change in Fund Balance - Governmental Funds **\$ (565,893)**

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	318,965
Depreciation expense	(713,712)

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	(93,556)
-----------------------------	----------

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	9,789
Principal payments on bonds and notes payable	<u>409,668</u>

Change in Net Position of Governmental Activities **\$ (634,739)**

STATE OF NEW MEXICO

Exhibit C-1

Village of Hatch

General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	75,000	75,000	\$ 80,607	\$ 5,607
Gross receipts	630,000	630,000	676,005	46,005
Gasoline and Motor vehicle	3,000	3,000	-	(3,000)
Other	-	-	-	-
Franchise tax	40,000	40,000	40,949	949
Intergovernmental income:				
State operating grants	256,741	256,741	263,159	6,418
State capital grants	-	-	-	-
Charges for services	-	-	348	348
License and fees	400	400	-	(400)
Investment income	100	100	1,470	1,370
Miscellaneous	1,237,168	1,748,398	426,518	(1,321,880)
Total revenue	<u>2,242,409</u>	<u>2,753,639</u>	<u>1,489,056</u>	<u>(1,264,583)</u>
Expenditures				
Current				
General government	919,757	919,757	789,258	130,499
Public safety	756,180	756,180	797,491	(41,311)
Public works	68,350	68,350	51,911	16,439
Culture and recreation	54,672	54,672	40,803	13,869
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	381,230	392,853	(11,623)
Interest	-	-	-	-
Total expenditures	<u>1,798,959</u>	<u>2,180,189</u>	<u>2,072,316</u>	<u>107,873</u>
Excess (deficiency) of revenues over expenditures	<u>443,450</u>	<u>573,450</u>	<u>(583,260)</u>	<u>(1,156,710)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(443,450)	(573,450)		
Transfers in	-	-	1,163,089	1,163,089
Transfers out	(443,450)	(443,450)	(303,276)	140,174
Total other financing sources (uses)	<u>(443,450)</u>	<u>(443,450)</u>	<u>859,813</u>	<u>1,303,263</u>
Net Change in fund balance	-	130,000	276,553	276,553
Fund balance - beginning of year			6,944,239	6,944,239
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,220,792</u>	<u>\$ 7,220,792</u>
Net change in fund balance (non-GAAP budgetary basis)				276,553
Adjustments to revenue for taxes receivable				9,352
Adjustment to expenditures for salaries, maintenance, and supplies				(16,482)
Net Change in fund balance (GAAP basis)				<u>\$ 269,423</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, 2016

Exhibit D-1

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 321,521	\$ -	\$ 53,495	\$ 375,016
Accounts Receivable	64,823	-	33,434	98,257
Restricted Cash	269,399	-	-	269,399
Total current assets	<u>655,743</u>	<u>-</u>	<u>86,929</u>	<u>742,672</u>
Noncurrent assets				
Customer Deposits	38,554	-	-	38,554
Capital Assets	10,292,764	-	-	10,292,764
Less: accumulated depreciation	(6,891,042)	-	-	(6,891,042)
Total noncurrent assets	<u>3,440,276</u>	<u>-</u>	<u>-</u>	<u>3,440,276</u>
Deferred outflows of resources				
Employer contributions subsequent to the measurement date	22,449	-	-	22,449
Total deferred outflows	<u>22,449</u>	<u>-</u>	<u>-</u>	<u>22,449</u>
Total assets, and deferred outflows of resources	<u>\$ 4,118,468</u>	<u>\$ -</u>	<u>\$ 86,929</u>	<u>\$ 4,205,397</u>
Liabilities deferred inflows, and net position				
Liabilities				
Accounts payable	\$ 7,438	\$ -	\$ 22,154	\$ 29,592
Accrued salaries and benefits	6,290	-	-	6,290
Notes payable	16,040	-	-	16,040
Compensated absences	14,306	-	-	14,306
Net pension liability	16,881	-	-	16,881
Total current liabilities	<u>60,955</u>	<u>-</u>	<u>22,154</u>	<u>83,109</u>
Noncurrent liabilities				
Customer Deposits	38,554	-	-	38,554
Notes payable	736,273	-	-	736,273
Compensated absences	-	-	-	-
Net pension liability	101,993	-	-	101,993
Total noncurrent liabilities	<u>876,820</u>	<u>-</u>	<u>-</u>	<u>876,820</u>
Total Liabilities	<u>937,775</u>	<u>-</u>	<u>22,154</u>	<u>959,929</u>
Deferred inflows of resources				
Net difference between expected and actual earnings	1,088	-	-	1,088
Change of assumptions	2,108	-	-	2,108
Total deferred inflows of resources	<u>3,196</u>	<u>-</u>	<u>-</u>	<u>3,196</u>
Net position				
Net investment in capital asset	3,401,722	-	-	3,401,722
Unrestricted	(224,225)	-	64,775	(159,450)
Total net position	<u>3,177,497</u>	<u>-</u>	<u>64,775</u>	<u>3,242,272</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,118,468</u>	<u>\$ -</u>	<u>\$ 86,929</u>	<u>\$ 4,205,397</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Exhibit D-2

Village of Hatch

**Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Year Ended June 30, 2016**

	<u>Joint Utility</u>	<u>Gas</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 418,781	\$ -	\$ 248,108	\$ 666,889
Total operating revenues	<u>418,781</u>	<u>-</u>	<u>248,108</u>	<u>666,889</u>
Operating expenses:				-
Depreciation and amortization	176,545	-	-	176,545
Personnel services	272,319	-	-	272,319
Contractual services	3,434	-	261,649	265,083
Supplies	5,251	-	-	5,251
Maintenance and Materials	30,237	-	-	30,237
Utilities	92,904	-	-	92,904
Miscellaneous	62,191	-	-	62,191
Total operating expense	<u>642,881</u>	<u>-</u>	<u>261,649</u>	<u>904,530</u>
Operating income (loss)	<u>(224,100)</u>	<u>-</u>	<u>(13,541)</u>	<u>(237,641)</u>
Non-operating revenues (expense):				
Gross receipts taxes	72,174	-	-	72,174
Interest income	253	-	-	253
Interest expense	(22,153)	-	-	(22,153)
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>50,274</u>	<u>-</u>	<u>-</u>	<u>50,274</u>
Income (loss) before contributions and transfers	<u>(173,826)</u>	<u>-</u>	<u>(13,541)</u>	<u>(187,367)</u>
Transfers in	25,974	-	-	25,974
Transfers out	(307,215)	-	(2,368)	(309,583)
Capital Grants	461,111	-	-	461,111
Total contributions and transfers	<u>179,870</u>	<u>-</u>	<u>(2,368)</u>	<u>177,502</u>
Change in Net Position	6,044	-	(15,909)	(9,865)
Net Position, beginning of year	3,180,915	(650)	68,404	3,248,669
Restatement (note 17)	(9,462)	650	12,280	3,468
Net Position - beginning of the year, restated	<u>3,171,453</u>	<u>-</u>	<u>80,684</u>	<u>3,252,137</u>
Net Position - end of the year	<u>\$ 3,177,497</u>	<u>\$ -</u>	<u>\$ 64,775</u>	<u>\$ 3,242,272</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2016

Exhibit D-3

	Joint Utility	Solid Waste	Total
Cash flows from operating activities:			
Cash received from customers	\$ 435,124	\$ 259,525	\$ 694,649
Cash payments to employees for services	(271,691)	-	(271,691)
Cash payments to suppliers for goods and services	(198,562)	(260,793)	(459,355)
Net cash used by operating activities	(35,129)	(1,268)	(36,397)
Cash flow from noncapital financing activities:			
Taxes received	72,174	-	72,174
Miscellaneous	(9,462)	12,280	2,818
Transfers	(281,241)	(2,368)	(283,609)
Net cash provided (used) by noncapital financing activities	(218,529)	9,912	(208,617)
Cash flows from capital and related financing activities:			
Interest paid	(22,153)	-	(22,153)
Principal payments	(26,040)	-	(26,040)
Acquisition of capital assets	(501,832)	-	(501,832)
Proceeds from capital governmental contributions	461,111	-	461,111
Net cash used by capital and related financing activities	(88,914)	-	(88,914)
Cash flows from investing activities:			
Interest income	253	-	253
Net cash provided by investing activities	253	-	253
Net increase (decrease) in cash and cash equivalents	(342,319)	8,644	(333,675)
Cash & cash equivalents - beginning of year	971,793	44,851	1,016,644
Cash & cash equivalents - end of year	\$ 629,474	\$ 53,495	\$ 682,969
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (224,100)	\$ (13,541)	\$ (237,641)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Pension Expense	16,533	-	-
Depreciation	176,545	-	176,545
Changes in assets & liabilities:			
Receivables	15,893	11,417	27,310
Accounts payable	(4,545)	856	(3,689)
Accrued salaries and benefits	620	-	620
Compensated absences	(16,525)	-	(16,525)
Customer deposits	450	-	450
Net cash provided (used) by operating activities	\$ (35,129)	\$ (1,268)	\$ (36,397)

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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, 2016

Exhibit E-1

	<u>Revolving Loan Fund</u>
Assets	
Cash and Cash Equivalents	\$ 425,847
Notes Receivable	<u>55,909</u>
Total Assets	<u>\$ 481,756</u>
Liabilities	
Held in Fiduciary Fund Account	<u>\$ 481,756</u>
Total liabilities	<u>\$ 481,756</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016

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 is 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, 2016

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 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, 2016

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

The *Joint Utility fund* accounts for the fees generated and expenditures incurred for water and sewer services.

The Solid Waste fund accounts activities of the Village's solid waste utility. The Village contracts with Southwest Disposal who handles the Village's Solid Waste Services.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016

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% collectible.

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, 2016, 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, 2016, 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 not uncollected within sixty (60) days of year-end are classified as unearned revenue. The Village did not have material unearned revenues as of June 30, 2016.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016

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, 2016

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 that fund 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 1st 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, 2016

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, 2016 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, 2016

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, 2016, \$7,298,588 of the Village's bank balance of \$8,048,588 were exposed to custodial credit risk. \$6,706,708 of the Villages cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name, and \$591,880 was uninsured and uncollateralized at June 30, 2016.

	1st New Mexico Bank	Bank of the Southwest	Wells Fargo	Total
Deposits	\$ 1,360,361	\$ 1,663,733	\$ 5,024,494	\$ 8,048,588
Less: FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	1,110,361	1,413,733	4,774,494	7,298,588
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>1,710,526</u>	<u>1,200,000</u>	<u>4,396,347</u>	<u>7,306,873</u>
Uninsured and uncollateralized	<u><u>-</u></u>	<u><u>213,733</u></u>	<u><u>378,147</u></u>	<u><u>591,880</u></u>
Collateral requirements (50% of uninsured funds)	555,181	706,867	2,387,247	3,649,294
Pledged Collateral	<u>1,710,526</u>	<u>1,200,000</u>	<u>4,396,347</u>	<u>7,306,873</u>
Over (under) collateralized	<u><u>1,155,345</u></u>	<u><u>493,134</u></u>	<u><u>2,009,100</u></u>	<u><u>3,657,579</u></u>

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

Cash and cash equivalents - Governmental Activities Exhibit A-1	\$ 6,936,657
Cash and cash equivalents - Business-type Activities Exhibit A-1	375,016
Restricted cash and cash equivalents - Business-type Activities Exhibit A-1	269,399
Customer Deposits - Business-type Activities Exhibit A-1	38,554
Cash and cash equivalents - Fiduciary Funds Exhibit E-1	<u>425,847</u>
Total cash and cash equivalents	<u>\$ 8,045,473</u>
Add: outstanding checks	4,933
Less: outstanding deposits	<u>(1,818)</u>
Bank balance of deposits	<u><u>\$ 8,048,588</u></u>

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016.

The Village's investments in Dona Ana County, NM at June 30, 2016 consisted of an investment in land held for sale in the City of Las Cruces, New Mexico. The Village's 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. During the fiscal year ended June 30, 2016 the Village sold 6 lots netting approximately \$415,640. As of June 30, 2016 the Village had 13 developed lots listed for sale with various asking prices per lot. The total asking price of the remaining 13 lots is approximately \$826,000. The historical difference between the asking price and the net proceeds received after discounts and closing costs is approximately -11%. 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, 2016 are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Property taxes	\$ 12,531	\$ -	\$ -
Gross receipts taxes	127,936	-	-
Franchise tax	9,256	-	-
Other receivables:			
Customer Receivables	-	98,257	55,909
Total	\$ 149,723	\$ 98,257	\$ 55,909

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 collectible.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 6/30/2016</u>
All Aboard Preschool	\$ 45,000	4% per annum	\$ 20,414
All Aboard Preschool	100,000	4% per annum	13,025
Hatch Auto Electric	<u>50,000</u>	4% per annum	<u>22,470</u>
 Net Receivables	 <u>\$ 195,000</u>		 <u>\$ 55,909</u>

These notes receivable are considered to be 100% collectible.

NOTE 6. Transfers

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Fire	7,995
General Fund	Swimming Pool Facility	46,795
General Fund	Street Improvements	786
General Fund	Library	51,726
General Fund	Joint Utility	20,974
General Fund	Cemetery	175,000
Economic Development	Joint Utility	5,000
Joint Utility	General Fund	307,215
Solid Waste	General Fund	2,368
Swimming Complex	General Fund	23,127
Cemetery	General Fund	595
Library	General Fund	1,651
EMS	General Fund	435
DWI Grant	General Fund	7,863
Equipment Bldg	General Fund	819,835
		<u>1,471,365</u>

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 is as follows (land and construction in progress is not subject to depreciation):

Governmental Activities:	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:						
Land	\$ 2,343,458	\$ -	\$ 2,343,458	\$ 166,507	\$ -	\$ 2,509,965
Construction in process	418,942	-	418,942	85,165	-	504,107
Total capital assets, not depreciated	<u>2,762,400</u>	<u>-</u>	<u>2,211,112</u>	<u>251,672</u>	<u>-</u>	<u>3,014,072</u>
Capital assets depreciated:						
Buildings	5,511,885	-	5,511,885			5,511,885
Other improvements	4,301,625	-	4,301,625			4,301,625
Infrastructure	4,314,970	-	4,314,970			4,314,970
Machinery and equipment	1,293,655	-	1,293,655	67,293	31,301	1,329,647
Total capital assets, depreciated	<u>15,422,135</u>	<u>-</u>	<u>15,422,135</u>	<u>67,293</u>	<u>31,301</u>	<u>15,458,127</u>
Less accumulated depreciation:						
Buildings	1,892,254	256,104	2,148,358	138,161		2,286,519
Other improvements	1,476,783	-	1,476,783	208,769		1,685,552
Infrastructure	1,567,405	8,450	1,575,855	271,683		1,847,538
Machinery and equipment	834,203	91	834,294	95,099	31,301	898,092
Total accumulated depreciation	<u>5,770,645</u>	<u>\$ 264,645</u>	<u>\$ 6,035,290</u>	<u>\$ 713,712</u>		<u>6,717,701</u>
Capital Assets, Net	<u>\$ 12,413,890</u>					<u>\$ 11,754,498</u>

Deletions of capital assets in fiscal year 2016 consisted of old and fully depreciated items that were considered worthless with original costs less than \$5,000. Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

General Government	292,580
Public Safety	309,289
Public Works	39,629
Culture and Recreation	<u>72,214</u>
Total depreciation expense, governmental activities	<u>\$ 713,712</u>

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Capital Assets (continued)

Business-type activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not depreciated:				
Land	\$ 62,099	\$ -	\$ -	\$ 62,099
Total capital assets not depreciated	62,099	-		62,099
Capital asset depreciated:				
Buildings	54,666	-	-	54,666
Utility system	8,503,691	501,832	-	9,005,523
Machinery and equipment	1,199,903	-	29,427	1,170,476
Total capital assets, depreciated	9,758,260	501,832		10,230,665
Less accumulated depreciation:				
Buildings	54,666	-	-	54,666
Utility system	5,495,906	176,545	-	5,672,451
Machinery and equipment	1,193,352	-	29,427	1,163,925
Total accumulated depreciation	6,743,924	176,545	29,427	6,891,042
Capital Assets, Net	<u>\$ 3,076,435</u>			<u>\$ 3,401,722</u>

NOTE 8. Long-term Debt

Governmental Activities

During the year ended June 30, 2016, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
NMFA Loans	\$ 69,379	\$ -	\$ 16,815	\$ 52,564	\$ 17,164
State Board of Finance 209-172	392,853	-	392,853	-	
Compensated Absences	30,922	15,987	25,776	21,133	21,133
Total Long Term Debt	<u>\$ 493,154</u>	<u>\$ 15,987</u>	<u>\$ 435,444</u>	<u>\$ 73,697</u>	<u>\$ 38,297</u>

On June 20, 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. The Village paid this loan off in full during the fiscal year ended June 30, 2016.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

The debt service requirements on long term debt for governmental activities at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 17,164	\$ 1,089	\$ 18,253
2018	17,501	752	\$ 18,253
2019	17,899	389	\$ 18,288
	<u>\$ 52,564</u>	<u>\$ 2,229</u>	<u>\$ 54,793</u>

Business-Type Activities

	Balance June 30, 2015	Restatements	Balance June 30, 2015 Restated	Additions	Retirements	Balance June 30, 2016	Due Within One Year
USDA Revenue Bonds	\$ 728,400	(10,000)	\$ 718,400	\$ -	\$ 13,000	\$ 705,400	\$ 13,000
NMED Clean Water Loan	40,000	-	40,000	-	2,500	37,500	2,500
NMFA Loans	9,953	-	9,953	-	540	9,413	540
Compensated Absences	30,831	-	30,831	12,358	28,883	14,306	14,306
Total Long Term Debt	<u>\$ 809,184</u>	<u>\$ (10,000)</u>	<u>\$ 799,184</u>	<u>\$ 12,358</u>	<u>\$ 44,923</u>	<u>\$ 766,619</u>	<u>\$ 30,346</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, 2016 in the amount of \$99,199. These loans have average interest rated between 2.3% and 2.65%.

New Mexico 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, 2016

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 from 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, 2016 are as follows:

Fiscal Year Ending June	Principal	Interest	Total
2017	16,040	56,683	72,726
2018	17,044	53,760	70,804
2019	17,045	20,669	37,714
2020	18,047	47,815	65,862
2021	18,048	44,818	62,866
2022-2026	101,261	178,704	279,965
2027-2031	116,296	100,883	217,179
2032-2036	119,128	57,296	176,424
2037-2041	121,400	36,558	157,958
2042-2046	95,000	23,343	118,343
2047-2051	113,004	10,573	123,574
	752,313	631,102	1,383,414
	752,313	631,102	1,383,414

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, 2016, 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, 2016

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, 2016 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions

The contribution requirements of defined benefit plan members and the Village are established by 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 FY15 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 FY15 annual audit report at: http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$102,877 for the year ended June 30, 2016. 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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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.

For PERA Fund Division Municipal General, at June 30, 2016, the Village reported a liability of \$534,263 (\$415,389 for governmental funds and \$118,874 for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was .0524 percent, which was slightly changed from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General Pension expense of \$25,056. At June 30, 2016, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,834
Changes of assumptions	-	208
Net difference between projected and actual earnings on pension plan investments	-	1,690
Changes in proportion and differences between Village's contributions and proportionate share of contributions	14,892	-
Village's contributions subsequent to the measurement date	43,472	-
Total	\$ 58,364	\$ 13,732

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

Village contributions of \$43,472 (\$26,939 for governmental funds and \$16,533 for proprietary funds) are reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2015 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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>
2017	14,151
2018	14,151
2019	14,151
2020	(28,721)
<u>Thereafter</u>	<u>-</u>
Total	<u><u>13,732</u></u>

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, 2016, the Village reported a liability of \$722,246 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was .1502 percent, which was slightly changed from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal Police pension expense of \$93,220. At June 30, 2016, 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	\$ 50,465	\$ -
Changes of assumptions	-	29,881
Net difference between projected and actual earnings on pension plan investments	-	2,003
Changes in proportion and differences between Village's contributions and proportionate share of contributions	146,616	-
Village's contributions subsequent to the measurement date	<u>59,405</u>	<u>-</u>
Total	<u><u>\$ 256,486</u></u>	<u><u>\$ 31,884</u></u>

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

Village contributions of \$59,405 reported as deferred outflows of resources related to pensions resulting the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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>
2017	6,150
2018	6,150
2019	6,150
2020	(37,033)
Thereafter	-
Total	<u><u>(18,583)</u></u>

Note: Difference related to \$50,465 in actual differences bringing total to \$(18,583).

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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
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
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables
Experience Study Dates	July 1, 2008 to June 30, 2013

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (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%	

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 Village's net pension liability in each PERA Fund Division that the Village 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.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

<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	\$ 909,639	\$ 534,263	\$ 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	\$ 1,192,745	\$ 722,246	\$ 336,277

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

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

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

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

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

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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.

The Village's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$15,751, \$14,587 and \$12,835, respectively, which equal the required contributions for each year.

NOTE 12. Expenditures over appropriations

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

- A. Excess of expenditures over appropriations exceeded approved budgetary authority for the year ended June 30, 2016 in the following funds:

Fund	Amount
Law Enforcement	\$ 357
Solid Waste	\$ 13,649

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 13. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is October 31, 2016 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 \$1,259,059 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 33 and pages 58-59.

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:

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2017	\$ 1,222
2018	564
2019	-
2020	-
2021	-
Total	<u>\$ 1,786</u>

NOTE 16. Related Party

As of June 30, 2016, the Village's management was not aware of any related party relationships.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 17. Restatements

The Village has recorded restatements to net position to prior years financial statements to correct errors in accumulative depreciation, transfers, expenses, and payment dates of debt retirements.

Fund Name	Net position June 30, 2015	Prior Period Expenses and Transfers	Restatement to Accumulative Depreciation	Debt Restatement	Restated Net Position June 30, 2015
Government Wide Restatements:					
Governmental Activities	\$ 20,169,104	\$ (3,854)	\$ (264,643)	\$ -	\$ 19,900,607
Business-type Activities	3,248,669	(6,532)	-	10,000	3,252,137
Total	\$ 23,417,773	\$ (10,386)	\$ (264,643)	\$ 10,000	\$ 23,152,744
Major Governmental Funds Restatements:					
General Fund	6,887,880	56,359	-	-	6,944,239
Total Major Governmental Funds	6,887,880	56,359	-	-	6,944,239
Nonmajor Governmental Fund Restatements:					
Parks and Recreation	73,555	(48,062)	-	-	25,493
Cemetery	207,223	553	-	-	207,776
Library	71,179	(7,590)	-	-	63,589
Swimming Pool Facility	1,170	31	-	-	1,201
Law Enforcement	(4,559)	4,916	-	-	357
Stonegarden Grant	10,061	(10,061)	-	-	-
Total Nonmajor Governmental Funds	358,629	(60,213)	-	-	298,416
Total Governmental Funds Restatements	7,246,509	(3,854)	-	-	7,242,655
Proprietary Fund Restatements:					
Joint Utility	3,180,915	(19,462)	-	10,000	3,171,453
Gas	(650)	650	-	-	-
Solid Waste	68,404	12,280	-	-	80,684
Total Proprietary Fund Restatements	\$ 3,248,669	\$ (6,532)	\$ -	\$ 10,000	\$ 3,252,137

NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 30, 2016. This pronouncement will not affect the Village's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Village is still evaluating how this pronouncement will affect the Village.

GASB No. 72 – Fair Value Measurement and Application. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Village's financial statements.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 18. Subsequent Pronouncements (continued)

GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Village's financial statements.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No.73. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

NOTE 18. Joint powers agreements

The Village has entered into various agreements as follows:

- Mesilla Valley Regional Dispatch Authority (MVRDA)
- Housing of Prisoners
- Animal Control Services
- Building Permits and Inspections
- Fire Protection and Emergency Response
- EMNR Department and Village of Hatch
- State of NM Taxation and Revenue Department and Village of Hatch

The details to the above agreements are on Schedule VI on pages 105-109.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Hatch

Schedules of Required Supplementary Information

Schedule of the Village of Hatch 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>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.1502	0.0913
Village's proportionate share of the net pension liability (asset)	\$ 722,246	\$ 297,628
Village's covered-employee payroll	\$ 301,535	\$ 312,258
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	239.52%	95.31%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	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.

Village of Hatch

Schedules of Required Supplementary Information

**Schedule of the Village of Hatch 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>2016</u>		<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0524		0.0499
Village's proportionate share of the net pension liability (asset)	\$ 534,263	\$	389,274
Village's covered-employee payroll	\$ 490,210	\$	369,008
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.99%		105.49%
Plan fiduciary net position as a percentage of the total pension liability	76.99%		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.

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 II

MUNICIPAL POLICE FUND

	<u>2016</u>		<u>2015</u>
Contractually required contribution	\$ 55,935	\$	57,924
Contributions in relation to the contractually required contribution	\$ 56,062	\$	58,160
Contribution deficiency (excess)	\$ (127)	\$	(236)
Village's covered-employee payroll	\$ 301,535	\$	312,258
Contributions as a percentage of covered-employee payroll	18.59%		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.

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 II

MUNICIPAL GENERAL FUND

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 46,815	\$ 39,299
Contributions in relation to the contractually required contribution	46,815	38,963
Contribution deficiency (excess)	\$ 0	\$ 336
Village's covered-employee payroll	\$ 490,210	\$ 369,008
Contributions as a percentage of covered-employee payroll	9.55%	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.

STATE OF NEW MEXICO
Village of Hatch
Notes to the Schedule of Required Supplementary Information
For the year Ended June 30, 2016

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf.

The Summary of Key Findings for the PERA Fund (on page 2 of the report) states “The return on the actuarial value of assets was 7.64% compared to the expected return of 7.75%. The total increase to the unfunded actuarial accrued liability is \$410 million and results in a decrease to the funded ratio from 75.8% to 74.9%.” For details about the actuarial assumptions, see Appendix B on page 53 of the report.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Village of Hatch
Nonmajor Fund Description
June 30, 2016

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)

Parks and Recreation – To account for the operation of summer recreation programs. Financing is provided by grants from Dona Ana County.

Equipment/Building – To account for expenditures related to repair and maintenance and capital improvements to the Village’s infrastructure.

DWI Grant – The DWI program partners with many entities that include law enforcement, MADD, 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, 2016

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.

STATE OF NEW MEXICO
Village of Hatch
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Fire Fund	Police Seizure	Cemetery	Library
Assets				
Cash and cash equivalents	\$ 143,101	\$ 19,677	\$ 228,222	\$ 58,790
Total assets	\$ 143,101	\$ 19,677	\$ 228,222	\$ 58,790
Liabilities and fund balance				
Liabilities				
Accounts payable	681	-	-	831
Total liabilities	681	-	-	831
Fund balance				
Restricted	142,420	19,677	228,222	57,959
Total fund balance	142,420	19,677	228,222	57,959
Total liabilities and fund balance	\$ 143,101	\$ 19,677	\$ 228,222	\$ 58,790

See Independent Auditors' Report and Notes to Financial Statements

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>
\$ 6,739	\$ 204,431	\$ -	\$ 13,440	\$ -	\$ -
\$ 6,739	\$ 204,431	\$ -	\$ 13,440	\$ -	\$ -
-	1,356	-	2,676	-	-
-	1,356	-	2,676	-	-
6,739	203,075	-	10,764	-	-
6,739	203,075	-	10,764	-	-
<u>\$ 6,739</u>	<u>\$ 204,431</u>	<u>\$ -</u>	<u>\$ 13,440</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Village of Hatch
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue</u>			
	<u>Parks and Recreation</u>	<u>Equipment Bldg</u>	<u>DWI Grant</u>	<u>Stonegarden Grant</u>
Assets				
Cash and cash equivalents	\$ 17,599	\$ 150,000	\$ -	\$ -
Total assets	<u>\$ 17,599</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	1,142	-	-	-
Total liabilities	<u>1,142</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance				
Restricted	16,457	150,000	-	-
Total fund balance	<u>16,457</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 17,599</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Special Revenue</u>	<u>Capital Projects</u>				
<u>Municipal Street Fund Appropriations</u>	<u>Swim-Train Facility</u>	<u>Street Improvements</u>	<u>Airport Action Plan</u>	<u>Placitas Arroyo</u>	<u>Rapid Response Fire Truck</u>
\$ 63,699	\$ -	\$ 35,655	\$ 249,132	\$ 53,642	\$ 23,840
<u>\$ 63,699</u>	<u>\$ -</u>	<u>\$ 35,655</u>	<u>\$ 249,132</u>	<u>\$ 53,642</u>	<u>\$ 23,840</u>
-	-	2,222	-	-	-
-	-	2,222	-	-	-
63,699	-	33,433	249,132	53,642	23,840
63,699	-	33,433	249,132	53,642	23,840
<u>\$ 63,699</u>	<u>\$ -</u>	<u>\$ 35,655</u>	<u>\$ 249,132</u>	<u>\$ 53,642</u>	<u>\$ 23,840</u>

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**STATE OF NEW MEXICO
 Village of Hatch
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016**

	Total Other Governmental Funds
Assets	
Cash and cash equivalents	\$ 1,267,967
Total assets	\$ 1,267,967
Liabilities and fund balance	
Liabilities	
Accounts payable	8,908
Total liabilities	8,908
Fund balance	
Restricted	1,259,059
Total fund balance	1,259,059
Total liabilities and fund balance	\$ 1,267,967

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, 2016

	Special Revenue			
	Fire Fund	Police Seizure	Cemetery	Library
Revenues				
Charges for services	\$ -	\$ -	\$ 7,276	\$ -
State operating grants	47,924	-	-	15,390
State capital grants	22,509	-	-	-
Miscellaneous income	6,000	2,705	2,295	9,111
Interest income	-	-	128	-
Total revenue	76,433	2,705	9,699	24,501
Expenditures				
Current:				
Public safety	36,655	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	80,206
Capital outlay	-	48,346	163,658	-
Debt service:				
Principal	16,815	-	-	-
Interest	1,437	-	-	-
Total expenditures	54,907	48,346	163,658	80,206
Excess (deficiency) of revenues over expenditures	21,526	(45,641)	(153,959)	(55,705)
Other financing sources (uses)				
Transfers in	7,995	-	175,000	51,726
Transfers out	-	-	(595)	(1,651)
Total other financing sources (uses)	7,995	-	174,405	50,075
Net change in fund balance	29,521	(45,641)	20,446	(5,630)
Fund balance - beginning of year	112,899	65,318	207,223	71,179
Restatement (Note 17)	-	-	553	(7,590)
Fund balance - beginning of year, restated	112,899	65,318	207,776	63,589
Fund balance - end of year	\$ 142,420	\$ 19,677	\$ 228,222	\$ 57,959

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Lodgers' Tax	Corrections	Economic Development	Swimming Pool Facility	Law Enforcement	EMS
\$ -	\$ -	\$ -	\$ 20,742	\$ -	\$ -
-	-	-	-	23,600	6,028
-	-	-	-	-	-
1,490	57,036	-	-	-	-
-	-	-	-	-	-
<u>1,490</u>	<u>57,036</u>	<u>-</u>	<u>20,742</u>	<u>23,600</u>	<u>6,028</u>
-	6,573	-	-	5,010	6,028
-	-	-	-	-	-
1,081	-	-	57,974	-	-
-	-	-	-	18,947	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,081</u>	<u>6,573</u>	<u>-</u>	<u>57,974</u>	<u>23,957</u>	<u>6,028</u>
409	50,463	-	(37,232)	(357)	-
-	-	-	46,795	-	-
-	-	(5,000)	-	-	(435)
-	-	(5,000)	46,795	-	(435)
409	50,463	(5,000)	9,563	(357)	(435)
6,330	152,612	5,000	1,170	(4,559)	435
-	-	-	31	4,916	-
<u>6,330</u>	<u>152,612</u>	<u>5,000</u>	<u>1,201</u>	<u>357</u>	<u>435</u>
<u>\$ 6,739</u>	<u>\$ 203,075</u>	<u>\$ -</u>	<u>\$ 10,764</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Village of Hatch
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue</u>			
	<u>Parks and Recreation</u>	<u>Equipment Bldg</u>	<u>DWI Grant</u>	<u>Stonegarden Grant</u>
Revenues				
Charges for services	\$ 5,625	\$ -	\$ -	\$ -
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous income	4,147	-	-	-
Interest income	-	-	-	-
Total revenue	<u>9,772</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	18,808	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(9,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(819,835)	(7,863)	-
Total other financing sources (uses)	<u>-</u>	<u>(819,835)</u>	<u>(7,863)</u>	<u>-</u>
Net change in fund balance	(9,036)	(819,835)	(7,863)	-
Fund balance - beginning of year	73,555	969,835	7,863	10,061
Restatement (Note 17)	(48,062)	-	-	(10,061)
Fund balance - beginning of year, restated	<u>25,493</u>	<u>969,835</u>	<u>7,863</u>	<u>-</u>
Fund balance - end of year	<u>\$ 16,457</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

Capital Projects

Municipal Street Appropriations	Swim-Train Facility	Street Improvements	Airport Action Plan	Placitas Arroyo	Rapid Response Fire Truck
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	59,178	56,444	-	-
-	-	-	-	-	-
-	-	-	-	-	36
-	-	59,178	56,444	-	36
-	-	-	-	-	-
-	-	-	57,224	-	-
-	-	-	-	-	-
-	-	85,165	-	2,849	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	85,165	57,224	2,849	-
-	-	(25,987)	(780)	(2,849)	36
-	-	786	-	-	-
-	(23,127)	-	-	-	-
-	(23,127)	786	-	-	-
-	(23,127)	(25,201)	(780)	(2,849)	36
63,699	23,127	58,634	249,912	56,491	23,804
-	-	-	-	-	-
63,699	23,127	58,634	249,912	56,491	23,804
\$ 63,699	\$ -	\$ 33,433	\$ 249,132	\$ 53,642	\$ 23,840

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STATE OF NEW MEXICO

Village of Hatch

Statement A-2

Page 3 of 3

**Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016**

	<u>Total Other Governmental Funds</u>	
Revenues		
Charges for services	\$	33,643
State operating grants		92,942
State capital grants		138,131
Miscellaneous income		82,784
Interest income		164
Total revenue		<u>347,664</u>
Expenditures		
Current		
Public safety		54,266
Public works		57,224
Culture and recreation		158,069
Capital outlay		318,965
Debt service:		
Principal		16,815
Interest		1,437
Total expenditures		<u>606,776</u>
Excess (deficiency) of revenues over expenditures		<u>- (259,112)</u>
Other financing sources (uses)		
Transfers in		282,302
Transfers out		<u>(858,506)</u>
Total other financing sources (uses)		<u>(576,204)</u>
Net change in fund balance		<u>(835,316)</u>
Fund balance - beginning of year		<u>2,154,588</u>
Restatement (Note 17)		<u>(60,213)</u>
Fund balance - beginning of year, restated		<u>2,094,375</u>
Fund balance - end of year	\$	<u><u>1,259,059</u></u>

See Independent Auditors' Report and Notes to Financial Statements

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	47,943	47,943	47,924	(19)
State capital grants	18,253	18,253	22,509	4,256
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	10	10	-	(10)
Miscellaneous	6,000	6,000	6,000	-
Total revenue	<u>72,206</u>	<u>72,206</u>	<u>76,433</u>	<u>4,227</u>
Expenditures				
Current :				
General government	-	-	-	-
Public safety	53,953	53,953	36,356	17,597
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	18,253	18,253	16,815	1,438
Interest	-	-	1,437	(1,437)
Total expenditures	<u>72,206</u>	<u>72,206</u>	<u>54,608</u>	<u>17,598</u>
Excess (deficiency) of revenues over expenditures	-	-	21,825	21,825
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	7,995	7,995
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	7,995	7,995
Net Change in fund balance	-	-	29,820	29,820
Fund balance - beginning of year	-	-	108,094	108,094
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,914</u>	<u>\$ 137,914</u>
Net change in fund balance (non-GAAP budgetary basis)				29,820
Adjustments to revenue				-
Adjustment to expenditures for maintenance				(299)
Net Change in fund balance (GAAP basis)				<u>\$ 29,521</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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	60,000	60,000	2,705	(57,295)
Total revenue	<u>60,000</u>	<u>60,000</u>	<u>2,705</u>	<u>(57,295)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	60,000	60,000	48,346	11,654
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>48,346</u>	<u>11,654</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(45,641)</u>	<u>(45,641)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	(45,641)	(45,641)
Fund balance - beginning of year	-	-	65,318	65,318
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,677</u>	<u>\$ 19,677</u>
Net change in fund balance (non-GAAP budgetary basis)				(45,641)
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ (45,641)</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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	10,500	10,500	7,276	(3,224)
License and fees	-	-	-	-
Investment income	-	-	128	128
Miscellaneous	-	-	-	-
Total revenue	<u>10,500</u>	<u>10,500</u>	<u>7,404</u>	<u>(3,096)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	10,500	10,500	10,518	(18)
Capital outlay	45,000	175,000	163,658	11,342
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>55,500</u>	<u>185,500</u>	<u>174,176</u>	<u>11,324</u>
Excess (deficiency) of revenues over expenditures	<u>(45,000)</u>	<u>(175,000)</u>	<u>(166,772)</u>	<u>8,228</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	45,000	175,000		
Transfers in	45,000	175,000	175,000	-
Transfers out	0	-	(595)	(595)
Total other financing sources (uses)	<u>45,000</u>	<u>175,000</u>	<u>174,405</u>	<u>(595)</u>
Net Change in fund balance	-	-	7,633	7,633
Fund balance - beginning of year	-	-	217,567	217,567
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,200</u>	<u>\$ 225,200</u>
Net change in fund balance (non-GAAP budgetary basis)				7,633
Adjustments to revenue				-
Adjustment to expenditures for maintenance				12,813
Net Change in fund balance (GAAP basis)				<u>\$ 20,446</u>

**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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	8,000	8,000	15,390	7,390
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	12,000	12,000	9,111	(2,889)
Total revenue	20,000	20,000	24,501	4,501
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	80,402	80,402	79,722	680
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	80,402	80,402	79,722	680
Excess (deficiency) of revenues over expenditures	(60,402)	(60,402)	(55,221)	5,181
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	60,402	60,402		
Transfers in	60,402	60,402	51,726	(8,676)
Transfers out	-	-	(1,651)	(1,651)
Total other financing sources (uses)	60,402	60,402	50,075	(10,327)
Net Change in fund balance	-	-	(5,146)	(5,146)
Fund balance - beginning of year	-	-	61,622	61,622
Fund balance - end of year	\$ -	\$ -	\$ 56,476	\$ 56,476
Net change in fund balance (non-GAAP budgetary basis)				(5,146)
Adjustments to revenue				-
Adjustment to expenditures for supplies				(484)
Net Change in fund balance (GAAP basis)				\$ (5,630)

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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	2,600	2,600	-	(2,600)
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	1,490	1,490
Total revenue	<u>2,600</u>	<u>2,600</u>	<u>1,490</u>	<u>(1,110)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,600	2,600	1,081	1,519
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,600</u>	<u>2,600</u>	<u>1,081</u>	<u>1,519</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>409</u>	<u>409</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>409</u>	<u>409</u>
Fund balance - beginning of year	-	-	6,330	6,330
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,739</u>	<u>\$ 6,739</u>
Net change in fund balance (non-GAAP budgetary basis)				409
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ 409</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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	18,500	18,500	57,036	38,536
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>18,500</u>	<u>18,500</u>	<u>57,036</u>	<u>38,536</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	18,500	18,500	5,217	13,283
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,500</u>	<u>18,500</u>	<u>5,217</u>	<u>13,283</u>
Excess (deficiency) of revenues over expenditures	-	-	51,819	51,819
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	51,819	51,819
Fund balance - beginning of year	-	-	152,612	152,612
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,431</u>	<u>\$ 204,431</u>
Net change in fund balance (non-GAAP budgetary basis)				51,819
Adjustments to revenue				-
Adjustment to expenditures for supplies				(1,356)
Net Change in fund balance (GAAP basis)				<u>\$ 50,463</u>

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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(5,000)	(5,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Fund balance - beginning of year	-	-	5,000	5,000
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				(5,000)
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ (5,000)</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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	11,000	11,000	20,742	9,742
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>11,000</u>	<u>11,000</u>	<u>20,742</u>	<u>9,742</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	58,525	58,525	58,524	1
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>58,525</u>	<u>58,525</u>	<u>58,524</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(47,525)</u>	<u>(47,525)</u>	<u>(37,782)</u>	<u>9,743</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	47,525	47,525	-	-
Transfers in	47,525	47,525	46,795	(730)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>47,525</u>	<u>47,525</u>	<u>46,795</u>	<u>(730)</u>
Net Change in fund balance	-	-	9,013	9,013
Fund balance - beginning of year	-	-	1,201	1,201
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,214</u>	<u>\$ 10,214</u>
Net change in fund balance (non-GAAP budgetary basis)				9,013
Adjustments to revenue for charges for services				550
Adjustment to expenditures				
Net Change in fund balance (GAAP basis)				<u>\$ 9,563</u>

STATE OF NEW MEXICO

Statement B-9

Village of Hatch

Law Enforcement

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	23,600	23,600	23,600	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>23,600</u>	<u>23,600</u>	<u>23,600</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	12,600	12,600	5,010	7,590
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	11,000	11,000	18,947	(7,947)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>23,600</u>	<u>23,600</u>	<u>23,957</u>	<u>(357)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(357)</u>	<u>(357)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>(357)</u>	<u>(357)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>357</u>	<u>(5,456)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,813)</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>(357)</u>
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ (357)</u>

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	7,500	7,500	6,028	(1,472)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	7,500	7,500	6,028	(1,472)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	7,500	7,500	6,028	1,472
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	7,500	7,500	6,028	1,472
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(435)	(435)
Total other financing sources (uses)	-	-	(435)	(435)
Net Change in fund balance	-	-	(435)	(435)
Fund balance - beginning of year	-	-	435	435
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)				(435)
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				\$ (435)

STATE OF NEW MEXICO

Statement B-11

Village of Hatch

Parks & Recreation

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	28,096	28,096	5,625	(22,471)
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	5,500	5,500	4,147	(1,353)
Total revenue	<u>33,596</u>	<u>33,596</u>	<u>9,772</u>	<u>(23,824)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	33,596	33,596	18,020	15,576
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>33,596</u>	<u>33,596</u>	<u>18,020</u>	<u>15,576</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(8,248)</u>	<u>(8,248)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>(8,248)</u>	<u>(8,248)</u>
Fund balance - beginning of year	-	-	25,493	25,493
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,245</u>	<u>\$ 17,245</u>
Net change in fund balance (non-GAAP budgetary basis)				(8,248)
Adjustments to revenue				-
Adjustment to expenditures maintenance				(788)
Net Change in fund balance (GAAP basis)				<u>\$ (9,036)</u>

STATE OF NEW MEXICO

Statement B-12

Village of Hatch

Equipment Bldg

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(819,835)	(819,835)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(819,835)</u>	<u>(819,835)</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>(819,835)</u>	<u>(819,835)</u>
Fund balance - beginning of year	-	-	969,835	969,835
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>(819,835)</u>
Adjustments to revenue				-
Adjustment to expenditures maintenance				-
Net Change in fund balance (GAAP basis)				<u>\$ (819,835)</u>

STATE OF NEW MEXICO

Statement B-13

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, 2016**

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

STATE OF NEW MEXICO

Statement B-14

Village of Hatch

Stonegarden Grant

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

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

STATE OF NEW MEXICO

Statement B-15

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, 2016

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

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, 2016**

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

STATE OF NEW MEXICO

Statement B-17

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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	48,750	48,750	59,178	10,428
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>48,750</u>	<u>48,750</u>	<u>59,178</u>	<u>10,428</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	305,253	305,253	82,943	222,310
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>305,253</u>	<u>305,253</u>	<u>82,943</u>	<u>222,310</u>
Excess (deficiency) of revenues over expenditures	<u>(256,503)</u>	<u>(256,503)</u>	<u>(23,765)</u>	<u>232,738</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	256,503	256,503	-	-
Transfers in	-	-	786	786
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>786</u>	<u>786</u>
Net Change in fund balance	<u>(256,503)</u>	<u>(256,503)</u>	<u>(22,979)</u>	<u>(22,979)</u>
Fund balance - beginning of year	-	-	(57,103)	(57,103)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,082)</u>	<u>\$ (80,082)</u>
Net change in fund balance (non-GAAP budgetary basis)				(22,979)
Adjustments to revenue				-
Adjustment to expenditures for capital outlay				(2,222)
Net Change in fund balance (GAAP basis)				<u>\$ (25,201)</u>

STATE OF NEW MEXICO

Statement B-18

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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	-	-	-	-
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	175,330	175,330	56,444	(118,886)
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>175,330</u>	<u>175,330</u>	<u>56,444</u>	<u>(118,886)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	178,599	178,599	57,224	121,375
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>178,599</u>	<u>178,599</u>	<u>57,224</u>	<u>121,375</u>
Excess (deficiency) of revenues over expenditures	<u>(3,269)</u>	<u>(3,269)</u>	<u>(780)</u>	<u>2,489</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	3,269	3,269	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>(3,269)</u>	<u>(3,269)</u>	<u>(780)</u>	<u>(780)</u>
Fund balance - beginning of year	-	-	249,912	249,912
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,132</u>	<u>\$ 249,132</u>
Net change in fund balance (non-GAAP budgetary basis)				(780)
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ (780)</u>

STATE OF NEW MEXICO

Statement B-19

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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	500,000	500,000	-	(500,000)
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	500,000	500,000	2,849	497,151
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>2,849</u>	<u>497,151</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(2,849)</u>	<u>(2,849)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>(2,849)</u>	<u>(2,849)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>56,491</u>	<u>56,491</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,642</u>	<u>\$ 53,642</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>(2,849)</u>
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ (2,849)</u>

STATE OF NEW MEXICO

Statement B-20

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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	36	36
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Fund balance - beginning of year	-	-	23,804	23,804
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,840</u>	<u>\$ 23,840</u>
Net change in fund balance (non-GAAP budgetary basis)				36
Adjustments to revenue				-
Adjustment to expenditures				-
Net Change in fund balance (GAAP basis)				<u>\$ 36</u>

Village of Hatch

Joint Utility

**Statement of Revenues, Expenditures and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 536,679	515,679	\$ 418,781	\$ (96,898)
Total operating revenues	<u>536,679</u>	<u>515,679</u>	<u>418,781</u>	<u>(96,898)</u>
Operating expenses:				
Personnel services	290,447	251,679	272,319	(20,640)
Contractual services	3,663	4,500	3,434	1,066
Supplies	5,601	6,500	5,251	1,249
Maintenance and Materials	32,250	1,044,506	30,237	1,014,269
Utilities	99,088	103,000	92,904	10,096
Miscellaneous	66,331	159,558	62,191	97,367
Total operating expense	<u>497,380</u>	<u>1,569,743</u>	<u>466,336</u>	<u>1,103,407</u>
Operating income (loss)	<u>39,299</u>	<u>(1,054,064)</u>	<u>(47,555)</u>	<u>1,006,509</u>
Non-operating revenues (expense):				
Capital outlay				
Principal Payments	(39,300)	(17,070)	(15,500)	1,570
Loan proceeds	-	-	-	-
Governmental contributions	78,000	-	72,174	72,174
Interest income	41,429	41,429	253	(41,176)
Interest Expense	(22,230)	(22,230)	(22,153)	77
Total non-operating revenues (expense)	<u>57,899</u>	<u>2,129</u>	<u>34,774</u>	<u>32,645</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	25,974	25,974
Transfers out	-	-	(307,215)	(307,215)
Capital Grants	-	1,261,935	461,111	(800,824)
Total contributions and transfers	<u>-</u>	<u>1,261,935</u>	<u>179,870</u>	<u>(1,082,065)</u>
Change in Net Position	<u>\$ 97,198</u>	<u>\$ 210,000</u>	<u>167,089</u>	<u>\$ (42,911)</u>
Adjustment to expenditures for depreciation expense, and principal payments			(161,045)	
Net Position, beginning of year			<u>3,171,453</u>	
Net Position - end of the year			<u>\$ 3,177,497</u>	

Village of Hatch

Gas

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	GAAP Basis	Favorable (unfavorable) Final to actual
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-
Operating expenses:				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Total operating expense	-	-	-	-
Operating income (loss)	-	-	-	-
Non-operating revenues (expense):				
Capital outlay	-	-	-	-
Principal Payments	-	-	-	-
Loan proceeds	-	-	-	-
Governmental contributions	-	-	-	-
Interest income	-	-	-	-
Interest Expense	-	-	-	-
Total non-operating revenues (expense)	-	-	-	-
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital Grants	-	-	-	-
Total contributions and transfers	-	-	-	-
Change in Net Position	\$ -	\$ -	-	\$ -
Net Position, beginning of year			-	
Net Position - end of the year			\$ -	

Village of Hatch

Solid Waste

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 250,000	\$ 248,000	\$ 248,108	\$ 108
Total operating revenues	<u>250,000</u>	<u>248,000</u>	<u>248,108</u>	<u>108</u>
Operating expenses:				
Depreciation Expense	-	-	-	-
Personnel services	-	-	-	-
Contractual services	250,000	248,000	261,649	(13,649)
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Total operating expense	<u>250,000</u>	<u>248,000</u>	<u>261,649</u>	<u>(13,649)</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>(13,541)</u>	<u>(13,541)</u>
Non-operating revenues (expense):				
Capital outlay	-	-	-	-
Principal Payments	-	-	-	-
Loan proceeds	-	-	-	-
Governmental contributions	-	-	-	-
Interest income	-	-	-	-
Interest Expense	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	(2,368)	(2,368)
Capital Grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>(2,368)</u>	<u>(2,368)</u>
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,909)</u>	<u>\$ (15,909)</u>
Net Position, beginning of year			<u>80,684</u>	
Net Position - end of the year			<u>\$ 64,775</u>	

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Hatch
Schedule of Deposits
June 30, 2016

Schedule III

	1st New Mexico Bank	Bank of the Southwest	Wells Fargo	Totals
General Fund - Savings	\$ 134,968	\$ -	\$ -	\$ 134,968
General Fund - Payroll	143,766	-	-	143,766
Parks and Recreation - Checking	17,599	-	-	17,599
Library - Checking	59,446	-	-	59,446
Cemetery - Savings	49,402	-	-	49,402
Municipal Street - Checking	45,200	-	-	45,200
Joint Utility - Checking	305,420	-	-	305,420
Joint Utility - Savings	178,713	-	-	178,713
Revolving Loan Fund - Savings	425,847	-	-	425,847
General Fund - Checking	-	1,620,225	-	1,620,225
Police Seizure - Checking	-	19,677	-	19,677
Rapid Response Firetruck - Checking	-	23,831	-	23,831
General Fund - Savings	-	-	4,573,722	4,573,722
Fire - Checking	-	-	143,101	143,101
Joint Utility - Savings	-	-	128,888	128,888
Cemetery CD	-	-	178,783	178,783
	\$ 1,360,361	\$ 1,663,733	\$ 5,024,494	8,048,588
			Net Reconciling Items	(3,115)
			Total cash & cash equivalents	\$ 8,045,473
			Cash and cash equivalents - Exhibit A-1	\$ 7,311,673
			Restricted Cash and cash equivalents Exhibit A-1	269,399
			Customer Deposits Exhibit A-1	38,554
			Cash & Cash Equivalents Fiduciary Funds Exhibit E-1	425,847
			Total cash & cash equivalents	\$ 8,045,473

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Schedule of Collateral Pledged by Depository
June 30, 2016

Schedule IV

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	FMV Value at June 30, 2016	
1st New Mexico Bank	PENA	9/1/2023	PENA 706593NA0	\$	155,597
1st New Mexico Bank	FHLB	3/10/2023	FHLB 313382AX1		1,034,504
1st New Mexico Bank	ALAM	8/1/2024	ALAM 011464GZ1		520,425
Wells Fargo	FNMA	8/1/2043	3138X5gw1		1,464,921
Wells Fargo	Repurchase Agreement	12/1/2016	36179NVN5		2,931,426
Bank of the Southwest	FHLB	11/2/2016	2704000099		150,000
Bank of the Southwest	Letter of Credit	12/5/2016	NA	\$	1,050,000
			Total	\$	7,306,873

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Fiduciary Funds
Statement of Changes in Assets & Liabilities
For the Year Ended June 30, 2016

Schedule V

Revolving Loan Fund				
	Balance June 30, 2015	Receipts	Disbursements	Balance June 30, 2016
Assets				
Cash and Cash Equivalents	\$ 407,819	\$ 18,028	\$ -	425,847
Notes Receivable	74,067	-	18,158	55,909
Total Assets	\$ 481,886	\$ 18,028	\$ 18,158	\$ 481,756
Liabilities				
Held in Fiduciary Fund Account	481,886	18,028	18,158	481,756
Total liabilities	\$ 481,886	\$ 18,028	\$ 18,158	\$ 481,756

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Joint Powers Agreements
June 30, 2016

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, 2016

Schedule VI
Page 2 of 4

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

See Independent Auditors' Report

**STATE OF NEW MEXICO
Village of Hatch
Joint Powers Agreements
June 30, 2016**

Schedule VI
Page 3 of 4

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.

See Independent Auditors' Report

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**STATE OF NEW MEXICO
Village of Hatch
Joint Powers Agreements
June 30, 2016**

Schedule VI
Page 4 of 4

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

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Schedule of Vendor Information for Purchases
Exceeding \$60,000 (Excluding GRT)
For the year ended June 30, 2016

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

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract
6084	Village of Hatch New Mexico	Municipalities		Sole Source	El Paso Electric Co.	Winner	\$ 151,060.97
6084	Village of Hatch New Mexico	Municipalities		Sole Source	PERA	Winner	\$ 196,167.76
6084	Village of Hatch New Mexico	Municipalities		Sole Source	New Mexico Self Insurer's Fund	Winner	\$ 144,376.04
6084	Village of Hatch New Mexico	Municipalities		Sole Source	Southwest Disposal	Winner	\$ 260,792.61
6084	Village of Hatch New Mexico	Municipalities		Sole Source	State Board of Finance	Winner	\$ 381,230.00
6084	Village of Hatch New Mexico	Municipalities	RFP #13-1-1001	Competitive (RFP or RFB)	Health Care Service Corporation	Winner	\$ 151,061.68
6084	Village of Hatch New Mexico	Municipalities		Competitive (RFP or RFB)	Smith & Aguirre Const. Co. Inc	Loser	\$ 75,411
6084	Village of Hatch New Mexico	Municipalities		Competitive (RFP or RFB)	Burn Valley Contractors, LLC	Loser	\$ 75,411
6084	Village of Hatch New Mexico	Municipalities	NA	Competitive (RFP or RFB)	Sierra Valley Contractors, LLC	Winner	\$ 75,411
6084	Village of Hatch New Mexico	Municipalities		Competitive (RFP or RFB)	Rodgers Construction, LLC	Loser	\$ 476,884
6084	Village of Hatch New Mexico	Municipalities		Competitive (RFP or RFB)	Stewart Brothers Drilling co.	Loser	\$ 476,884
6084	Village of Hatch New Mexico	Municipalities	NA	Competitive (RFP or RFB)	File Construction	Winner	\$ 476,884
6084	Village of Hatch New Mexico	Municipalities		Competitive (RFP or RFB)	Morrow Enterprises Inc.	Loser	\$ 175,270
6084	Village of Hatch New Mexico	Municipalities		Competitive (RFP or RFB)	Burn Valley Contractors, LLC	Loser	\$ 175,270
6084	Village of Hatch New Mexico	Municipalities	NA	Competitive (RFP or RFB)	Sierra Valley Contractors, LLC	Winner	\$ 175,270

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Hatch
Schedule of Vendor Information for Purchases
Exceeding \$60,000 (Excluding GRT)
For the year ended June 30, 2016

Schedule VII

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
\$0.00	100 N Stanton St, El Paso, TX 79901	No	No	Electric Co.	NA
\$0.00	500 Louisiana Blvd NE #420, Albuquerque, NM 87110	No	No	Retirement	NA
\$0.00	1229 Paseo De Peralta, Santa Fe, NM 87501	No	No	Insurance	NA
\$0.00	2485 West Amador, Las Cruces, NM 88005	No	No	Trash Pick up	NA
\$0.00	407 Galisteo St # 181, Santa Fe, NM 87501	No	No	Loan Repayment	NA
\$0.00				Group Medical Insurance	NA
\$0.00	2475 Lakeside Dr, Las Cruces, NM 88007	Yes	No	Adams Street Project SP-1-15(961)	NA
\$0.00	701 Juniper St, Truth or Consequences, NM 87901	Yes	No	Adams Street Project SP-1-15(961)	NA
\$0.00	P.O. Box 3831 T or C NM, 87901	Yes	No	Adams Street Project SP-1-15(961)	NA
\$0.00		No	Yes	Services for test well	NA
\$0.00	306 Airport Rd, Milan, NM 87021	Yes	No	Services for test well	NA
\$0.00	119 Industrial Ave. NE, Albuquerque, NM 87107	Yes	No	Services for test well	NA
\$0.00	6525 W Picacho Ave, Las Cruces, NM 88007	Yes	No	Cemetery Expansion	NA
\$0.00	701 Juniper St, Truth or Consequences, NM 87901	Yes	No	Cemetery Expansion	NA
\$0.00	P.O. Box 3831 T or C NM, 87901	Yes	No	Cemetery Expansion	NA

See Independent Auditors' Report

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COMPLIANCE SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

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 and the budgetary comparisons of the general fund of the Village of Hatch New Mexico (the Village) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and the combining and individual funds and related budgetary comparisons of the Village presented as supplementary information and have issued our report thereon dated October 31, 2016.

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)

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 2014-001. FS 2014-002, FS 2014-003)

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).

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.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
October 31, 2016

**STATE OF NEW MEXICO
Village of Hatch
Schedule of Findings and Responses
June 30, 2016**

SUMMARY OF AUDIT RESULTS

Financials Statements:

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

STATE OF NEW MEXICO
Village of Hatch
Schedule of Findings and Responses
June 30, 2016

SECTION II – PRIOR YEAR AUDIT FINDINGS

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

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

FS 2014-001 — COSO Framework Monitoring Deficiencies – Significant Deficiency – Repeated & Modified

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

FS 2014-003 — Segregation of Duties – Significant Deficiency – Repeated & Modified

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

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

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

**STATE OF NEW MEXICO
Village of Hatch
Schedule of Findings and Responses
June 30, 2016**

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>
Law Enforcement	\$ 357
Solid Waste	\$ 13,649

Further the budget reports in the Villages financial management system had various inconsistencies with the reports submitted to the DFA.

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. Further we also recommend that the information inputted into the financial management system be reconciled to the budget reports submitted to the DFA.

Managements Progress: Management is making steps on our budgetary process and monitoring.

Management’s Response: – Management agrees with findings. Steps have been taken to reduce expenses, and measures undertaken to monitor, review and manage budgets under closer scrutiny. The larger amount noted in this finding was an adjustment correcting the prior year’s budget and will not be repeated. Actuals to budget will be monitored closely and budget adjustments will be executed on a timely basis.

Responsible Parties: Municipal Clerk

Timeline: Village intends to review budgets adjustments in December of 2016 and May of 2017.

STATE OF NEW MEXICO
Village of Hatch
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FS 2014-001 — COSO Framework Monitoring Deficiencies – Significant Deficiency

Condition: During our process of understanding the entity and its environment, we noted instances where elements of the framework of Committee of Sponsoring Organizations (COSO) were nonexistent or deficient. We noted that the risk assessment element and monitoring element were not documented or sufficiently designed. We also noted the following deficiencies:

- During our audit procedures, we noted that the Village has insufficient internal controls to properly identify and assess fraud risks.
- The Village does not have a proper structure in place for the finance department to ensure that duties, control, and monitoring functions are delegated to individuals at the appropriate level of the entity and that proper oversight is in place over these functions.
- During audit review and testing procedures performed, we noted the Village lacked proper written policies and procedures at the entity wide level.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring.

Effect: Without all of the five elements of the COSO framework present, the Village is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the Village.

Cause: The Village has not performed a formalized and documented risk assessment process for key controls to be in place to prevent and detect errors or fraud. The Village does not properly monitor duties and responsibilities to ensure, laws, statutes, and best practices are being followed.

Auditors' Recommendations: The Village should create a comprehensive and written internal control structure over financial reporting that is documented and implemented.

Managements Progress: The Trustees have adopted financial policies and procedures

Management's Response: The Village has made significant improvement in this area. Small community with limited staff has its inherent weakness with respect to internal controls. However, the Village has hired additional staff to address the deficiencies. Financial control policies and procedures have been adopted; payroll and bank reconciliation monitoring and oversight have been implemented. The Village management clearly recognizes present deficiencies, and will continue to improve the internal control structure.

Responsible Parties: Village Trustees

Timeline: The Village intends on implementing policies and procedures in fiscal year 2017.

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FS 2014-002 Picacho Mountain Investment – Significant Deficiency & 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 understands the finding and is in the process of liquidating the investment. This process is expected to take up to ten or more years.

Responsible Party: Village Trustees

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

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FS 2014-003 — Segregation of Duties – Significant Deficiency

Condition: During our internal control process walkthroughs we noted that the Village has one person who performs the bank reconciliation, runs payroll, is a check signer, and performs manual journal entries.

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: The Village relies on the skills of one individual to perform multiple incapable duties. Also the Village lacks written financial policies and procedures.

Auditors' Recommendations: To train or obtain another individual with the necessary skills to perform some of the accounting functions performed by the Deputy Clerk. Also, the Village should create a written set of financial Policies and Procedures that outlines specific functions that should be assigned to this individual. The policies and procedures should also be designed to maintain proper internal controls that include segregation of duties.

Managements Progress: Management is in the process of training an additions person to segregate duties and has adopted policies and procedures to mitigate the risk of management override of controls.

Management's Response: The Village has hired additional personnel and implemented a cross-training plan to eliminate the situation where one employee performs most of the financial duties. Bank reconciliations and payroll are no longer the duties of one person only. There is review by another person throughout the process. Financial policies and procedures development will continue until adequate control policies are in place to significantly reduce or eliminate the potential for fraud and error. The Village has hired staff be trained to assist in the functions of the accounting process.

Responsible Party: Municipal Clerk

Timeline: The Village will work on fully implementing policies and procedures in fiscal year 2017, and develop existing staff to separate more duties from the Deputy Clerk.

STATE OF NEW MEXICO
Village of Hatch
Exit Conference
June 30, 2016

Exit Conference

An exit conference was held on October 31, 2016. In attendance were the following:

Andy Nunez
Patrick Banegas
Elizabeth J. Porras

Mayor
Municipal Clerk
Deputy Clerk

Representing Southwest Accounting Solutions:

Robert Peixotto, CPA

Auditor Prepared Financial Statements

SAS 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.