

TOWN OF EDGEWOOD, NEW MEXICO

Financial Statements, Supplementary Information  
and  
Independent Auditors' Report

June 30, 2009

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**TOWN OF EDGEWOOD, NEW MEXICO**

**List of Principal Officials**

**June 30, 2009**

**Elected Officials**

Robert Stearly	Mayor
Glenn Felton	Mayor Pro-tem
Brad Hill	Councilor
John Abrams	Councilor
Rita Loy Simmons	Councilor

**Administrative Officials**

Karen Mahalick	Administrator
Estefanie Muller	Clerk-Treasurer

**Independent Auditors' Report**

Mr. Hector H. Balderas, State Auditor and  
Mr. Robert Stearly, Mayor and  
The Town Council  
Town of Edgewood, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund, municipal street fund, recreation fund, and police fund of the Town of Edgewood (Town), as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparisons as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general, municipal streets, and recreation fund, and police fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each nonmajor governmental fund of the Town, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparisons for the capital project fund, waste water fund and nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and  
Mr. Robert Stearly, Mayor and  
The Town Council  
Town of Edgewood, New Mexico

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2009 on our consideration of the Town'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

For the year ended June 30, 2009, the Town has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual financial statements and budgetary comparisons of the Town. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Perch & Associates LLC*

Albuquerque, New Mexico  
November 9, 2009

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 2,035,222	17,676	2,052,898
Receivables			
Taxes			
Gross receipts tax	512,402	-	512,402
Gasoline tax	19,193	-	19,193
Cigarette tax	1,446	-	1,446
Grants	32,972	-	32,972
Other	80	-	80
Capital assets, not depreciated	433,182	5,457,779	5,890,961
Capital assets, net of accumulated depreciation	2,503,968	-	2,503,968
	<hr/>		
<b>Total assets</b>	5,538,465	5,475,455	11,013,920
	<hr/>		
<b>LIABILITIES</b>			
Accounts payable	114,313	966	115,279
Impact fee deposits	5,291	-	5,291
Accrued compensation and benefits	71,469	-	71,469
Noncurrent liabilities:			
Compensated absences, due in one year	11,000	-	11,000
Compensated absences, due in more than one year	34,114	-	34,114
	<hr/>		
<b>Total liabilities</b>	236,187	966	237,153
	<hr/>		
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,937,150	5,457,779	8,394,929
Unrestricted	2,365,128	16,710	2,381,838
	<hr/>		
<b>Total net assets</b>	\$ 5,302,278	5,474,489	10,776,767
	<hr/>		

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2009**

<b>Functions/Programs</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 711,114	106,518	-	601,741	(2,855)	-	(2,855)
Public safety	1,284,232	8,637	91,270	-	(1,184,325)	-	(1,184,325)
Highways and streets	704,726	-	-	-	(704,726)	-	(704,726)
Culture and recreation	263,015	7,350	42,835	-	(212,830)	-	(212,830)
Debt service - interest	379	-	-	-	(379)	-	(379)
<b>Total governmental activities</b>	<u>2,963,466</u>	<u>122,505</u>	<u>134,105</u>	<u>601,741</u>	<u>(2,105,115)</u>	<u>-</u>	<u>(2,105,115)</u>
Business-type activities							
Waste water	13,090	-	-	-	-	(13,090)	(13,090)
<b>Total primary government</b>	<u>\$ 2,976,556</u>	<u>122,505</u>	<u>134,105</u>	<u>601,741</u>	<u>(2,105,115)</u>	<u>(13,090)</u>	<u>(2,118,205)</u>
<b>General Revenues</b>							
Gross receipts taxes					3,229,459	-	3,229,459
Gasoline taxes					114,998	-	114,998
Cigarette taxes					9,632	-	9,632
Transfers					(1,871,164)	1,871,164	-
Other					32,081	-	32,081
Investment income					18,487	-	18,487
<b>Total general revenues and transfers</b>					<u>1,533,493</u>	<u>1,871,164</u>	<u>3,404,657</u>
<b>Change in net assets</b>					<u>(571,622)</u>	<u>1,858,074</u>	<u>1,286,452</u>
Net assets, beginning of year					<u>5,873,900</u>	<u>3,616,415</u>	<u>9,490,315</u>
<b>Net assets, end of year</b>					<u>\$ 5,302,278</u>	<u>5,474,489</u>	<u>10,776,767</u>

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



**TOWN OF EDGEWOOD, NEW MEXICO**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**June 30, 2009**

	Major		
	General	Municipal Streets	Recreation Fund
<b>ASSETS</b>			
Cash and investments	\$ 1,165,180	154,795	-
Receivables			
Taxes			
Gross receipts tax	349,258	45,840	-
Gasoline tax	-	19,193	-
Cigarette tax	963	-	483
Grants	-	-	18,357
Other	-	-	-
Due from other funds	14,910	-	-
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 1,530,311</b>	<b>219,828</b>	<b>18,840</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 56,657	6,259	1,178
Impact fee deposits	5,291	-	-
Accrued compensation and benefits	17,842	9,318	16,157
Due to other funds	-	-	14,910
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>79,790</b>	<b>15,577</b>	<b>32,245</b>
<b>FUND BALANCES</b>			
Unreserved, undesignated reported in:			
General fund	1,450,521	-	-
Special revenue funds	-	204,251	(13,405)
Capital projects funds	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total fund balances</b>	<b>1,450,521</b>	<b>204,251</b>	<b>(13,405)</b>
<b>Total liabilities and     fund balances</b>	<b>\$ 1,530,311</b>	<b>219,828</b>	<b>18,840</b>

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

Police Fund	Capital Projects	Nonmajor Funds	Total
367,175	280,499	67,573	2,035,222
92,654	-	24,650	512,402
-	-	-	19,193
-	-	-	1,446
-	14,615	-	32,972
-	-	80	80
-	-	-	14,910
<u>459,829</u>	<u>295,114</u>	<u>92,303</u>	<u>2,616,225</u>
5,734	44,267	218	114,313
-	-	-	5,291
25,038	-	3,114	71,469
-	-	-	14,910
<u>30,772</u>	<u>44,267</u>	<u>3,332</u>	<u>205,983</u>
-	-	-	1,450,521
429,057	-	52,464	672,367
-	250,847	36,507	287,354
<u>429,057</u>	<u>250,847</u>	<u>88,971</u>	<u>2,410,242</u>
<u>459,829</u>	<u>295,114</u>	<u>92,303</u>	<u>2,616,225</u>

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2009**

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

<b>Total fund balance - governmental funds</b>	\$ 2,410,242
Accrued compensated absences not payable from current revenues.	(45,114)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>2,937,150</u>
<b>Net assets - governmental activities</b>	<u><u>\$ 5,302,278</u></u>

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

**TOWN OF EDGEWOOD, NEW MEXICO  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2009**

	Major		
	General	Municipal Streets	Recreation Fund
Revenues			
Taxes	\$ 2,011,309	406,303	5,893
Licenses, permits, fees and fines	106,518	-	7,350
From federal sources			
Intergovernmental	-	-	-
From non-federal sources			
Intergovernmental	41,657	-	7,113
Grant	22,500	-	42,835
Interest	18,487	-	-
Miscellaneous	32,081	-	-
<b>Total revenues</b>	<b>2,232,552</b>	<b>406,303</b>	<b>63,191</b>
Expenditures			
Current			
General government	753,467	-	-
Public safety	418,496	-	-
Highways and streets	-	494,210	-
Culture and recreation	8,454	-	136,823
Debt service - principal	-	7,976	-
Debt service - interest	-	379	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>1,180,417</b>	<b>502,565</b>	<b>136,823</b>
Excess (deficiency) of revenues over expenditures before other financings sources (uses)	1,052,135	(96,262)	(73,632)
Other Financing Sources (Uses)			
Operating transfers in	295,282	209,843	1,200
Operating transfers out	(3,153,832)	-	(2,674)
<b>Total other financing sources (uses)</b>	<b>(2,858,550)</b>	<b>209,843</b>	<b>(1,474)</b>
<b>Net change in fund balances</b>	<b>(1,806,415)</b>	<b>113,581</b>	<b>(75,106)</b>
Fund balance, beginning of year	3,256,936	90,670	61,701
<b>Fund balance, end of year</b>	<b>\$ 1,450,521</b>	<b>204,251</b>	<b>(13,405)</b>

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

Police Fund	Capital Projects	Nonmajor Funds	Total
588,300	-	342,284	3,354,089
-	-	8,637	122,505
-	296,874	-	296,874
-	304,867	20,000	373,637
-	-	-	65,335
-	-	-	18,487
-	-	-	32,081
<u>588,300</u>	<u>601,741</u>	<u>370,921</u>	<u>4,263,008</u>
-	-	1,314	754,781
797,079	-	20,000	1,235,575
-	-	-	494,210
-	-	98,398	243,675
-	-	-	7,976
-	-	-	379
45,398	618,569	-	663,967
<u>842,477</u>	<u>618,569</u>	<u>119,712</u>	<u>3,400,563</u>
<u>(254,177)</u>	<u>(16,828)</u>	<u>251,209</u>	<u>862,445</u>
683,234	2,112,410	135,000	3,436,969
-	(1,847,164)	(304,463)	(5,308,133)
<u>683,234</u>	<u>265,246</u>	<u>(169,463)</u>	<u>(1,871,164)</u>
429,057	248,418	81,746	(1,008,719)
-	2,429	7,225	3,418,961
<u>429,057</u>	<u>250,847</u>	<u>88,971</u>	<u>2,410,242</u>

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2009**

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

**Net changes in fund balances - governmental funds** \$ (1,008,719)

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. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	(297,639)	
Capital outlay	744,507	
Excess of capital outlay over depreciation expense.		446,868

The repayment of the principal of long-term debt (including capital leases) consumes current financial resources of governmental funds.		7,976
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		(17,747)

**Change in net assets - governmental activities** \$ (571,622)

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,479,235	2,218,516	2,461,663	243,147
Licenses, permits, fees and fines	40,108	40,108	106,518	66,410
Intergovernmental	35,000	35,000	41,657	6,657
Interest	24,000	24,000	18,487	(5,513)
Grant	-	-	22,500	22,500
Miscellaneous	26,932	26,932	32,081	5,149
<b>Total revenues</b>	<b>1,605,275</b>	<b>2,344,556</b>	<b>2,682,906</b>	<b>338,350</b>
<b>Expenditures</b>				
General government	703,600	781,913	720,387	61,526
Public safety	345,434	439,890	418,496	21,394
Culture and recreation	9,160	9,160	8,454	706
Capital outlay	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>1,059,194</b>	<b>1,231,963</b>	<b>1,147,337</b>	<b>84,626</b>
Excess of revenues over expenditures	546,081	1,112,593	1,535,569	422,976
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	295,282	295,282
Operating transfers out	-	-	(3,153,832)	(3,153,832)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,858,550)</b>	<b>(2,858,550)</b>
Net change in fund balance	546,081	1,112,593	(1,322,981)	(2,435,574)
Fund balance, beginning of year	3,312,877	3,312,877	3,256,936	55,941
<b>Fund balance, end of year</b>	<b>\$ 3,858,958</b>	<b>4,425,470</b>	<b>1,933,955</b>	<b>(2,379,633)</b>
Non-GAAP change in fund balance			\$ 1,933,955	
Change in:				
Accounts receivable			(450,354)	
Accounts payable			38,744	
Impact fee deposits			(3,809)	
Accrued compensation and benefits			(1,855)	
GAAP change in fund balance			<u>\$ 1,450,521</u>	

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**MUNICIPAL STREETS**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 315,148	385,467	363,139	(22,328)
Expenditures				
Highways and streets	492,809	589,087	482,767	106,320
Debt service	-	-	8,355	(8,355)
<b>Total expenditures</b>	<b>492,809</b>	<b>589,087</b>	<b>491,122</b>	<b>97,965</b>
Deficiency of revenues over expenditures	(177,661)	(203,620)	(127,983)	(120,293)
Other financing sources				
Operating transfers in	-	-	209,843	209,843
Net change in fund balance	(177,661)	(203,620)	81,860	89,550
Fund balance, beginning of year	90,670	90,670	90,670	-
<b>Fund balance, end of year</b>	<b>(86,991)</b>	<b>(112,950)</b>	<b>172,530</b>	<b>89,550</b>
Prior year cash appropriated	86,991	112,950		
	\$ -	-		
Non-GAAP change in fund balance			\$ 172,530	
Change in:				
Accounts receivable			43,164	
Accounts payable			6,259	
Accrued compensation and benefits			5,184	
GAAP change in fund balance			\$ 204,251	

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



**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**RECREATION**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,147	4,147	5,893	1,746
Licenses, permits, fees and fines	16,193	16,193	7,350	(8,843)
Intergovernmental	50,000	50,000	31,642	(18,358)
<b>Total revenues</b>	<b>70,340</b>	<b>70,340</b>	<b>44,885</b>	<b>(25,455)</b>
<b>Expenditures</b>				
Culture and recreation	127,228	128,798	128,215	583
<b>Total expenditures</b>	<b>127,228</b>	<b>128,798</b>	<b>128,215</b>	<b>583</b>
Deficiency of revenues over expenditures	(56,888)	(58,458)	(83,330)	(24,872)
Other financing sources (uses)				
Operating transfers in	-	-	1,200	1,200
Operating transfers out	-	-	(2,674)	(2,674)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,474)</b>	<b>(1,474)</b>
Net change in fund balance	(56,888)	(58,458)	(84,804)	(26,346)
Fund balance, beginning of year	61,701	61,701	61,701	-
<b>Fund balance, end of year</b>	<b>\$ 4,813</b>	<b>3,243</b>	<b>(23,103)</b>	<b>(26,346)</b>
Prior year cash appropriated			23,103	
			-	
Non-GAAP change in fund balance			(23,103)	
Change in:				
Accounts receivable			18,306	
Accounts payable			1,178	
Accrued compensation and benefits			7,430	
GAAP change in fund balance			<u>\$ (13,405)</u>	

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**POLICE**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 500,000	500,000	495,646	(4,354)
<b>Total revenues</b>	<b>500,000</b>	<b>500,000</b>	<b>495,646</b>	<b>(4,354)</b>
Expenditures				
Public safety	879,507	879,507	766,307	113,200
Capital outlay	20,000	20,000	45,398	(25,398)
<b>Total expenditures</b>	<b>899,507</b>	<b>899,507</b>	<b>811,705</b>	<b>87,802</b>
Deficiency of revenues over expenditures	(399,507)	(399,507)	(316,059)	83,448
Other financing sources				
Operating transfers in	-	-	683,234	683,234
Net change in fund balance	(399,507)	(399,507)	367,175	766,682
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>(399,507)</b>	<b>(399,507)</b>	<b>367,175</b>	<b>766,682</b>
Prior year cash appropriated	499,507	499,507		
	<u>\$ 100,000</u>	<u>100,000</u>		
Non-GAAP change in fund balance			367,175	
Change in:				
Accounts receivable			92,654	
Accounts payable			5,734	
Accrued compensation and benefits			25,038	
GAAP change in fund balance			<u>\$ 429,057</u>	

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**BALANCE SHEET -**  
**PROPRIETARY FUNDS - WASTE WATER**  
**June 30, 2009**

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 17,676
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Capital Assets

Construction in progress	5,457,779
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<b>Total assets</b>	<b>\$ 5,475,455</b>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable	\$ 966
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Net Assets

Invested in capital assets, net of related debt	5,457,779
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Unrestricted	16,710
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<b>Total net assets</b>	<b>5,474,489</b>
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<b>Total liabilities and net assets</b>	<b>\$ 5,475,455</b>
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF EDGEWOOD, NEW MEXICO  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS - WASTE WATER  
Year Ended June 30, 2009**

Operating Expenses	
Operating expenses	<u>\$        13,090</u>
Operating Loss	<u>(13,090)</u>
Nonoperating Revenues	
Transfers in	<u>1,871,164</u>
Change in net assets	1,858,074
Net assets, beginning of year	<u>3,616,415</u>
<b>Net assets, end of year</b>	<u><u>\$    5,474,489</u></u>

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS - WASTE WATER**  
**Year Ended June 30, 2009**

Cash Flows From Operating Activities	
Cash payments to vendors and employees	<u>\$ (13,090)</u>
<b>Net cash used by operating activities</b>	<u>(13,090)</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(1,846,200)
Transfers in	<u>1,871,164</u>
<b>Net cash provided by capital and related financing activities</b>	<u>24,964</u>
<b>Net increase in cash</b>	11,874
Cash, beginning of year	<u>5,802</u>
<b>Cash, end of year</b>	<u><u>\$ 17,676</u></u>

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**June 30, 2009**

**ASSETS**

Cash	\$ 12,737
<b>Total assets</b>	<u><u>\$ 12,737</u></u>

**LIABILITIES**

Due to other entities	\$ 12,737
<b>Total liabilities</b>	<u><u>\$ 12,737</u></u>

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Entity.* The Town of Edgewood (Town) was incorporated in July 1999 under the laws of the State of New Mexico. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

**A. Financial Reporting Entity**

As required by GAAP, the financial statements present the Town and entities for which the Town is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2009.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. 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 Activities demonstrates the degree to which the direct expenses of a given function or segment are 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 and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**A. Financial Reporting Entity (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

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

Governmental 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. For this purpose, the Town 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 made.

The Town follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

*Derived tax revenues* are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

*Imposed nonexchange revenues – property taxes* are levied and collected by the Santa Fe County treasurer on behalf of the Town. The taxes are levied in November and payable in two installments, November 10<sup>th</sup> and April 10<sup>th</sup>. The County remits to the Town a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.



**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**A. Financial Reporting Entity (Continued)**

*Imposed nonexchange revenue other than property taxes* are recognized in the period when an enforceable legal claim has arisen and the resources are available.

*Government-mandated nonexchange transactions and voluntary nonexchange transactions* are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Town reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has legal claim to the resources, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. There was no deferred revenue at June 30, 2009.

The Town reports the following major governmental funds:

*General Fund.* The general fund is the Town’s primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

*Municipal Streets.* To account for funds used to maintain roads for which the Town is responsible. Funding is provided by the gas tax. Expenditures are restricted to the construction and maintenance of Town roads. Authority is NMSA 7-1-6.27.

*Recreation.* To account for revenues and expenditures relating to Town recreational facilities and programs. Financing is provided by cigarette taxes and federal and state grants. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**A. Financial Reporting Entity (Continued)**

*Police Fund.* To account for revenues and expenditures relating to the Town police force. Financing is provided by gross receipts taxes.

*Capital Projects Fund.* To account for money received and expended for capital projects.

The Town reports the following major proprietary fund:

*Waste Water Project.* This fund accounts for all the financial resources and expenditures related to the construction of the waste water system.

**B. Cash and Investments**

Cash includes amounts in demand deposits. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

**C. Capital Assets**

Capital assets which include software, library books, property, plant, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Governmental Accounting Standards Board (GASB) 34 *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* allows phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Town has elected not to retroactively record infrastructure assets.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**C. Capital Assets (Continued)**

Assets are recorded at historical cost or estimated historical cost if purchased or construction. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 – 39 years
Road Equipment	5 – 7 years
Furniture, fixtures and equipment	3 – 7 years
Vehicles	5 – 7 years
Infrastructure	10 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets which cost more than \$5,000 and have a life greater than one year to be added to the General Fixed Asset Account Group and a yearly inventory of those assets must be taken.

**D. Accrued Employee Benefits**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an 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 with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

**E. Fund Equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Fund equity and net assets were reported as follows:

**Unreserved, undesignated** - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Town.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**F. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**G. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**H. Cash Flows**

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents.

**I. Budgetary Information**

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general and special revenue funds.

The Town follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Town Administrator submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**I. Budgetary Information (Continued)**

based on previous year's history. Public hearings are conducted at the Town Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.

2. The Town Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Town Council and the New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital projects funds.
4. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total.

**J. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**K. Implementation of New Accounting Standards**

During the year ended June 30, 2009, the Village adopted Government Accounting Standards Board Statement (GASB) No. 52, *Land and Other Real Estate Held as Investments by Endowments* (GASB 52). GASB 52 will not have a material impact on the Village's financial statements.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2. CASH**

*Deposits*

*Custodial Credit Risk - Deposits.* Custodial credit risk is, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name. As of June 30, 2009, the Town's bank balance total of \$1,340,858 was exposed to credit risk in the amount of \$840,858 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>\$ 840,858</u>
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Town is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The Town is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

*Credit Risk.* The Town has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with an AAA or better rating, or repurchase agreements.

*Investments*

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town's investment policy allows only investments in the State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-10-.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

During the year ending June 30, 2009, the State Treasurers office placed \$34,954 of the Town's LGIP investment into a contingency account. The funds are not accessible by the Town. The funds may be used to cover losses from the failure of a money market in which the LGIP was invested. The Town does not know if the money will be returned.

LGIP does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

*Interest Rate Risk* – The LGIP's policy is to invest in securities with an average maturity of less than 182 days, or a 0.5 yearly average term. The LGIP's weighted average maturity at June 30, 2009 was 43 days.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3. CAPITAL ASSETS**

Governmental fund capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not depreciated					
Land	\$ 205,339	-	-	-	205,339
Construction in process	145,374	82,469	-	-	227,843
<b>Total, not depreciated</b>	<b>\$ 350,713</b>	<b>82,469</b>	<b>-</b>	<b>-</b>	<b>433,182</b>
Capital assets, depreciated					
Buildings, structures and improvements	\$ 609,143	41,038	-	-	650,181
Road equipment	478,861	62,066	-	-	540,927
Furniture, fixtures and equipment	146,262	48,956	-	-	195,218
Vehicles	195,674	65,398	-	-	261,072
Infrastructure	1,469,202	444,580	-	-	1,913,782
<b>Total, depreciated</b>	<b>2,899,142</b>	<b>662,038</b>	<b>-</b>	<b>-</b>	<b>3,561,180</b>
Accumulated depreciation for					
Buildings, structures and improvements	(75,570)	(26,348)	-	-	(101,918)
Road equipment	(314,891)	(57,390)	-	-	(372,281)
Furniture, fixtures and equipment	(97,059)	(15,608)	-	-	(112,667)
Vehicles	(73,475)	(47,668)	-	-	(121,143)
Infrastructure	(198,578)	(150,625)	-	-	(349,203)
<b>Total accumulated depreciation</b>	<b>(759,573)</b>	<b>(297,639)</b>	<b>-</b>	<b>-</b>	<b>(1,057,212)</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 2,139,569</b>	<b>364,399</b>	<b>-</b>	<b>-</b>	<b>2,503,968</b>
<b>Total capital assets, net</b>	<b>\$ 2,490,282</b>	<b>446,868</b>	<b>-</b>	<b>-</b>	<b>2,937,150</b>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities

General government	\$ 19,126
Public safety	48,657
Highways and streets	210,516
Culture and recreation	19,340
<b>Total depreciation expense</b>	<b>\$ 297,639</b>



**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

Enterprise fund capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not depreciated					
Construction in process	\$ 3,628,514	1,829,265	-	-	<b>5,457,779</b>
<b>Total, not depreciated</b>	<b>\$ 3,628,514</b>	<b>1,829,265</b>	<b>-</b>	<b>-</b>	<b>5,457,779</b>

**NOTE 4. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2009, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Capital lease payable	\$ 7,976	-	(7,976)	-	-
Compensated absences	<u>27,367</u>	<u>27,847</u>	<u>(10,100)</u>	<u><b>45,114</b></u>	<u>11,000</u>
<b>Total</b>	<b>\$ 35,343</b>	<b>27,847</b>	<b>(18,076)</b>	<b>45,114</b>	<b>11,000</b>

*Capital Lease Payable.* During the year ended June 30, 2005, the Town entered into a lease purchase agreement for a motor grader. The purchase price of the grader was \$117,995 and is carried in capital assets at \$128,517 which includes the purchase price and costs to procure the grader. The lease is payable in monthly installments commencing October, 2004. The lease was paid off in the current year.

*Accrued Compensated Absences.* Employees accrue either eight or ten hours per month depending on if the employee has been with the Town less than or more than five years, respectively. The maximum number of annual leave hours which may be accrued is either 96 or 120 hours depending on if the employee has been with the Town less than or more than five years, respectively. Compensated absence balances have been liquidated with general fund money in prior years.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 5. INTERFUND BALANCES**

The General fund lent the Recreation fund \$14,910 to cover a negative pooled cash balance. The amount is expected to be paid within the next year.

**NOTE 6. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Transfers from the general fund to:

Municipal streets	\$ 209,843
Recreation	1,200
Police	683,234
Waste water	24,000
Capital projects	2,112,410
Nonmajor funds	<u>123,145</u>
Total transfers from the general fund	<u>\$ 3,153,832</u>

Transfers from the recreation fund to:

General fund	<u>\$ 2,674</u>
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Transfers from the capital projects fund to:

Waste water	<u>\$ 1,847,164</u>
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Transfers to the general fund from:

Recreation fund	\$ 2,674
Nonmajor	<u>292,608</u>
Total transfers to the general fund	<u>\$ 295,282</u>

Transfers to the municipal streets fund from:

General fund	<u>\$ 209,843</u>
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Transfers to the recreation fund from:

General fund	<u>\$ 1,200</u>
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Transfers to the police fund from:

General fund	<u>\$ 683,234</u>
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Transfers to the capital projects fund from:

General fund	<u>\$ 2,112,410</u>
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**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 6. INTERFUND TRANSFERS (CONTINUED)**

Transfers to the waste water fund from:

General	\$ 24,000
Capital projects	<u>1,847,164</u>
Total transfers to the general fund	<u>\$ 1,871,164</u>

Transfers to nonmajor funds from:

Nonmajor funds	<u>\$ 11,855</u>
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The Town transferred revenues from the general and capital project funds to the new waste water enterprise fund. The town also received grant money in the general fund and transferred the money to the fund the grants were intended for.

**NOTE 7. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance.

**NOTE 8. DEFICIT FUND BALANCE**

The Town had a deficit fund balance \$13,405 in the Recreation fund. The cause of the deficit is unknown. Money will be transferred to the fund to increase the fund balance and eliminate the deficit.

**NOTE 9. PERA PENSION PLAN**

*Plan Description:* Substantially all of the Town's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 9. PERA PENSION PLAN (CONTINUED)**

*Funding Policy.* Plan members are required to contribute 9.15% of their gross salary and the Town is required to make a matching contribution of 9.15%. The contribution requirements of plan members and the Town are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Town's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$63,219, \$48,030, and, \$33,364, respectively, equal to the amount of the required contributions for each year.

**NOTE 10. SPECIAL APPROPRIATIONS**

The Town has received the following special appropriations:

	Original Appropriation	Expended	Appropriation Period
99-L-351 Library	\$ 25,000	25,000	1999 - 2008
99-L-350 Community Center	35,000	35,000	1999 - 2008
99-L-353 Basketball Court	20,000	20,000	1999 - 2008
00-L-NR-I-3-G-393 Municipal Building	25,000	9,500	2000 – 2010

For the Municipal Building, the Town has encumbered \$14,543 at year-end. The money was spent as of the date of the audit report.

00-L-RS-I-3-G-585 Municipal Building	50,000	38,839	2000 - 2010
06-L-525 Municipal Facilities Improvements	100,000	3,393	2006 - 2010

For the Municipal Facilities Improvements, the Town has encumbered \$52,122 at year-end. The money was spent as of the date of the audit report.

07-L-5502 Animal Shelter	150,000	143,882	2007 - 2011
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**TOWN OF EDGEWOOD, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 10. SPECIAL APPROPRIATIONS (CONTINUED)**

07-L-5503			
Public Works Facility	50,000	26,082	2007 - 2011
07-4581-GF			
Waste Water Treatment System	250,000	250,000	2007 - 2011
07-6067-GF			
Waste Water Treatment System	23,000	4,554	2007 - 2011

For the Waste Water Treatment System, the Town has encumbered the remaining appropriation balance of \$18,446 at year-end. The money was spent as of the date of the audit report.

08-L-G-3263			
Athletic Complex	200,000	14,616	2008 - 2012

For the Athletic Complex, the Town has encumbered \$23,549 at year-end. The money was spent as of the date of the audit report.

08-L-G-3264			
Multi-use Recreational Fields	310,000	5,747	2008 - 2012

For the Multi-use Recreation Fields, the Town has encumbered \$196,599 at year-end. The money was spent as of the date of the audit report.

08-L-G-4475			
Community Center & Library	40,000	-	2008 - 2012

08-L-G-4476			
Animal Shelter	100,000	-	2008 - 2012

08-3139-STB			
Roadway Waste Water Collection	<u>200,000</u>	<u>-</u>	2008 - 2012

For the Municipal Building, the Town has encumbered \$200,000 at year-end. The money was spent as of the date of the audit report.

Total	<u>\$ 1,578,000</u>	<u>576,613</u>	
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**TOWN OF EDGEWOOD, NEW MEXICO**  
**NONMAJOR FUNDS**  
**June 30, 2009**

**SPECIAL REVENUE FUNDS**

*Corrections.* To establish an additional sources of funds for municipalities to offset the costs of corrections. The source of funds is a five-dollar fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 33-9-3.

*Law Enforcement Protection.* To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

*Library.* To account for the receipts and expenditures related to the Library fund. Authority is by Village resolution.

*Capital Improvements.* To account for the grants, appropriations, and other receipts and expenditures related to capital improvements. Authority is by Village resolution.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2009**

	Corrections	Law Enforcement Protection	Library	Capital Improvements	Total Nonmajor
<b>ASSETS</b>					
Cash and investments	\$ 15,782	-	39,934	11,857	67,573
Receivables					
Taxes					
Gross receipts tax	-	-	-	24,650	24,650
Other	80	-	-	-	80
<b>Total assets</b>	<b>\$ 15,862</b>	<b>-</b>	<b>39,934</b>	<b>36,507</b>	<b>92,303</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	-	218	-	218
Accrued compensation and benefits	-	-	3,114	-	3,114
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,332</b>	<b>-</b>	<b>3,332</b>
<b>FUND BALANCES</b>					
Unreserved, undesignated reported in:					
Special revenue funds	15,862	-	36,602	-	52,464
Capital projects funds	-	-	-	36,507	36,507
<b>Total fund balances</b>	<b>15,862</b>	<b>-</b>	<b>36,602</b>	<b>36,507</b>	<b>88,971</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,862</b>	<b>-</b>	<b>39,934</b>	<b>36,507</b>	<b>92,303</b>

**TOWN OF EDGEWOOD, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2009**

	Corrections	Law Enforcement Protection	Library	Capital Improvements	Total Non-major
<b>Revenues</b>					
Taxes	\$ -	-	-	342,284	342,284
Licenses, permits, fees and fines	8,637	-	-	-	8,637
From non-federal sources					
Intergovernmental	-	20,000	-	-	20,000
<b>Total revenues</b>	<b>8,637</b>	<b>20,000</b>	<b>-</b>	<b>342,284</b>	<b>370,921</b>
<b>Expenditures</b>					
Current					
General government	-	-	-	1,314	1,314
Public safety	-	20,000	-	-	20,000
Culture and recreation	-	-	98,398	-	98,398
<b>Total expenditures</b>	<b>-</b>	<b>20,000</b>	<b>98,398</b>	<b>1,314</b>	<b>119,712</b>
Excess (deficiency) of revenues over expenditures before other financings sources (uses)					
	8,637	-	(98,398)	340,970	251,209
Other Financing Sources (Uses)					
Operating transfers in	-	-	135,000	-	135,000
Operating transfers out	-	-	-	(304,463)	(304,463)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>135,000</b>	<b>(304,463)</b>	<b>(169,463)</b>
Net change in fund balances	8,637	-	36,602	36,507	81,746
Fund balance, beginning of year	7,225	-	-	-	7,225
<b>Fund balance, end of year</b>	<b>\$ 15,862</b>	<b>-</b>	<b>36,602</b>	<b>36,507</b>	<b>88,971</b>



**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CORRECTIONS**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees and fines	\$ 9,961	9,961	8,637	(1,324)
Net change in fund balance	9,961	9,961	8,637	(1,324)
Fund balance, beginning of year	7,225	7,225	7,225	-
<b>Fund balance, end of year</b>	<b>\$ 17,186</b>	<b>17,186</b>	<b>15,862</b>	<b>(1,324)</b>

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**LAW ENFORCEMENT PROTECTION**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 20,000	20,000	20,000	-
Expenditures				
Public safety	20,000	20,000	20,000	-
<b>Total expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**LIBRARY**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
Culture and recreation	\$ 23,300	160,509	95,066	65,443
<b>Total expenditures</b>	<b>23,300</b>	<b>160,509</b>	<b>95,066</b>	<b>65,443</b>
Deficiency of revenues over expenditures	(23,300)	(160,509)	(95,066)	65,443
Other financing sources				
Operating transfers in	-	-	135,000	135,000
Net change in fund balance	(23,300)	(160,509)	39,934	200,443
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>(23,300)</b>	<b>(160,509)</b>	<b>39,934</b>	<b>200,443</b>
Prior year cash appropriated	23,300	160,509		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			39,934	
Change in:				
Accounts payable			218	
Accrued compensation and benefits			3,114	
GAAP change in fund balance			<u>\$ 36,602</u>	

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL IMPROVEMENTS**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	317,634	317,634
<b>Total revenues</b>	-	-	317,634	317,634
Expenditures				
General government	\$ 2,000	2,000	1,314	686
<b>Total expenditures</b>	2,000	2,000	1,314	686
Deficiency of revenues over expenditures	(2,000)	(2,000)	316,320	318,320
Other financing uses				
Operating transfers out	-	-	(304,463)	(304,463)
Net change in fund balance	(2,000)	(2,000)	11,857	13,857
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>11,857</b>	<b>13,857</b>
Prior year cash appropriated	2,000	2,000		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			11,857	
Change in:				
Accounts receivable			24,650	
GAAP change in fund balance			<u>\$ 36,507</u>	

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
Revenues				
Intergovernmental	\$ 1,340,600	1,465,600	587,126	(878,474)
<b>Total revenues</b>	<u>1,340,600</u>	<u>1,465,600</u>	<u>587,126</u>	<u>(878,474)</u>
Expenditures				
Capital outlay	\$ 292,069	666,526	574,302	92,224
<b>Total expenditures</b>	<u>292,069</u>	<u>666,526</u>	<u>574,302</u>	<u>92,224</u>
Deficiency of revenues over expenditures	<u>1,048,531</u>	<u>799,074</u>	<u>12,824</u>	<u>(786,250)</u>
Other financing sources (uses)				
Operating transfers in	-	-	2,112,410	2,112,410
Operating transfers out	-	-	(1,847,164)	(1,847,164)
<b>Total other financing         sources (uses)</b>	<u>-</u>	<u>-</u>	<u>265,246</u>	<u>265,246</u>
Net change in fund balance	1,048,531	799,074	278,070	(521,004)
Fund balance, beginning of year	<u>2,429</u>	<u>2,429</u>	<u>2,429</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,050,960</u>	<u>801,503</u>	<u>280,499</u>	<u>(521,004)</u>
Non-GAAP change in fund balance			280,499	
Change in:				
Grant receivable			14,615	
Accounts payable			<u>44,267</u>	
GAAP change in fund balance			<u>\$ 250,847</u>	

**TOWN OF EDGEWOOD, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**PROPRIETARY FUND - WASTE WATER**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Operations	\$ -	-	30,024	(30,024)
Capital outlay	1,155,600	3,016,553	1,829,266	1,187,287
	<u>1,155,600</u>	<u>3,016,553</u>	<u>1,859,290</u>	<u>1,157,263</u>
Deficiency of revenues over expenditures	<u>(1,155,600)</u>	<u>(3,016,553)</u>	<u>(1,859,290)</u>	<u>1,157,263</u>
Other financing sources				
Operating transfers in	24,000	24,000	1,871,164	1,847,164
	<u>24,000</u>	<u>24,000</u>	<u>1,871,164</u>	<u>1,847,164</u>
Net change in fund balance	(1,131,600)	(2,992,553)	11,874	3,004,427
Fund balance, beginning of year	<u>3,616,415</u>	<u>3,616,415</u>	<u>3,616,415</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 2,484,815</u></b>	<b><u>623,862</u></b>	<b><u>3,628,289</u></b>	<b><u>3,004,427</u></b>
Non-GAAP change in fund balance			\$ 3,628,289	
Non-budgeted items:				
Capitalization of capital outlay expenditures			1,829,266	
Change in:				
Accounts payable			<u>(16,934)</u>	
GAAP change in fund balance			<u>\$ 5,474,489</u>	

**TOWN OF EDGEWOOD, NEW MEXICO**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**Year Ended June 30, 2009**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>IMPACT FEE FUND</b>				
<b>ASSETS</b>				
Cash	\$ 11,753	18,330	17,346	12,737
<b>Total assets</b>	<u>\$ 11,753</u>	<u>18,330</u>	<u>17,346</u>	<u>12,737</u>
<b>LIABILITIES</b>				
Due to other entities	\$ 11,753	18,330	17,346	12,737
<b>Total liabilities</b>	<u>\$ 11,753</u>	<u>18,330</u>	<u>17,346</u>	<u>12,737</u>

**TOWN OF EDGEWOOD, NEW MEXICO**  
**SCHEDULE OF DEPOSIT ACCOUNTS**  
**June 30, 2009**

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Wells Fargo Bank	General Pooled Cash	Checking	\$ 1,075,203	1,076,352
Wells Fargo Bank	Certificate of Deposit	CD	252,918	252,918
			<u>1,328,121</u>	<u>1,329,270</u>
Petty cash			100	100
Total deposits - non-agency			<u>1,328,221</u>	<u>1,329,370</u>
NM State Treasurer	Local Gov't Investment Pool	Investment	688,573	688,573
NM State Treasurer	LGIP - Contingency Account	Investment	34,954	34,954
Total investments			<u>723,527</u>	<u>723,527</u>
<b>Total deposit and investment accounts - non-agency</b>			<u>\$ 2,051,748</u>	<u>2,052,897</u>
Agency Fund Cash Account				
Wells Fargo Bank	Impact Fee Account	Checking	\$ 12,737	12,737



**TOWN OF EDGEWOOD, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2009**

	<u>Wells Fargo</u>
Deposits at June 30, 2009	\$ 1,340,858
Less: FDIC coverage	500,000
Uninsured public funds	<u>840,858</u>
Pledged collateral held by the pledging bank's trust department or agent but not in the Town's name	935,403
Uninsured and uncollateralized	<u>\$ (94,545)</u>
50% pledged collateral requirement per statute	\$ 420,429
Total pledged collateral	<u>935,403</u>
Pledged collateral over the requirement	<u>\$ (514,974)</u>

Pledged collateral at June 30, 2009 consists of the following:

Security	CUSIP	Maturity	Market Value
Wells Fargo Bank NW Security	31410SA80	5/1/2036	<u>\$ 935,403</u>

The custodian of the pledged securities for Wells Fargo Bank is Wells Fargo Bank Safekeeping/Custodial Services in San Francisco, California.

**TOWN OF EDGEWOOD, NEW MEXICO**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**June 30, 2009**

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Town	Amount contributed by Town during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Emergency Services	County of Santa Fe Town of Edgewood	County of Santa Fe	Provision of emergency medical services, fire suppression, rescue services, communications, and fire prevention	02/08/00, until cancelled	1/3 of the Town's Shared Gross Receipts Tax Receipts	\$ 288,383	Santa Fe County	Santa Fe County
Regional Emergency Communications Center	County of Santa Fe Town of Edgewood	County of Santa Fe	Jointly operat, maintain and administer the Santa Fe Regional Emergency Communications Center to provide emergency 911 telephone access for residents.	10/11/2006 until cancelled	\$75,000 per year \$20,000 in capital expenditures in year one	\$ 95,000	Santa Fe County	Santa Fe County

# PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS  
3915 CARLISLE BLVD NE  
ALBUQUERQUE, NM 87107

## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Governmental Auditing Standards***

Mr. Hector H. Balderas, State Auditor and  
Mr. Robert Stearly, Mayor and  
The Town Council  
Town of Edgewood, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund, municipal streets fund, recreation fund, and police fund of the Town of Edgewood (Town), as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 9, 2009. We also have audited the financial statements of each of the Town's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparisons, as of and for the year ended June 30, 2009, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Mr. Hector H. Balderas, State Auditor and  
Mr. Robert Stearly, Mayor and  
The Town Council  
Town of Edgewood, New Mexico

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying schedule of findings, recommendations, and responses to be significant deficiencies in internal control over financial reporting: 08-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and are described in the accompanying schedule of findings and recommendations as item 08-1.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings, recommendations and responses. We did not audit the Town's responses and, accordingly, we express no opinion on them.

Mr. Hector H. Balderas, State Auditor and  
Mr. Robert Stearly, Mayor and  
The Town Council  
Town of Edgewood, New Mexico

This report is intended solely for the information and use of the Town of Edgewood's management, Town Councilors, the Department of Finance and Administration, the New Mexico State Legislature, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Perch & Associates LLC*

Albuquerque, New Mexico  
November 9, 2009

**TOWN OF EDGEWOOD, NEW MEXICO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2009**

05-3	Excess Expenditures Over Budget	Resolved
07-1	Preparation of Financial Statements	Resolved
08-1	Travel and Per Diem	Modified and repeated
08-3	Cash Reconciliations and Investment Income	Resolved
08-4	Capital Asset Tracking	Resolved
08-5	Payroll Tax Reporting	Resolved

**TOWN OF EDGEWOOD, NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2009**

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**08-1 Travel and Per Diem**

**CONDITION**

We tested twenty-four travel and per diem disbursements as part of our audit. We noted the following:

- For one of the items tested there were no receipts for reimbursement of actual expenses.
- For one of the items tested a 100% advance was given to the employee.

**CRITERIA**

NMAC 2.42.2.9 states that the public officer or employee must submit receipts for actual expenses to be reimbursed. If a receipt is lost an affidavit may be filled out and attached to the travel voucher attesting to the expenditures.

NMAC 2.42.2.10 states that public officers or employees may be advanced up to 80% of per diem rates and mileage cost or for the actual cost of lodging and meals.

**EFFECT**

The Town may have overpaid employees for travel and per diem. Expenses may be over or understated or misclassified in inappropriate expense accounts.

**CAUSE**

Inadequate review and approval of travel vouchers.

**RECOMMENDATION**

The Town should consider reviewing travel and per diem processing more thoroughly to ensure that errors are caught and corrected before final checks are processed.

**MANAGEMENT RESPONSE**

The receipts were received by the accounting department, but cannot be located. We did not request an affidavit of lost receipts. The Town will not repeat this error.

**TOWN OF EDGEWOOD, NEW MEXICO  
EXIT CONFERENCE  
Year Ended June 30, 2009**

An exit conference was held on November 12, 2009, and attended by the following:

Town of Edgewood, New Mexico

Robert Stearly, Mayor  
Rita Lor Simmons, Councilor  
Karen Mahalick, C.P.D. Manager  
Estephanie Muller, Treasurer  
Dora Garcia, Accounting Assistant

Porch & Associates LLC

Thad Porch, Partner

\* \* \* \* \*

The financial statements were prepared by Porch & Associates LLC from the books and records of the Town of Edgewood. However, the contents of these financial statements remain the responsibility of the Town's management.