

**State of New Mexico**  
**Town of Edgewood**

*Basic Financial Statements and  
Required Supplementary Information  
For the Year Ended June 30, 2010  
and Independent Auditors' Report*

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

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JUNE 30, 2010**

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STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

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STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

DIRECTORY OF OFFICIALS

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ELECTED OFFICIALS

Robert Stearley  
Brad Hill  
John Abrams  
Chuck Ring  
Rita Loy Simmons

Mayor  
Councilor / Mayor Pro-Tem  
Councilor  
Councilor  
Councilor

ADMINISTRATIVE OFFICIALS

Karen Mahalick  
Estefanie Muller

Administrator  
Clerk-Treasurer

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas,  
New Mexico State Auditor  
Mayor and Town Council  
Town of Edgewood  
Edgewood, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the fiduciary fund, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Edgewood (the "Town"), as of and for the year ended June 30, 2010, 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 and the budgetary comparisons for the major capital project funds and all nonmajor funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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 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, the business-type activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of the Town, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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 respective financial position of each nonmajor governmental fund of the Town as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the major enterprise funds, major capital projects funds and all nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2010, 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 a part of, the basic financial statements and the supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The additional schedules listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*White + Sarroniego + Campbell, LLP*

El Paso, Texas  
November 2, 2010

## BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 2,153,300	\$ 75,137	\$ 2,228,437
Receivables:			
Taxes	526,428	-	526,428
Intergovernmental	59,985	-	59,985
Other	-	-	-
Capital assets, net of accumulated depreciation	<u>3,444,797</u>	<u>6,817,181</u>	<u>10,261,978</u>
Total assets	<u>\$ 6,184,510</u>	<u>\$ 6,892,318</u>	<u>\$ 13,076,828</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable	\$ 138,712	\$ 19,525	\$ 158,237
Impact fee deposits	4,065	-	4,065
Accrued compensation and benefits	15,244	-	15,244
Deferred revenue	4,000	-	4,000
Noncurrent liabilities:			
Long-term debt - Due after one year	-	419,211	419,211
Compensated absences:			
Due within one year	21,822	-	21,822
Due after one year	<u>30,201</u>	<u>-</u>	<u>30,201</u>
Total liabilities	<u>214,044</u>	<u>438,736</u>	<u>652,780</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,444,797	6,397,970	9,842,767
Unrestricted	<u>2,525,669</u>	<u>55,612</u>	<u>2,581,281</u>
Total net assets	<u>5,970,466</u>	<u>6,453,582</u>	<u>12,424,048</u>
Total liabilities and net assets	<u>\$ 6,184,510</u>	<u>\$ 6,892,318</u>	<u>\$ 13,076,828</u>

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 762,474	\$ 109,183	\$ 55,358	\$ 58,260	\$ (539,673)	\$ -	\$ (539,673)
Public safety	1,251,608	11,926	23,000	-	(1,216,682)	-	(1,216,682)
Highways and streets	695,945	-	-	1,135,006	439,061	-	439,061
Culture and recreation	291,417	12,453	40,913	269,633	31,582	-	31,582
Total governmental activities	3,001,444	133,562	119,271	1,462,899	(1,285,712)	-	(1,285,712)
Business-type Activities:							
Waste water	205,487	6,900	-	-	-	(198,587)	(198,587)
Total business-type activities	205,487	6,900	-	-	-	(198,587)	(198,587)
Total primary government	\$ 3,206,931	\$ 140,462	\$ 119,271	\$ 1,462,899	(1,285,712)	(198,587)	(1,484,299)
<b>General Revenues:</b>							
Gross receipt taxes					2,966,849	-	2,966,849
Gasoline taxes					116,291	-	116,291
Cigarette taxes					10,447	-	10,447
Transfers					(1,177,680)	1,177,680	-
Other					36,112	-	36,112
Investment income					1,881	-	1,881
Total general revenues and transfers					1,953,900	1,177,680	3,131,580
Change in net assets					668,188	979,093	1,647,281
Net assets - beginning					5,302,278	5,474,489	10,776,767
Net assets - ending					\$ 5,970,466	\$ 6,453,582	\$ 12,424,048

See accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Municipal Streets	Recreation Fund	Police Fund	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 1,616,232	\$ 72,897	\$ 87,941	\$ 154,137	\$ -	\$ 222,093	\$ 2,153,300
Receivables:							
Taxes							
Gross receipts tax	349,707	45,060	-	91,012	-	14,942	500,721
Gasoline tax	-	22,572	-	-	-	-	22,572
Other	2,284	-	851	-	-	-	3,135
Grants	-	-	-	-	59,985	-	59,985
Due from other funds	128,467	-	-	-	-	-	128,467
	<u>2,096,690</u>	<u>140,529</u>	<u>88,792</u>	<u>245,149</u>	<u>59,985</u>	<u>237,035</u>	<u>2,868,180</u>
Total assets	\$ 2,096,690	\$ 140,529	\$ 88,792	\$ 245,149	\$ 59,985	\$ 237,035	\$ 2,868,180
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 83,636	\$ 33,644	\$ 1,274	\$ 11,859	\$ 2,259	\$ 6,040	\$ 138,712
Impact fee deposits	4,065	-	-	-	-	-	4,065
Accrued compensation and benefits	4,134	2,169	3,317	4,877	-	747	15,244
Due to other funds	-	-	-	-	128,467	-	128,467
Deferred revenue	-	-	-	-	-	4,000	4,000
	<u>91,835</u>	<u>35,813</u>	<u>4,591</u>	<u>16,736</u>	<u>130,726</u>	<u>10,787</u>	<u>290,488</u>
Total liabilities	91,835	35,813	4,591	16,736	130,726	10,787	290,488
Fund balances:							
Unreserved:							
Undesignated, reported in:							
General fund	2,004,855	-	-	-	-	-	2,004,855
Special revenue fund	-	104,716	84,201	228,413	-	48,774	466,104
Capital projects funds	-	-	-	-	(70,741)	177,474	106,733
	<u>2,004,855</u>	<u>104,716</u>	<u>84,201</u>	<u>228,413</u>	<u>(70,741)</u>	<u>226,248</u>	<u>2,577,692</u>
Total fund balances	2,004,855	104,716	84,201	228,413	(70,741)	226,248	2,577,692
Total liabilities and fund balances	\$ 2,096,690	\$ 140,529	\$ 88,792	\$ 245,149	\$ 59,985	\$ 237,035	\$ 2,868,180

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

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

Fund balances - total governmental funds	\$ 2,577,692
Accrued compensated absences not payable from current revenue	(52,023)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>3,444,797</u>
Net assets - Statement of Net Assets	<u>\$ 5,970,466</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Municipal Streets	Recreation Fund	Police Fund	Capital Projects	Total Nonmajor Funds	Total
Revenues:							
Taxes	\$ 2,026,403	\$ 383,315	\$ 3,491	\$ 539,411	\$ -	\$ 140,967	\$ 3,093,587
Licenses, permits fees and fines	109,183	-	12,453	-	-	11,926	133,562
From federal sources							
Intergovernmental	-	-	-	-	640,748	-	640,748
From non-federal sources							
Intergovernmental	57,674	-	16,654	-	817,151	23,000	914,479
Grant	2,500	-	22,444	-	-	2,000	26,944
Interest	1,881	-	-	-	-	-	1,881
Miscellaneous	17,779	13,856	-	4,477	-	-	36,112
<b>Total revenues</b>	<b>2,215,420</b>	<b>397,171</b>	<b>55,042</b>	<b>543,888</b>	<b>1,457,899</b>	<b>177,893</b>	<b>4,847,313</b>
Expenditures:							
Current:							
General government	724,187	-	-	-	-	-	724,187
Public safety	418,092	-	-	744,532	-	33,049	1,195,673
Highways and streets	-	586,550	-	-	-	-	586,550
Culture and recreation	5,927	-	97,234	-	-	174,891	278,052
Capital outlay	-	-	-	-	717,721	-	717,721
<b>Total expenditures</b>	<b>1,148,206</b>	<b>586,550</b>	<b>97,234</b>	<b>744,532</b>	<b>717,721</b>	<b>207,940</b>	<b>3,502,183</b>
Excess (deficiency) of revenues over expenditures	1,067,214	(189,379)	(42,192)	(200,644)	740,178	(30,047)	1,345,130
Other financing sources (uses):							
Operating transfers in	-	89,844	139,798	-	16,240	167,324	413,206
Operating transfers out	(512,880)	-	-	-	(1,078,006)	-	(1,590,886)
<b>Total other financing sources (uses)</b>	<b>(512,880)</b>	<b>89,844</b>	<b>139,798</b>	<b>-</b>	<b>(1,061,766)</b>	<b>167,324</b>	<b>(1,177,680)</b>
<b>Net changes in fund balances</b>	<b>554,334</b>	<b>(99,535)</b>	<b>97,606</b>	<b>(200,644)</b>	<b>(321,588)</b>	<b>137,277</b>	<b>167,450</b>
Fund balance - beginning of year	1,450,521	204,251	(13,405)	429,057	250,847	88,971	2,410,242
<b>Fund balance - end of year</b>	<b>\$ 2,004,855</b>	<b>\$ 104,716</b>	<b>\$ 84,201</b>	<b>\$ 228,413</b>	<b>\$ (70,741)</b>	<b>\$ 226,248</b>	<b>\$ 2,577,692</b>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
JUNE 30, 2010

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

**Net change in fund balances - total governmental funds** \$ 167,450

Governmental funds report capital outlays 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	(220,570)	
Capital outlay	<u>728,217</u>	
Excess of capital outlay over depreciation expense		507,647

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. (6,909)

**Change in net assets of governmental activities** **\$ 668,188**

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,080,176	\$ 2,080,176	\$ 2,026,403	\$ (53,773)
Licenses, permits, fees and fines	97,506	97,506	109,183	11,677
Intergovernmental	35,000	35,000	57,674	22,674
Interest	12,208	12,208	1,881	(10,327)
Grant	-	-	2,500	2,500
Miscellaneous	9,681	17,552	17,779	227
<b>Total revenues</b>	<u>2,234,571</u>	<u>2,242,442</u>	<u>2,215,420</u>	<u>(27,022)</u>
Expenditures:				
Current:				
General government	1,213,128	1,213,128	712,142	500,986
Public safety	-	-	418,092	(418,092)
Culture and recreation	-	-	5,927	(5,927)
<b>Total expenditures</b>	<u>1,213,128</u>	<u>1,213,128</u>	<u>1,136,161</u>	<u>76,967</u>
Excess (deficiency) of revenues over expenditures	<u>1,021,443</u>	<u>1,029,314</u>	<u>1,079,259</u>	<u>49,945</u>
Other financing sources (uses):				
Operating transfers out	<u>(1,025,667)</u>	<u>(325,667)</u>	<u>(512,880)</u>	<u>(187,213)</u>
<b>Total other financing sources (uses)</b>	<u>(1,025,667)</u>	<u>(325,667)</u>	<u>(512,880)</u>	<u>(187,213)</u>
Net changes in fund balances	(4,224)	703,647	566,379	(137,268)
Fund balance - beginning of year	<u>1,450,521</u>	<u>1,450,521</u>	<u>1,450,521</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 1,446,297</u>	<u>\$ 2,154,168</u>	<u>\$ 2,016,900</u>	<u>\$ (137,268)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 566,379	
Change in:				
Accounts receivable			-	
Accounts payable			(12,045)	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 554,334</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

MUNICIPAL STREETS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 378,759	\$ 378,759	\$ 383,315	\$ 4,556
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	12,500	13,856	1,356
<b>Total revenues</b>	<u>378,759</u>	<u>391,259</u>	<u>397,171</u>	<u>5,912</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	584,528	584,528	566,314	18,214
<b>Total expenditures</b>	<u>584,528</u>	<u>584,528</u>	<u>566,314</u>	<u>18,214</u>
Excess (deficiency) of revenues over expenditures	<u>(205,769)</u>	<u>(193,269)</u>	<u>(169,143)</u>	<u>24,126</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	55,844	89,844	89,844	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>55,844</u>	<u>89,844</u>	<u>89,844</u>	<u>-</u>
Net changes in fund balances	(149,925)	(103,425)	(79,299)	24,126
Fund balance - beginning of year	<u>204,251</u>	<u>204,251</u>	<u>204,251</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 54,326</u>	<u>\$ 100,826</u>	<u>\$ 124,952</u>	<u>\$ 24,126</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (79,299)	
Change in:				
Accounts receivable			-	
Accounts payable and accruals			(20,236)	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (99,535)</u>	

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

RECREATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 7,425	\$ 7,425	\$ 3,491	\$ (3,934)
Licenses, permits, fees and fines	-	-	12,453	12,453
Intergovernmental	-	-	16,654	16,654
Interest	-	-	-	-
Grant	-	-	22,444	22,444
Miscellaneous	35,357	40,857	-	(40,857)
<b>Total revenues</b>	<u>42,782</u>	<u>48,282</u>	<u>55,042</u>	<u>6,760</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	135,664	135,664	124,888	10,776
<b>Total expenditures</b>	<u>135,664</u>	<u>135,664</u>	<u>124,888</u>	<u>10,776</u>
Excess (deficiency) of revenues over expenditures	<u>(92,882)</u>	<u>(87,382)</u>	<u>(69,846)</u>	<u>17,536</u>
Other financing sources (uses):				
Operating transfers in	119,909	139,798	139,798	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>119,909</u>	<u>139,798</u>	<u>139,798</u>	<u>-</u>
Net changes in fund balances	27,027	52,416	69,952	17,536
Fund balance - beginning of year	<u>(13,405)</u>	<u>(13,405)</u>	<u>(13,405)</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 13,622</u>	<u>\$ 39,011</u>	<u>\$ 56,547</u>	<u>\$ 17,536</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 69,952	
Change in:				
Accounts receivable			-	
Accounts payable			27,654	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 97,606</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

POLICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 572,409	\$ 572,409	\$ 539,411	\$ (32,998)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	4,477	4,477
<b>Total revenues</b>	<u>572,409</u>	<u>572,409</u>	<u>543,888</u>	<u>(28,521)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	1,004,971	1,004,971	744,532	260,439
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>1,004,971</u>	<u>1,004,971</u>	<u>744,532</u>	<u>260,439</u>
Excess (deficiency) of revenues over expenditures	<u>(432,562)</u>	<u>(432,562)</u>	<u>(200,644)</u>	<u>231,918</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(432,562)	(432,562)	(200,644)	231,918
Fund balance - beginning of year	<u>429,057</u>	<u>429,057</u>	<u>429,057</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ (3,505)</u>	<u>\$ (3,505)</u>	<u>\$ 228,413</u>	<u>\$ 231,918</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (200,644)	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (200,644)</u>	

See accompanying notes to financial statements.

**PROPRIETARY FUNDS FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - WASTE WATER FUND  
JUNE 30, 2010

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ASSETS:

Current Assets	
Cash and cash equivalents	\$ 75,137
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>6,817,181</u>
<b>Total assets</b>	<b>\$ <u>6,892,318</u></b>

LIABILITIES AND NET ASSETS:

Current Liabilities:	
Accounts payable	\$ <u>19,525</u>
Noncurrent Liabilities:	
Long-term debt	<u>419,211</u>
<b>Total liabilities</b>	<b>438,736</b>
Net Assets:	
Invested in capital assets, net of related debt	6,397,970
Unrestricted	<u>55,612</u>
<b>Total net assets</b>	<b><u>6,453,582</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>6,892,318</u></b>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS - WASTE WATER FUND  
JUNE 30, 2010

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Operating Revenues:	
Service fees	\$ 900
Connection fees	6,000
	<hr/>
Total operating revenues	6,900
Operating Expenses:	
Professional services	75,568
Supplies	1,038
Utilities	25,066
Depreciation	103,815
	<hr/>
Total operating expenses	205,487
Loss before transfers	(198,587)
Transfers:	
Transfers in	1,177,680
	<hr/>
Change in net assets	979,093
Net assets - beginning of year	5,474,489
	<hr/>
Net assets - end of year	\$ 6,453,582
	<hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - WASTE WATER FUND  
JUNE 30, 2010

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Cash Flows From Operating Activities:	
Cash received from customers	\$ 6,900
Cash payments to vendors for goods and services	<u>(83,113)</u>
Net cash used in operating activities	<u>(76,213)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(1,463,217)
Proceeds from long term debt	419,211
Transfers in	<u>1,177,680</u>
Net cash provided by non-capital and related financing activities	<u>133,674</u>
Net increase in cash and cash equivalents	57,461
Cash and cash equivalents, beginning of year	<u>17,676</u>
Cash and cash equivalents, end of year	<u>\$ 75,137</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES:

Operating loss	\$ (198,587)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	103,815
Change in:	
Accounts payable	<u>18,559</u>
Total adjustments	<u>122,374</u>
Net cash used in operating activities	<u>\$ (76,213)</u>

See accompanying notes to financial statements.

**FIDUCIARY FUNDS FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
JUNE 30, 2010

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ASSETS

Cash	\$ <u>17,069</u>
Total assets	\$ <u>17,069</u>

LIABILITIES

Due to other entities	\$ <u>17,069</u>
Total liabilities	\$ <u>17,069</u>

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Edgewood ("Town") was incorporated in July 1999 under the laws of the state of New Mexico, operates under the Mayor-Council form of government. The Town provides the following authorized services: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, general administrative services and a waste water utility.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

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, 2010.

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.

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 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.

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.

*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 Fund.* This fund accounts for all the financial resources and expenditures related to 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) Statement No. 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.

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 - 40 years
Road Equipment	10 years
Furniture, fixtures and equipment	7 years
Vehicles	7 years
Infrastructure	25 years
Waste water system	25 years

**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.

**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 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**

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53 Accounting and Financial Reporting for Derivative Instruments, which is effective for all periods beginning after June 15, 2009. This Statement is intended to improve how governments report information about derivative instruments. The Town incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund

balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Town is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 55 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which was effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The Town incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 56 Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, which was effective upon issuance. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The Town incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The Town is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

## 2. CASH AND INVESTMENTS

### *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, 2010, the Town's bank balance total of \$1,633,236 was exposed to credit risk in the amount of \$1,133,236 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Town's name	\$1,133,236
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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 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, 2010, the State Treasurers office placed \$5,643 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* - Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. The LGIP's weighted average maturity at June 30, 2010 was 50 days.

### 3. CAPITAL ASSETS

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

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 205,339	\$ 52,110	\$ -	\$ -	\$ 257,449
Construction in progress	<u>227,843</u>	<u>39,611</u>	<u>-</u>	<u>(227,843)</u>	<u>39,611</u>
<b>Total capital assets not being depreciated</b>	<u>433,182</u>	<u>91,721</u>	<u>-</u>	<u>(227,843)</u>	<u>297,060</u>
Capital assets being depreciated:					
Buildings, structures and improvements	650,181	-	-	227,843	878,024
Road equipment	540,927	14,470	-	-	555,397
Furniture, fixtures and equipment	195,218	-	(32,817)	-	162,401
Vehicles	261,072	151,392	-	-	412,464
Infrastructure	<u>1,913,782</u>	<u>470,634</u>	<u>-</u>	<u>-</u>	<u>2,384,416</u>
<b>Total capital assets being depreciated</b>	<u>3,561,180</u>	<u>636,496</u>	<u>(32,817)</u>	<u>227,843</u>	<u>4,392,702</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	101,918	26,694	-	-	128,612
Road equipment	372,281	40,524	-	-	412,805
Furniture, fixtures and equipment	112,667	21,133	(32,817)	-	100,983
Vehicles	121,143	53,304	-	-	174,447
Infrastructure	<u>349,203</u>	<u>78,915</u>	<u>-</u>	<u>-</u>	<u>428,118</u>
<b>Total accumulated depreciation</b>	<u>1,057,212</u>	<u>220,570</u>	<u>(32,817)</u>	<u>-</u>	<u>1,244,965</u>
<b>Total capital assets being depreciated, net</b>	<u>2,503,968</u>	<u>415,926</u>	<u>-</u>	<u>227,843</u>	<u>3,147,737</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 2,937,150</u>	<u>\$ 507,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,444,797</u>

Depreciation expense for the year ended June 30, 2010 was charged to the following functions and funds:

General government	\$ 31,379
Public safety	55,935
Highways and streets	119,891
Culture and recreation	<u>13,365</u>
<b>Total Governmental Activities depreciated expense</b>	<u>\$ 220,570</u>



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

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 5,457,779	\$ 1,463,217	\$ -	\$ (6,920,996)	\$ -
<b>Total capital assets not being depreciated</b>	<u>5,457,779</u>	<u>1,463,217</u>	<u>-</u>	<u>(6,920,996)</u>	<u>-</u>
Capital assets being depreciated:					
Waste Water System	-	-	-	6,920,996	6,920,996
<b>Total capital assets being depreciated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,920,996</u>	<u>6,920,996</u>
Less accumulated depreciation for:					
Waste Water System	-	103,815	-	-	103,815
<b>Total accumulated depreciation</b>	<u>-</u>	<u>103,815</u>	<u>-</u>	<u>-</u>	<u>103,815</u>
<b>Total capital assets being depreciated, net</b>	<u>-</u>	<u>(103,815)</u>	<u>-</u>	<u>6,920,996</u>	<u>6,817,181</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 5,457,779</u>	<u>\$ 1,359,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,817,181</u>

#### 4. LONG TERM OBLIGATIONS

Long term liability activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 45,114	\$ 17,909	\$ (11,000)	\$ 52,023	\$ 21,822
<b>Business Type Activities:</b>					
RIP Loan	\$ -	\$ 419,211	\$ -	\$ 419,211	\$ -

*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 within the general fund in prior years.

The Town obtained a Rural Infrastructure Program loan during 2010 from the New Mexico Environment Department. Up to \$2,000,000 can be advanced on the loan. The balance at June 30, 2010 is \$419,544, with interest at 3%. The initial payment shall be made one year after the issuance of the final warrant for the loan amount. As of June 30, 2010, the final warrant has not been issued and the debt service requirements cannot be determined.

**5. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2010 consisted of the following:

Transfers from the General Fund to:	
Municipal Streets	\$ 55,844
Recreation	139,798
Library	167,324
Waste Water	133,674
Capital Projects	16,240
Total transfers from the General Fund	<u>\$ 512,880</u>
Transfers from the Capital Projects Fund to:	
Waste Water	\$ 1,044,006
Municipal Streets	34,000
Total transfers from the Capital Projects Fund	<u>\$ 1,078,006</u>

The Town transferred revenues from the General and Capital Projects Funds to the Waste Water fund to cover construction and operating costs. The town also received grant money in the general fund and transferred the money to the fund the grants were intended for.

**6. 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.

**7. DEFICIT FUND BALANCE**

The Town had a deficit fund balance of \$130,726 in the Capital Projects fund. The cause of the deficit is the construction of the waste water system. Money will be transferred to the fund to increase the fund balance and eliminate the deficit.

**8. BUDGETARY CONTROL**

The Library Fund's actual expenses on a budgetary basis of \$171,436 exceeded budgeted expenses of \$167,324 by \$4,112.

The Capital Projects Fund budget had budgeted expenditures that exceeded budgeted revenues, prior year fund balance and available cash by \$362,389.

**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.

*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, 2010, 2009, and 2008 were \$116,378, \$63,219 and \$48,030, respectively, equal to the amount of the required contributions for each year.

**10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

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

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

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

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

(1) The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Town began participating in RHCA in 2009. The Town's contributions to the RHCA for the years ended June 30, 2010 and 2009 were \$12,311 and \$9,267, respectively, which equal the required contributions for each year.

**11. SPECIAL APPROPRIATIONS**

The Town has received the following special appropriations:

	Original Appropriation	Expended	Appropriation Period
06-L-525 Municipal Facility	50,000	44,485	2000 - 2010
07-L-5502 Animal Shelter	150,000	149,982	2007 - 2011
00-L-NR-I-3-G-393 Municipal Building	25,000	11,038	1999 - 2010
07-L-5503 Public Works Facility	50,000	37,469	2007 - 2011
04581-GF Waste Water Treatment System	250,000	250,000	2007 - 2011
07-6067-GF Waste Water Treatment System	23,000	23,000	2007 - 2011
08-L-G-3263 Athletic Complex	200,000	38,165	2008 - 2012
08-L-G-3264 Multi-use Recreational Fields	310,000	241,084	2008 - 2012
08-3139-STB			

Roadway Waste Water Collection	<u>200,000</u>	<u>200,000</u>	2008 - 2012
Total	<u>\$ 1,258,000</u>	<u>\$ 995,223</u>	

**12. INTERFUND BALANCES**

The General Fund lent the Capital Projects Fund \$128,467 to cover a negative pooled cash balance. The amount is expected to be paid within the next year.

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NONMAJOR FUNDS  
JUNE 30, 2010**

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**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 339-3.

*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 PROJECTS FUNDS**

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

*Wind Turbine.* To account for the grants, appropriations, and other receipts and expenditures related to the wind turbine. Authority is by Village resolution.

**SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Corrections	Law Enforcement Protection	Library	Capital Improvements	Wind Turbine	Total Nonmajor
<b>ASSETS</b>						
Cash and investments	\$ 17,739	\$ -	\$ 37,822	\$ 162,532	\$ 4,000	\$ 222,093
Receivables						
Taxes						
Gross receipts tax	-	-	-	14,942	-	14,942
<b>Total assets</b>	<b>\$ 17,739</b>	<b>\$ -</b>	<b>\$ 37,822</b>	<b>\$ 177,474</b>	<b>\$ 4,000</b>	<b>\$ 237,035</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 6,040	\$ -	\$ -	\$ 6,040
Accrued compensation and benefits	-	-	747	-	-	747
Deferred revenue	-	-	-	-	4,000	4,000
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>6,787</b>	<b>-</b>	<b>4,000</b>	<b>10,787</b>
Fund balances:						
Unreserved, undesignated reported in:						
Special revenue funds	17,739	-	31,035	-	-	48,774
Capital projects funds	-	-	-	177,474	-	177,474
<b>Total Fund Balance</b>	<b>17,739</b>	<b>-</b>	<b>31,035</b>	<b>177,474</b>	<b>-</b>	<b>226,248</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,739</b>	<b>\$ -</b>	<b>\$ 37,822</b>	<b>\$ 177,474</b>	<b>\$ 4,000</b>	<b>\$ 237,035</b>

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Corrections	Law Enforcement Protection	Library	Capital Improvements	Wind Turbine	Total Non-major
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 140,967	\$ -	\$ 140,967
Licenses, permits, fees and fines	11,926	-	-	-	-	11,926
From non-federal sources						
Intergovernmental	-	23,000	-	-	-	23,000
Grants	-	-	2,000	-	-	2,000
<b>Total revenues</b>	<b>11,926</b>	<b>23,000</b>	<b>2,000</b>	<b>140,967</b>	<b>-</b>	<b>177,893</b>
Expenditures:						
Current:						
Public safety	10,049	23,000	-	-	-	33,049
Culture and recreation	-	-	174,891	-	-	174,891
<b>Total expenditures</b>	<b>10,049</b>	<b>23,000</b>	<b>174,891</b>	<b>-</b>	<b>-</b>	<b>207,940</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	1,877	-	(172,891)	140,967	-	(30,047)
Other financing sources (uses):						
Operating transfer in	-	-	167,324	-	-	167,324
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>167,324</b>	<b>-</b>	<b>-</b>	<b>167,324</b>
Net changes in fund balances	1,877	-	(5,567)	140,967	-	137,277
Fund balance - beginning of year	15,862	-	36,602	36,507	-	88,971
<b>Fund balance - end of year</b>	<b>\$ 17,739</b>	<b>\$ -</b>	<b>\$ 31,035</b>	<b>\$ 177,474</b>	<b>\$ -</b>	<b>\$ 226,248</b>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

**CORRECTIONS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON**  
**BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Licenses, permits, fees and fines	\$ 10,100	\$ 10,100	\$ 11,926	\$ 1,826
Expenditures:				
Public safety	-	16,475	10,049	6,426
Net change in fund balance	10,100	(6,375)	1,877	(4,600)
Fund balance - beginning of year	15,862	15,862	15,862	-
<b>Fund balance - end of year</b>	<b>\$ 25,962</b>	<b>\$ 9,487</b>	<b>\$ 17,739</b>	<b>\$ (4,600)</b>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,877	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 1,877</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

LAW ENFORCEMENT PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Expenditures:				
Current:				
Public safety	23,000	23,000	23,000	-
<b>Total expenditures</b>	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

LIBRARY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Grant	9,181	9,181	2,000	(7,181)
Miscellaneous	500	500	-	(500)
<b>Total revenues</b>	<u>9,681</u>	<u>9,681</u>	<u>2,000</u>	<u>(7,681)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	167,324	167,324	171,436	(4,112)
<b>Total expenditures</b>	<u>167,324</u>	<u>167,324</u>	<u>171,436</u>	<u>(4,112)</u>
Excess (deficiency) of revenues over expenditures	<u>(157,643)</u>	<u>(157,643)</u>	<u>(169,436)</u>	<u>(11,793)</u>
Other financing sources (uses):				
Operating transfers in	-	-	167,324	167,324
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>167,324</u>	<u>167,324</u>
Net changes in fund balances	(157,643)	(157,643)	(2,112)	155,531
Fund balance - beginning of year	<u>36,600</u>	<u>36,600</u>	<u>36,600</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ (121,043)</u>	<u>\$ (121,043)</u>	<u>\$ 34,488</u>	<u>\$ 155,531</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,112)	
Change in:				
Accounts receivable			-	
Accounts payable			(3,455)	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (5,567)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

CAPITAL IMPROVEMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ 140,967	\$ 140,967
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>140,967</u>	<u>140,967</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>140,967</u>	<u>140,967</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	140,967	140,967
Fund balance - beginning of year	<u>429,057</u>	<u>429,057</u>	<u>36,507</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 429,057</u>	<u>\$ 429,057</u>	<u>\$ 177,474</u>	<u>\$ 140,967</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 140,967	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 140,967</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

WIND TURBINE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

**CAPITAL PROJECTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON**  
**BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 2,813,018	\$ 2,140,037	\$ 1,397,914	\$ (742,123)
<b>Total revenue</b>	<u>2,813,018</u>	<u>2,140,037</u>	<u>1,397,914</u>	<u>(742,123)</u>
Expenditures:				
Capital outlay	3,809,757	2,765,165	717,721	2,047,444
<b>Total expenditures</b>	<u>3,809,757</u>	<u>2,765,165</u>	<u>717,721</u>	<u>2,047,444</u>
Deficiency of revenues over expenditures	<u>(996,739)</u>	<u>(625,128)</u>	<u>680,193</u>	<u>1,305,321</u>
Other financing sources (uses)				
Operating transfers in	716,240	16,240	16,240	-
Operating transfers out	-	(34,000)	(1,078,006)	(1,044,006)
<b>Total other financing sources         (uses)</b>	<u>716,240</u>	<u>(17,760)</u>	<u>(1,061,766)</u>	<u>(1,044,006)</u>
Net change in fund balances	(280,499)	(642,888)	(381,573)	261,315
Fund balance - beginning of year	<u>250,847</u>	<u>250,847</u>	<u>250,847</u>	<u>-</u>
Fund balance - end of year	(29,652)	(392,041)	\$ (130,726)	\$ 261,315
Prior year cash appropriated	<u>29,652</u>	<u>29,652</u>		
	<u>\$ -</u>	<u>\$ (362,389)</u>		
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (381,573)	
Net revenue accruals			59,985	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (321,588)</u>	

See accompanying notes to financial statements.

**PROPRIETARY FUNDS**



STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

PROPRIETARY FUND - WASTE WATER  
STATEMENT OF REVENUES AND EXPENSES  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
Operating revenues	\$ 10,000	\$ 1,000	\$ 6,900	\$ (5,900)
Operating expenses	160,031	83,227	83,113	114
Deficiency of revenues over expenditures	(150,031)	(82,227)	(76,213)	(6,014)
Other financing sources Operating transfers in	133,674	133,674	1,177,680	1,044,006
Net change in fund balance	(16,357)	51,447	1,101,467	1,037,992
Fund balance, beginning of year	5,474,489	5,474,489	5,474,489	-
Fund balance, end of year	\$ 5,458,132	\$ 5,525,936	\$ 6,575,956	\$ 1,037,992
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,101,467	
Net revenue accruals			-	
Net expenditure accruals			(18,559)	
Depreciation			(103,815)	
Principal payments on debt			-	
Net changes in fund balance GAAP basis			\$ 979,093	

See accompanying notes to financial statements.

**FIDUCIARY FUNDS**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

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	Balance June 30, 2009	Increase/ Receipts	Decrease/ Disbursements	Balance June 30, 2010
<b>IMPACT FEE FUND</b>				
Assets:				
Cash	\$ 12,737	\$ 14,313	\$ 9,981	\$ 17,069
<b>Total assets</b>	<b>\$ 12,737</b>	<b>\$ 14,313</b>	<b>\$ 9,981</b>	<b>\$ 17,069</b>
Liabilities:				
Due to other entities	\$ 12,737	\$ 14,313	\$ 9,981	\$ 17,069
<b>Total liabilities</b>	<b>\$ 12,737</b>	<b>\$ 14,313</b>	<b>\$ 9,981</b>	<b>\$ 17,069</b>

See accompanying notes to financial statements.

**OTHER SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

SCHEDULE OF DEPOSIT ACCOUNTS  
JUNE 30, 2010

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Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
<i>Wells Fargo Bank</i>				
General Pooled Cash	Checking	\$ 1,362,518	\$ (112,505)	\$ 1,250,013
Certificate of Deposit	CD	253,649	(63)	253,586
		<u>1,616,167</u>	<u>(112,568)</u>	<u>1,503,599</u>
Petty Cash		100	-	100
		<u>1,616,267</u>	<u>(112,568)</u>	<u>1,503,699</u>
Total deposits - non-agency				
<i>NM State Treasurer</i>				
Local Gov't Investment Pool	Investment	\$ 719,095	\$ -	\$ 719,095
LGIP - Contingency Account	Investment	5,643	-	5,643
		<u>724,738</u>	<u>-</u>	<u>724,738</u>
Total investments				
Total deposit and investment accounts- non-agency		<u>\$ 2,341,005</u>	<u>\$ (112,568)</u>	<u>\$ 2,228,437</u>
<i>Agency Fund Cash Account</i>				
<i>Wells Fargo Bank</i>				
Impact Fee Account	Checking	\$ 17,069	\$ -	\$ 17,069

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2010

	Wells Fargo
Deposits at June 30, 2010	\$ 1,633,236
Less: FDIC coverage	<u>500,000</u>
Uninsured public funds	1,133,236
Pledged collateral held by the pledging bank's trust department or agent but not in the Town's name	<u>962,363</u>
Uninsured and uncollateralized	<u>\$ 170,873</u>
50% pledged collateral requirement per statute	\$ 566,618
Total pledged collateral	<u>962,363</u>
Pledged collateral over the requirements	<u>\$ (395,745)</u>

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

Security	CUSIP	Maturity	Market Value
FNMA Pool 888021	3140FSJ5	12/1/36	\$ 511,040
FNMA Pool 962453	314CWN4	4/1/38	117,257
FNMA Pool 981294	3145AUT6	6/1/38	<u>334,066</u>
Total			<u>\$ 962,363</u>

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2010**

Joint Powers Agreement	Participant	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	\$292,999	Santa Fe County	Santa Fe County
Regional Emergency Communications Center	County of Santa Fe Town of Edgewood	County of Santa Fe	Jointly operate, 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	\$56,250	Santa Fe County	Santa Fe County

## COMPLIANCE SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

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 and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Town of Edgewood (the Town), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 2, 2010. 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 our 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

### 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 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 questioned costs as items 10-01, 10-02 and 10-03.

The Town's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

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.

A handwritten signature in blue ink that reads "White + Sanabria + Campbell, LLP". The signature is written in a cursive, flowing style.

El Paso, Texas  
November 2, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Town of Edgewood (the "Town") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on

the effectiveness of the Town's internal control over compliance.

A deficiency in an internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, the Office of the State Auditor and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "White + Sanabria + Campbell, LLP". The signature is written in a cursive style and is positioned above the typed name of the firm.

El Paso, Texas  
November 2, 2010

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010

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SECTION I - SUMMARY OF AUDITOR'S REPORT

*FINANCIAL STATEMENTS*

Type of Auditor's Report Issued	<u>Unqualified</u>	
Significant Deficiencies Identified?	_____ Yes	___ X ___ No
Significant Deficiencies Identified that Are Considered to Be Material Weakness(es)?	_____ Yes	___ X ___ No
Noncompliance Material to Financial Statements	<u>Yes</u>	

*FEDERAL AWARDS*

Type of Auditor's Report Issued on compliance for Major Programs	<u>Unqualified</u>	
Internal Control Over Major Programs:		
Significant Deficiencies Identified?	_____ Yes	___ X ___ No
Significant Deficiency(ies) Identified that Are Considered to Be Material Weakness(es)?	_____ Yes	___ X ___ No
Any Audit Findings Disclosed that are Required to be Reported in accordance with Section 501(a) of Circular A-133?	_____ Yes	___ X ___ No
Identification of Major Programs:		
CFDA 66.202 Congressionally Mandated Projects		
Dollar Threshold Used to Distinguish Between Type A and Type B Programs	<u>\$300,000</u>	
Auditee Qualifies as Low-Risk Auditee	_____ Yes	___ X ___ No

## **FINDINGS - FINANCIAL STATEMENT AUDIT**

### **10-01 Expenses in Excess of Budget**

#### **Condition**

The Library Fund's actual expenses on a budgetary basis of \$171,436 exceeded budgeted expenses of \$167,324 by \$4,112.

#### **Criteria**

Budgets for municipalities are approved by DFA in accordance with Section 6-6-3 NMSA 1978. Association's expenditures cannot exceed the approved budget according to Section 6-6-6 NMSA 1978 which states: "When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials."

#### **Effect**

Town is not in compliance with state law.

#### **Cause**

An oversight caused the Town not to adjust the budget.

#### **Recommendation**

The Town should adopt budget adjustments in accordance with the Town's plans and operations. Obtain approval from DFA before any expenditures are incurred. Monitor accounts at least quarterly to ensure that actual expenditures do not exceed the approved budget or available fund balance at any time during the fiscal year.

#### **Management's Response**

We concur with this finding. Beginning in the 2010-2011 budget year the Town Administrator and Department Heads will meet bi-monthly to closely monitor and prevent budget overages.

### **10-02 Advances on Per Diem**

#### **Condition**

The Town advances 100% of per diem amounts prior to employee's business travel.

#### **Criteria**

2.42.2.10.A NMAC states "Upon written request accompanied by a travel voucher, agency heads and governing boards of local public bodies or their authorized designees may approve a public officer's or employee's request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals pursuant to 2.42.2.8 NMAC and 2.42.2.9 NMAC and for other travel expenses that may be reimbursed under 2.42.2.12 NMAC."

#### **Effect**

Town is not in compliance with state law.

#### **Cause**

Town was not aware of this provision of the Mileage and Per Diem Act.

**Recommendation**

The Town should only advance up to 80 percent of per diem rates prior to employee's travel.

**Management's Response**

We concur with this finding. Future reimbursements of travel expenses will be in full compliance with the requirements of Title 2, Chapter 42, Article 2, NMAC, Mileage and Per Diem Act.

**10-03 Budget Expenses Exceed Budgeted Revenues and Cash**

**Condition**

The Capital Projects Fund's budgeted expenses exceeded the budgeted revenues and prior year cash balance by \$362,389.

**Criteria**

Per 2.2.2.10.P. "If budgeted expenditures exceed budgeted revenues (after prior year cash balance and any applicable federal receivables required to balance the budget), that fact must also be reported in a finding since budget deficits are generally not allowed."

**Effect**

Town is not in compliance with state law.

**Cause**

An oversight caused the Town to overbudget expenditures.

**Recommendation**

The Town should not budget for budget deficits.

**Management's Response**

We concur with this finding. Beginning in the 2010-2011 budget year the Town Administrator and Department Heads will meet bi-monthly to review each department line item. Budget adjustment resolutions, which result from the information gathered during these meetings will be presented to the council in a timely manner.

**FINDINGS - FEDERAL AWARDS**

None

**STATUS OF PRIOR YEAR FINDINGS**

	<b>Current Status</b>
2008-01    Travel and Per Diem	Resolved

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>Current Fiscal Year Expenditures</u>
<u>US Environmental Protection Agency</u>			
Congressionally Mandated Projects	66.202	\$ 955,600	\$ 580,763
Total Expenditures of Federal Awards		<u>\$ 955,600</u>	<u>\$ 580,763</u>

The accompanying notes are an integral part of the financial statements



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2010**

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An exit conference was conducted on November 2, 2010 with the following individuals in attendance:

**Town of Edgewood Officials**

Robert Stearley	Mayor
Brad Hill	Mayor Pro-Tem
Karen Mahalick	Administrator
Estefanie Muller	Clerk - Treasurer
Dora Garcia	Accounting Assistant

**White, Samaniego & Campbell, LLP**

Brad Watts	Partner
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**Financial Statement Preparation**

The financial statements were prepared by White + Samaniego + Campbell, LLP 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.