

State of New Mexico
Town of Edgewood

*Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2013
and Independent Auditor's Report*

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

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JUNE 30, 2013**

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TOWN OF EDGEWOOD**

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**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

DIRECTORY OF OFFICIALS

ELECTED OFFICIALS

Brad Hill
Sherry Abraham
John Abrams
Chuck Ring
Rita Loy Simmons

Mayor
Councilor
Councilor
Councilor
Councilor

ADMINISTRATIVE OFFICIALS

Kay Davis
Estefanie Muller

Administrator
Clerk-Treasurer

WATTS CPA, P.C.

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

I 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 as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Town's nonmajor governmental, and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 of Edgewood, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the Town's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 4, 2013 on my consideration of the Town's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Watts CPA, P.C.

El Paso, Texas
November 4, 2013

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

This section of Town of Edgewood's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets of the Town of Edgewood exceeded its liabilities at the close of the most recent fiscal year end by \$14,369,160 (net position). Of this amount, \$1,515,394 (unrestricted net position) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position increased by \$749,193 during the fiscal year. The majority of this is due to the Town's ability to maintain expenses at a low level despite the changes in federal and state funding.
- As of June 30, 2013, the Town's governmental funds reported combined ending fund balances of \$2,403,012. Of this total, \$882,343 is restricted for special revenue, capital projects and other restricted items.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$1,520,669.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Edgewood's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Edgewood's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Edgewood is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Edgewood that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Edgewood include general government, public safety, highways and streets and culture and recreation. The business-type activities of the Town include waste water services.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Edgewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Edgewood can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains sixteen individual governmental funds organized according to their type (general, special revenue, capital projects and debt service). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Streets Fund, Police Fund, Capital Projects Fund and Public Works Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Edgewood adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the all of the governmental funds to demonstrate

compliance with this budget.

Proprietary Funds

Proprietary funds are generally used to account for services for which the Town charges customers - either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains one proprietary fund, the Waste Water Fund. The proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 28 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Analysis of Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$14,369,160 at the close of the current fiscal year.

The largest portion of the Town of Edgewood's net position represent the Town's investment of \$12,039,987 in capital assets (e.g., land, construction in progress, improvements, buildings, infrastructure, and machinery and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$1,515,394 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Position

During the current fiscal year, the Town's net position in governmental and business-type activities increased by \$749,193. These increases are explained in the governmental activities discussion that follows.

Governmental Activities

Governmental activities increased the Town's net position by \$1,066,571. Revenues net of transfers increased from \$3,724,361 for the year ended June 30, 2012 to \$4,545,333 for the year ended June 30, 2013. The increase in revenues is primarily because the Town received more grant and tax money in 2013. Governmental expenses increased from \$2,884,315 for the year ended June 30, 2012 to \$3,340,875 for the year ended June 30, 2013, primarily because the Town increased its budget and

spending because of the higher revenue. Total revenues and expenses from governmental activities are summarized below.

Business-Type Activities

Business-type activities decreased the Town's net position by \$317,378 after transfers of \$137,887 in from governmental activities, compared to the prior year's increase of \$269,881 after transfers of \$727,574 from the general fund. The key element of this decrease compared to the prior year was the waste water system in 2012 received large transfers and grants to fund construction.

A summary of the statement of net position is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	\$ 2,632,223	\$ 4,816,331	\$ 12,053	\$ 46,267	\$ 2,644,276	\$ 4,862,598
Capital assets, net of accumulated depreciation	7,322,138	3,996,630	6,635,805	6,940,256	13,957,943	10,936,886
Total assets	\$ 9,954,361	\$ 8,812,961	\$ 6,647,858	\$ 6,986,523	\$16,602,219	\$15,799,484
LIABILITIES						
Current and other liabilities	\$ 379,716	\$ 237,283	\$ 25,908	\$ 30,147	\$ 30,147	\$ 267,430
Long-term liabilities	1,473,493	1,558,561	353,942	370,990	370,990	1,929,551
Total liabilities	1,853,209	1,795,844	379,850	401,137	2,233,059	2,196,981
NET POSITION						
Invested in capital assets, net of related debt	5,775,172	2,388,643	6,264,815	6,552,715	12,039,987	8,941,358
Restricted	813,779	2,263,128	-	-	813,779	2,263,128
Unrestricted	1,512,201	2,365,346	3,193	32,671	1,515,394	2,398,017
Total net position	8,101,152	7,017,117	6,268,008	6,585,386	14,369,160	13,602,503
Total liabilities and net position	\$ 9,954,361	\$ 8,812,961	\$ 6,647,858	\$ 6,986,523	\$16,602,219	\$15,799,484

A summary of the statement of activities is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenue:						
Charges for services	\$ 100,364	\$ 107,998	\$ 27,758	\$ 13,960	\$ 128,122	\$ 121,958
Operating grant and contributions	206,892	98,117	-	-	206,892	98,117
Capital grants and contributions	624,810	260,879	-	-	624,810	260,879
General revenues:						
Taxes	3,564,163	3,216,941	-	-	3,564,163	3,216,941
Other income	49,104	40,426	-	-	49,104	40,426
Total revenues	4,545,333	3,724,361	27,758	13,960	4,573,091	3,738,321
EXPENSES						
General government	916,540	759,499	-	-	916,540	759,499
Public safety	1,306,127	1,073,534	-	-	1,306,127	1,073,534
Highways and streets	858,048	841,110	-	-	858,048	841,110
Cultural and recreation	260,160	210,172	-	-	260,160	210,172
Waste water expenses	-	-	483,023	471,653	483,023	471,653
Total expenses	3,340,875	2,884,315	483,023	471,653	3,823,898	3,355,968
Changes in net position before transfers	1,204,458	840,046	(455,265)	(457,693)	749,193	382,353
Transfers	(137,887)	(727,574)	137,887	727,574	-	-
Changes in net position	1,066,571	112,472	(317,378)	269,881	749,193	382,353
Net position - beginning	7,034,581	6,904,645	6,585,386	6,315,505	13,619,967	13,220,150
Net position - ending	\$ 8,101,152	\$ 7,017,117	\$ 6,268,008	\$ 6,585,386	\$ 14,369,160	\$ 13,602,503

Financial Analysis of the Town of Edgewood as a Whole

As noted earlier, the Town of Edgewood uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the Town of Edgewood's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the Town of Edgewood's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Town include the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,403,012, a decrease of \$2,311,867 in comparison with the prior year. Approximately 63% of this total amount, or \$1,520,669, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$882,343, is restricted to indicate that it is not available for new spending because it has already been restricted to pay special revenue, capital projects, debt service and other restricted items.

Revenues for governmental functions overall totaled \$4,545,335 in the year ended June 30, 2013, which represents an increase of \$821,186 from the year ended June 30, 2012. Expenditures for governmental functions totaled \$6,719,315 in the year ended June 30, 2013. This was an increase of \$3,362,689 from

the fiscal year-ended June 30, 2012. In the fiscal year-ended June 30, 2013, expenditures for governmental functions exceeded revenues by approximately \$2,173,980.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the fund balance of the General Fund was \$1,589,233, which consisted of \$68,564 restricted fund balance and \$1,520,669 unassigned fund balance.

The fund balance of the Town's General Fund decreased \$852,195 during the current fiscal year.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Waste Water Fund was \$3,193. The total decrease in net position for the proprietary fund was \$317,378.

General Fund Budgetary Highlights

The discussion that follows presents financial data based upon the budgetary basis of accounting. Please refer to the notes of the financial statements for an explanation of the differences of accounting regarding the budget.

During the current fiscal year, the Town budgeted general fund revenues at \$2,627,025. The actual revenues for the fiscal year were \$2,622,242, a deficiency of \$4,783.

Increases in the original budget were made due to additional income received during the fiscal year, allowing the Town to increase the budgeted expenditures.

For the year ended June 30, 2013, general government combined with public safety expenditures were under budget by \$102,814.

Capital Asset and Debt Administration

Capital Assets

The Town of Edgewood's capital assets for its governmental and business-type activities as of June 30, 2013 amount to \$13,957,943 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, machinery and equipment, and infrastructure. The total increase in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$3,623,922 for governmental activities. Improvements and infrastructure costing \$2,609,933 was purchased for the Town and land and construction in progress of \$1,013,989 was added in the year ended June 30, 2013. There were no additions in business-type capital assets (excluding accumulated depreciation) for the current fiscal year. There were no deletions in the governmental activities or in the business-type during 2013.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

**Capital Assets, Net of Depreciation
June 30, 2013 and 2012**

	Governmental Activities		Business - Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and Construction in Progress	\$ 1,311,049	\$ 297,060	\$ -	\$ -	\$ 1,311,049	\$ 297,060
Buildings, Equipment and Infrastructure	6,011,089	5,380,456	-	-	6,011,089	5,380,456
Waste water system	-	-	6,635,805	6,940,256	6,635,805	6,940,256
Capital Assets, Net of A/D	<u>\$ 7,322,138</u>	<u>\$ 5,677,516</u>	<u>\$ 6,635,805</u>	<u>\$ 6,940,256</u>	<u>\$13,957,943</u>	<u>\$12,617,772</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

The Statement of Net Position shows the Investment in Capital Assets-Governmental Funds in the amount of \$12,039,987. This investment includes the land, construction in progress, buildings, improvements, infrastructure, machinery and equipment and the waste water system net of all applicable debt service.

The Town's long term debt is summarized as follows:.

**Long Term Debt
June 30, 2013 and 2012**

	Governmental Activities		Business - Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Notes Payable	\$ 1,546,966	\$ 1,620,191	\$ 370,990	\$ 387,541	\$ 1,917,956	\$ 2,007,732
Compensated Absences	<u>77,032</u>	<u>56,738</u>	<u>-</u>	<u>-</u>	<u>77,032</u>	<u>56,738</u>
Total Long Term Debt	<u>\$ 1,623,998</u>	<u>\$ 1,676,929</u>	<u>\$ 370,990</u>	<u>\$ 387,541</u>	<u>\$ 1,994,988</u>	<u>\$ 2,064,470</u>

Contacting the Town of Edgewood's Financial Management

This financial report is designed to provide a general overview of the Town of Edgewood's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Edgewood Administration; PO Box 3610, Edgewood NM 87015.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 1,999,321	\$ 10,947	\$ 2,010,268
Receivables:			
Taxes	589,286	-	589,286
Intergovernmental	43,616	-	43,616
Other	-	1,106	1,106
Capital assets, net of accumulated depreciation	7,322,138	6,635,805	13,957,943
Total assets	\$ 9,954,361	\$ 6,647,858	\$ 16,602,219
LIABILITIES AND NET POSITION			
Accounts payable	\$ 199,421	\$ 8,860	\$ 208,281
Impact fee deposits	4,065	-	4,065
Accrued compensation and benefits	25,725	-	25,725
Noncurrent liabilities:			
Note payable - Due within one year	73,473	17,048	17,048
Note payable - Due after one year	1,473,493	353,942	1,827,435
Compensated absences:			
Due within one year	77,032	-	77,032
Due after one year	-	-	-
Total liabilities	1,853,209	379,850	2,159,586
NET POSITION			
Invested in capital assets, net of related debt	5,775,172	6,264,815	12,039,987
Restricted for:			
Reserved for special revenue funds	242,253	-	242,253
Reserved for capital projects funds	442,421	-	442,421
Reserved for debt service funds	129,105	-	129,105
Unrestricted	1,512,201	3,193	1,515,394
Total net position	8,101,152	6,268,008	14,369,160
Total liabilities and net position	\$ 9,954,361	\$ 6,647,858	\$ 16,528,746

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues				Primary Government		Total
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Functions/Programs							
Primary Government:							
Governmental Activities:							
General government	\$ 916,540	\$ 90,008	\$ 76,239	\$ -	\$ (750,293)	\$ -	\$ (750,293)
Public safety	1,306,127	10,356	124,200	-	(1,171,571)	-	(1,171,571)
Highways and streets	858,048	-	-	624,810	(233,238)	-	(233,238)
Culture and recreation	260,160	-	6,453	-	(253,707)	-	(253,707)
Total governmental activities	3,340,875	100,364	206,892	624,810	(2,408,809)	-	(2,408,809)
Business-type Activities:							
Waste water	483,023	27,758	-	-	-	(455,265)	(455,265)
Total business-type activities	483,023	27,758	-	-	-	(455,265)	(455,265)
Total primary government	\$ 3,823,898	\$ 128,122	\$ 206,892	\$ 624,810	(2,408,809)	(455,265)	(2,864,074)
General Revenues and Transfers:							
Gross receipt taxes					3,434,301	-	3,434,301
Gasoline taxes					129,862	-	129,862
Cigarette taxes					-	-	-
Investment income					1,964	-	1,964
Other					47,140	-	47,140
Transfers					(137,887)	137,887	-
Total general revenues and transfers					3,475,380	137,887	3,613,267
Change in net assets					1,066,571	(317,378)	749,193
Net position - beginning, as previously reported					7,017,117	6,585,386	13,602,503
Restatement					17,464	-	17,464
Net position - beginning, as restated					7,034,581	6,585,386	13,620,000
Net position - ending					\$ 8,101,152	\$ 6,268,008	\$ 14,351,696

See accompanying notes to financial statements and independent auditors' report.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	Total Nonmajor						Total
	General Fund	Municipal Streets	Police Fund	Capital Projects	Public Works	Funds	
ASSETS							
Cash and Investments	\$ 1,267,849	\$ 38,738	\$ 18,063	\$ 32,769	\$ 409,462	\$ 232,440	\$ 1,999,321
Receivables:							
Taxes							
Gross receipts tax	380,389	33,910	106,402	46,608	-	-	567,309
Gasoline tax	-	21,390	-	-	-	-	21,390
Other	587	-	-	-	-	-	587
Grants	-	-	-	43,616	-	-	43,616
Total assets	\$ 1,648,825	\$ 94,038	\$ 124,465	\$ 122,993	\$ 409,462	\$ 232,440	\$ 2,632,223
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 45,885	\$ 25,961	\$ 14,312	\$ 100,000	\$ -	\$ 13,263	\$ 199,421
Impact fee deposits	4,065	-	-	-	-	-	4,065
Accrued compensation and benefits	9,642	3,979	9,978	-	-	2,126	25,725
Total liabilities	59,592	29,940	24,290	100,000	-	15,389	229,211
Fund balances:							
Restricted, reported in:							
General fund	68,564	-	-	-	-	-	68,564
Special revenue fund	-	64,098	100,175	-	-	-	242,253
Capital projects funds	-	-	-	22,993	409,462	9,966	442,421
Debt service funds	-	-	-	-	-	129,105	129,105
Unassigned, reported in:							
General fund	1,520,669	-	-	-	-	-	1,520,669
Total fund balances	1,589,233	64,098	100,175	22,993	409,462	217,051	2,403,012
Total liabilities and fund balances	\$ 1,648,825	\$ 94,038	\$ 124,465	\$ 122,993	\$ 409,462	\$ 232,440	\$ 2,632,223

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2013**

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

Fund balances - total governmental funds	\$ 2,403,012
Accrued compensated absences not payable from current revenue	(77,032)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,322,138
Notes payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(1,546,966)</u>
Net Position - Statement of Net Position	<u>\$ 8,101,152</u>

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Municipal Streets	Police Fund	Capital Projects	Public Works	Total Nonmajor Funds	Total
Revenues:							
Taxes	\$ 2,345,146	\$ 325,631	\$ 624,779	\$ 268,607	\$ -	\$ -	\$ 3,564,163
Licenses, permits fees and fines	90,008	-	-	-	-	10,356	100,364
Intergovernmental - State	176,239	-	-	624,810	-	29,872	830,921
Grant	-	-	-	-	-	781	781
Interest	928	-	-	-	632	404	1,964
Miscellaneous	33,574	9,957	3,611	-	-	-	47,142
Total revenues	2,645,895	335,588	628,390	893,417	632	41,413	4,545,335
Expenditures:							
Current:							
General government	870,911	-	-	-	-	-	870,911
Public safety	407,557	-	833,628	-	-	14,276	1,255,461
Highways and streets	-	589,201	-	43,076	-	632,277	632,277
Culture and recreation	-	-	-	-	-	223,744	223,744
Capital outlay	-	-	-	2,709,933	913,989	-	3,623,922
Debt service	-	-	-	-	-	73,225	73,225
Principal payments	-	-	-	-	-	39,775	39,775
Interest payments	-	-	-	-	-	-	-
Total expenditures	1,278,468	589,201	833,628	2,753,009	913,989	351,020	6,719,315
Excess (deficiency) of revenues over expenditures	1,367,427	(253,613)	(205,238)	(1,859,592)	(913,357)	(309,607)	(2,173,980)
Other financing sources (uses):							
Operating transfers in	-	175,722	-	1,619,921	-	-	286,308
Operating transfers out	(2,219,622)	-	-	-	-	-	(2,219,838)
Total other financing sources (uses)	(2,219,622)	175,722	-	1,619,921	-	286,092	(137,887)
Net changes in fund balances	(852,195)	(77,891)	(205,238)	(239,671)	(913,357)	(23,515)	(2,311,867)
Fund balance - beginning of year, as previously reported	2,422,083	161,334	305,413	262,664	1,347,014	186,702	4,685,210
Restatement	19,345	(19,345)	-	-	(24,195)	53,864	29,669
Fund balance - beginning of year, as restated	2,441,428	141,989	305,413	262,664	1,322,819	240,566	4,714,879
Fund balance - end of year	\$ 1,589,233	\$ 64,098	\$ 100,175	\$ 22,993	\$ 409,462	\$ 217,051	\$ 2,403,012

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

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

Net change in fund balances - total governmental funds			\$(2,311,867)
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		(298,413)	
Capital outlay		<u>3,623,922</u>	
Excess of capital outlay over depreciation expense			3,325,509
The repayment of the principal of notes payable consumes current financial resources of governmental funds.			
			73,225
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.			
			<u>(20,296)</u>
Change in net position of governmental activities			<u>\$ 1,066,571</u>

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,085,394	\$ 2,289,298	\$ 2,321,493	\$ 32,195
Licenses, permits, fees and fines	86,783	87,943	90,008	2,065
Intergovernmental - State	35,000	35,000	176,239	141,239
Interest	-	-	928	928
Grant	-	-	-	-
Miscellaneous	46,117	214,784	33,574	(181,210)
Total revenues	<u>2,253,294</u>	<u>2,627,025</u>	<u>2,622,242</u>	<u>(4,783)</u>
Expenditures:				
Current:				
General government	1,143,417	1,277,208	865,146	412,062
Public safety	98,309	98,309	407,557	(309,248)
Culture and recreation	-	-	-	-
Total expenditures	<u>1,241,726</u>	<u>1,375,517</u>	<u>1,272,703</u>	<u>102,814</u>
Excess (deficiency) of revenues over expenditures	<u>1,011,568</u>	<u>1,251,508</u>	<u>1,349,539</u>	<u>98,031</u>
Other financing sources (uses):				
Operating transfers out	<u>(1,215,178)</u>	<u>(1,224,027)</u>	<u>(2,219,622)</u>	<u>(995,595)</u>
Total other financing sources (uses)	<u>(1,215,178)</u>	<u>(1,224,027)</u>	<u>(2,219,622)</u>	<u>(995,595)</u>
Net changes in fund balances	(203,610)	27,481	(870,083)	(897,564)
Fund balance - beginning of year	<u>2,441,428</u>	<u>2,441,428</u>	<u>2,441,428</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,237,818</u>	<u>\$ 2,468,909</u>	<u>\$ 1,571,345</u>	<u>\$ (897,564)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (870,083)	
Change in:				
Accounts receivable			23,653	
Accounts payable			(12,675)	
Accrued compensation and benefits			6,910	
Net changes in fund balance GAAP basis			<u>\$ (852,195)</u>	

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 407,538	\$ 407,538	\$ 342,338	\$ (65,200)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	16	9,973	9,957	(16)
Total revenues	<u>407,554</u>	<u>417,511</u>	<u>352,295</u>	<u>(65,216)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	705,421	705,421	592,080	113,341
Total expenditures	<u>705,421</u>	<u>705,421</u>	<u>592,080</u>	<u>113,341</u>
Excess (deficiency) of revenues over expenditures	<u>(297,867)</u>	<u>(287,910)</u>	<u>(239,785)</u>	<u>48,125</u>
Other financing sources (uses):				
Operating transfers in	175,722	175,222	175,722	500
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>175,722</u>	<u>175,222</u>	<u>175,722</u>	<u>500</u>
Net changes in fund balances	(122,145)	(112,688)	(64,063)	48,625
Fund balance - beginning of year	<u>161,334</u>	<u>161,334</u>	<u>161,334</u>	<u>-</u>
Fund balance - end of year	<u>\$ 39,189</u>	<u>\$ 48,646</u>	<u>\$ 97,271</u>	<u>\$ 48,625</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (64,063)	
Change in:				
Accounts receivable			(16,707)	
Accounts payable and accruals			2,879	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (77,891)</u>	

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 618,496	\$ 618,496	\$ 619,611	\$ 1,115
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	3,611	3,611
Total revenues	<u>618,496</u>	<u>618,496</u>	<u>623,222</u>	<u>4,726</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	896,331	900,949	826,075	74,874
Culture and recreation	-	-	-	-
Total expenditures	<u>896,331</u>	<u>900,949</u>	<u>826,075</u>	<u>74,874</u>
Excess (deficiency) of revenues over expenditures	<u>(277,835)</u>	<u>(282,453)</u>	<u>(202,853)</u>	<u>79,600</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(277,835)	(282,453)	(202,853)	79,600
Fund balance - beginning of year	<u>305,413</u>	<u>305,413</u>	<u>305,413</u>	<u>-</u>
Fund balance - end of year	<u>\$ 27,578</u>	<u>\$ 22,960</u>	<u>\$ 102,560</u>	<u>\$ 79,600</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (202,853)	
Change in:				
Accounts receivable			5,168	
Accounts payable			(7,553)	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (205,238)</u>	

See accompanying notes to financial statements and independent auditors' report.

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS - WASTE WATER FUND
JUNE 30, 2013**

ASSETS:

Current Assets

Cash and cash equivalents	\$	10,947
Accounts receivable		<u>1,106</u>

Total current assets 12,053

Noncurrent Assets

Capital assets, net of accumulated depreciation		<u>6,635,805</u>
-------------------------------------------------	--	------------------

Total assets \$ **6,647,858**

LIABILITIES AND NET POSITION:

Current Liabilities:

Accounts payable	\$	8,860
Current maturities of note payable		<u>17,048</u>

Total current liabilities 25,908

Noncurrent Liabilities:

Note payable		<u>353,942</u>
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Total liabilities 379,850

Net Position:

Invested in capital assets, net of related debt		6,264,815
Unrestricted		<u>3,193</u>

Total net position 6,268,008

Total liabilities and net position \$ **6,647,858**

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS - WASTE WATER FUND
JUNE 30, 2013**

Operating Revenues:	
Service fees	\$ 26,758
Connection fees	1,000
	<hr/>
Total operating revenues	27,758
Operating Expenses:	
Professional services	117,335
Supplies	16,039
Utilities	32,459
Depreciation	304,451
State shared taxes	1,112
	<hr/>
Total operating expenses	471,396
Operating loss	<hr/> (443,638)
Non-Operating Expenses:	
Interest expense	11,627
	<hr/>
Loss before transfers	(455,265)
Transfers:	
Transfers in	137,887
	<hr/>
Change in net position	(317,378)
Net position - beginning of year	<hr/> 6,585,386
Net position - end of year	<hr/> \$ 6,268,008

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - WASTE WATER FUND
JUNE 30, 2013**

Cash Flows From Operating Activities:

Cash received from customers	\$ 27,758
Cash payments to vendors for goods and services	<u>(171,681)</u>
Net cash used in operating activities	<u>(143,923)</u>

Cash Flows From Capital and Related Financing Activities:

Payments on notes payable	(16,551)
Payments for interest on notes payable	(11,627)
Transfers in	<u>137,887</u>
Net cash provided by capital and related financing activities	<u>109,709</u>

Net decrease in cash and cash equivalents (34,214)

Cash and cash equivalents, beginning of year 45,161

Cash and cash equivalents, end of year **\$ 10,947**

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

Operating loss	\$ (443,638)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	304,451
Change in:	
Accounts payable	<u>(4,736)</u>
Total adjustments	<u>299,715</u>
Net cash used in operating activities	<u>\$ (143,923)</u>

See accompanying notes to financial statements and independent auditors' report.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2013**

ASSETS

Cash	\$ 14,713
Total assets	\$ 14,713

LIABILITIES

Due to other entities	\$ 14,713
Total liabilities	\$ 14,713

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, health and social services, culture and recreation, 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, 2013.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the 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. A special revenues fund that accounts 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.

Police Fund. A special revenues fund that accounts for revenues and expenditures relating to the Town police force. Financing is provided by gross receipts taxes.

Capital Projects Fund. A capital projects fund that accounts for money received and expended for capital projects.

Public Works. A capital projects fund that accounts for the grants, appropriations, and other receipts and expenditures related to the public works building. Authority is by Town resolution.

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 Balance

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

F. Net Position

Net position represent the difference between assets and liabilities. Net position 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 position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is 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, special revenue, debt service and capital projects 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 Community Center 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. Subsequent Accounting Standards

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The Town is evaluating the effect that this statement will have in upcoming years.

In March 2012, GASB issued GASB Statement No. 66 *Technical Corrections-2012 - an amendment of GASB Statements No. 10 and No. 62*, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The Town is evaluating the effect that this statement will have in upcoming years.

In June 2012, GASB issued GASB Statement No. 67 *Financial Reporting for Pension Plans - an Amendment of GASB Statement 25*, which is effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The Town is evaluating the effect that this statement will have in upcoming years.

In June 2012, GASB issued GASB Statement No. 68 *Financial Reporting for Pension Plans - an Amendment of GASB Statement 25*, which is effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The Town is evaluating the effect that this statement will have in upcoming years.

In January 2013, GASB issued GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, which is effective for financial statements for periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The Town is evaluating the effect that this statement will have in upcoming years.

In April 2013, GASB issued GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees* Effective Date: The provisions of Statement 70 are effective for financial statements for reporting beginning after June 15, 2013. Earlier application is encouraged. The Town is evaluating the effect that this statement will have in upcoming years.

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, 2013, the Town's bank balance total of \$1,596,502 was exposed to credit risk in the amount of \$1,096,502 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Town's name	\$ 640,746
Uninsured and uncollateralized	455,756
 Total	 \$ 1,096,502

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 FDIC insurance at each financial institution. At June 30, 2013, FDIC insurance is limited to \$250,000 for time and savings deposits and \$250,000 for demand deposits at each financial institution.

The total balance in any single financial institution may at times exceed the 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.

At June 30, 2013, the State Treasurer's office is holding \$716 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, 2013 was 59 days.

3. CAPITAL ASSETS

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

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 257,449	\$ -	\$ -	\$ -	\$ 257,449
Construction in progress	39,611	1,013,989	-	-	1,053,600
Total capital assets not being depreciated	297,060	1,013,989	-	-	1,311,049
Capital assets being depreciated:					
Buildings, structures and improvements	888,891	-	-	-	888,891
Road equipment	555,397	12,626	-	-	568,023
Furniture, fixtures and equipment	168,936	20,526	-	-	189,462
Vehicles	412,464	99,175	-	-	511,639
Infrastructure	3,354,768	2,477,606	-	-	5,832,374
Total capital assets being depreciated	5,380,456	2,609,933	-	-	7,990,389
Less accumulated depreciation for:					
Buildings, structures and improvements	182,282	26,966	-	-	209,248
Road equipment	474,541	19,977	-	-	494,518
Furniture, fixtures and equipment	128,852	11,685	-	-	140,537
Vehicles	269,928	48,664	-	-	318,592
Infrastructure	625,284	191,121	-	-	816,405
Total accumulated depreciation	1,680,887	298,413	-	-	1,979,300
Total capital assets being depreciated, net	3,699,569	2,311,520	-	-	6,011,089
Governmental activities capital assets, net	\$ 3,996,629	\$ 3,325,509	\$ -	\$ -	\$ 7,322,138

Depreciation expense for the year ended June 30, 2013 was charged to the following functions:

General government	\$ 25,335
Public safety	50,666
Highways and streets	185,996
Culture and recreation	36,416
Total Governmental Activities depreciated expense	\$ 298,413

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

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Business-Type Activities:					
Capital assets being depreciated:					
Waste Water System	\$ 7,611,278	\$ -	\$ -	\$ -	\$ 7,611,278
Total capital assets being depreciated	<u>7,611,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,611,278</u>
Less accumulated depreciation for:					
Waste Water System	671,022	304,451	-	-	975,473
Total accumulated depreciation	<u>671,022</u>	<u>304,451</u>	<u>-</u>	<u>-</u>	<u>975,473</u>
Business-type activities capital assets, net	<u>\$ 6,940,256</u>	<u>\$ (304,451)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,635,805</u>

4. LONG TERM OBLIGATIONS

Long term liability activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
NMFA Loan	\$ 1,620,191	\$ -	\$ (73,225)	\$ 1,546,966	\$ 73,473
Compensated absences	56,738	111,483	(91,189)	77,032	-
	<u>\$ 1,676,929</u>	<u>\$ 111,483</u>	<u>\$ (164,414)</u>	<u>\$ 1,623,998</u>	<u>\$ 73,473</u>
Business Type Activities:					
RIP Loan	\$ 387,541	\$ -	\$ (16,551)	\$ 370,990	\$ 17,048

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 received a loan in 2012 totaling \$1,637,195 from the New Mexico Finance Authority (NMFA). The loan requires variable annual principal payments ranging from \$54,919 to \$109,185 including interest at 2.98% and matures May 2031. A portion of the Town's Municipal Infrastructure Gross Receipts Tax has been pledged to pay the loan principal and interest. The loan is subject to an intercept agreement whereby the pledged gross receipts tax are paid directly to NMFA by the state distributing entity.

Loan debt service requirements to maturity are as follows:

Years ending June 30,	Principal	Interest	Total
2014	73,473	39,519	112,992
2015	73,828	39,152	112,980
2016	74,406	38,554	112,960
2017	75,168	37,765	112,933
2018	76,128	36,773	112,901
2019-2023	402,401	161,388	563,789
2024-2028	458,587	103,509	562,096
2029-2031	<u>312,975</u>	<u>23,277</u>	<u>336,252</u>
	\$ 1,546,966	\$ 479,937	\$ 2,026,903

The Town obtained a Rural Infrastructure Program loan during 2010 in the amount of \$419,211, from the New Mexico Environment Department. The loan requires annual payments of \$28,178 including interest at 3% and matures March 2030. Loan debt service requirements to maturity are as follows:

Years ending June 30,	Principal	Interest	Total
2014	17,048	11,130	28,178
2015	17,559	10,619	28,178
2016	18,086	10,092	28,178
2017	18,628	9,550	28,178
2018	19,188	8,990	28,178
2019-2023	104,926	35,964	140,890
2024-2028	121,636	19,254	140,890
2029-2030	<u>53,919</u>	<u>2,437</u>	<u>56,356</u>
	\$ 370,990	\$ 108,036	\$ 479,026

5. FUND BALANCES

Fund balance restrictions in the General Fund at June 30, 2013 consisted of the following:

Fire protection	<u>\$ 68,564</u>
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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. 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 for the

plan. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 9.15% (16.3% for police officers) of their gross salary and the Town is required to make a matching contribution of 9.15% (18.5% for police officers). 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, 2013, 2012, and 2010 were \$103,146, \$114,687 and \$115,763, respectively, equal to the amount of the required contributions for each year.

8. 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.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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

The Town's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2010 were \$18,538, \$17,142 and \$17,062, respectively, which equal the required contributions for each year.

9. RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$813,779 of restricted component of net position, of which \$684,674 is restricted by enabling legislation.

10. TRANSFERS

During the year ended June 30, 2013, the General Fund transferred \$175,722 to the Municipal Streets Fund, \$1,619,921 to the Capital Projects Fund and \$286,092 to nonmajor funds to pay for fund expenditures. Also there were \$216 of transfers between nonmajor funds to transfer excess reserves for debt service.

11. DEFICIT FUND BALANCE

The Recreation fund had a deficit fund balance as of June 30, 2013 of \$5,195.

12. RESTATEMENT

Certain errors in previously reported balances were discovered in the current year and recorded as a prior period adjustment. The errors are as follows:

	Governmental Activities	General Fund	Municipal Streets Fund	Public Works Fund	Nonmajor Funds
Overstatement (understatement) of cash	\$ 29,669	\$ -	\$ -	\$ (24,195)	\$ 53,864
Overstatement (understatement) of gross receipts tax receivable	-	19,345	(19,345)	-	-
Understatement of notes payable	(12,205)	-	-	-	-
	<u>\$ 17,464</u>	<u>\$ 19,345</u>	<u>\$ (19,345)</u>	<u>\$ (24,195)</u>	<u>\$ 53,864</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**NONMAJOR FUNDS
JUNE 30, 2013**

SPECIAL REVENUE FUNDS

Corrections. To establish an additional source 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 Town resolution.

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.

Animal Shelter. To account for the receipts and expenditures related to the Town animal shelter. Authority is by Town resolution.

Veterans Memorial. To account for the receipts and expenditures related to the Town's veterans memorial. Authority is by Town resolution.

Buy a Brick. To account for the receipts and expenditures related to the Town's Buy a Brick program. Authority is by Town resolution.

Revitalization of Route 66. To account for the receipts and expenditures related to the revitalization of Route 66. Authority is by Town resolution.

CAPITAL PROJECTS FUNDS

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

DEBT SERVICE FUNDS

Public Works Reserve. To account for the required debt service reserve on the NMFA loan. Authority is by Town resolution.

Public Works Intercept. To account for the debt service on the NMFA loan. Authority is by Town resolution.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	LAW					
	Corrections	Enforcement Protection	Library	Recreation	Animal Shelter	Veterans Memorial
Cash and investments	\$ 42,481	\$ 10,393	\$ 16,117	\$ -	\$ 14,902	\$ 250
Receivables	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Gross receipts tax	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Total assets	\$ 42,481	\$ 10,393	\$ 16,117	\$ -	\$ 14,902	\$ 250
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 4,817	\$ 5,195	\$ -	\$ -
Accrued compensation and benefits	-	-	2,126	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	6,943	5,195	-	-
Fund balances:						
Restricted, reported in:						
Special revenue funds	42,481	10,393	9,174	(5,195)	14,902	250
Capital projects funds	-	-	-	-	-	-
Total Fund Balance	42,481	10,393	9,174	(5,195)	14,902	250
Total liabilities and fund balances	\$ 42,481	\$ 10,393	\$ 16,117	\$ -	\$ 14,902	\$ 250

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Buy a Brick	Revitalization of Route 66	Wind Turbine	PW Reserve	PW Intercept	Total Nonmajor
ASSETS						
Cash and investments	\$ 5,600	\$ 375	\$ 9,966	\$ 113,297	\$ 19,059	\$ 232,440
Receivables						
Taxes						
Gross receipts tax	-	-	-	-	-	-
Grants						
Total assets	\$ 5,600	\$ 375	\$ 9,966	\$ 113,297	\$ 19,059	\$ 232,440
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,251	\$ 13,263
Accrued compensation and benefits	-	-	-	-	-	2,126
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	-	-	3,251	15,389
Fund balances:						
Restricted, reported in:						
Special revenue funds	5,600	375	-	-	-	77,980
Capital projects funds	-	-	9,966	-	-	9,966
Debt service funds	-	-	-	113,297	15,808	129,105
Total Fund Balance	5,600	375	9,966	113,297	15,808	217,051
Total liabilities and fund balances	\$ 5,600	\$ 375	\$ 9,966	\$ 113,297	\$ 19,059	\$ 232,440

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Corrections	Law Enforcement Protection	Library	Recreation	Animal Shelter	Veterans Memorial
Revenues:						
Taxes	\$ -	\$ 10,356	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-	-	-
From non-federal sources	-	24,200	5,672	-	-	-
Intergovernmental - State Grants	-	-	300	305	176	-
Total revenues	10,356	24,200	5,972	305	176	-
Expenditures:						
Current:						
Public safety	469	13,807	-	-	-	-
Culture and recreation	-	-	185,788	37,956	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	469	13,807	185,788	37,956	-	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	9,887	10,393	(179,816)	(37,651)	176	-
Other financing sources (uses):						
Operating transfer in	-	-	143,369	8,772	14,726	250
Operating transfer out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	143,369	8,772	14,726	250
Net changes in fund balances	9,887	10,393	(36,447)	(28,879)	14,902	250
Fund balance - beginning of year	32,594	-	45,621	23,684	-	-
Fund balance - end of year	\$ 42,481	\$ 10,393	\$ 9,174	\$ (5,195)	\$ 14,902	\$ 250

See accompanying notes to financial statements and independent auditors' report.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Buy a Brick	Revitalization of Route 66	Wind Turbine	PW Reserve	PW Intercept	Total Non-major
Revenues:						
Licenses, permits, fees and fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,356
From non-federal sources	-	-	-	-	-	29,872
Intergovernmental - State	-	-	-	-	-	781
Grants	-	-	-	-	-	404
Interest	-	-	-	394	10	
Total revenues	-	-	-	394	10	41,413
Expenditures:						
Current:						
Public safety	-	-	-	-	-	14,276
Culture and recreation	-	-	-	-	-	223,744
Debt Service:						
Principal payments	-	-	-	-	73,225	73,225
Interest payments	-	-	-	-	39,775	39,775
Total expenditures	-	-	-	-	113,000	351,020
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	-	-	394	(112,990)	(309,607)
Other financing sources (uses):						
Operating transfer in	5,600	375	-	-	113,216	286,308
Operating transfer out	-	-	-	(216)	-	(216)
Total other financing sources (uses)	5,600	375	-	(216)	113,216	286,092
Net changes in fund balances	5,600	375	-	178	226	(23,515)
Fund balance - beginning of year, as previously reported	-	-	9,966	78,088	(3,251)	186,702
Restatement	-	-	-	35,031	18,833	53,864
Fund balance - beginning of year, as restated	-	-	9,966	113,119	15,582	240,566
Fund balance - end of year	\$ 5,600	\$ 375	\$ 9,966	\$ 113,297	\$ 15,808	\$ 217,051

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Licenses, permits, fees and fines	\$ 10,845	\$ 10,845	\$ 10,356	\$ (489)
Expenditures:				
Public safety	9,263	9,263	469	8,794
Net change in fund balance	1,582	1,582	9,887	8,305
Fund balance - beginning of year	32,594	32,594	32,594	-
Fund balance - end of year	\$ 34,176	\$ 34,176	\$ 42,481	\$ 8,305
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 9,887	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 9,887</u>	

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental - State	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Expenditures:				
Current:				
Public safety	24,200	24,200	13,807	(10,393)
Total expenditures	24,200	24,200	24,200	-
Net change in fund balances	-	-	10,393	10,393
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 10,393	\$ 10,393
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 10,393	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 10,393	

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	10,497	10,497	5,672	(4,825)
Interest	-	-	-	-
Grant	-	-	300	300
Miscellaneous	-	-	-	-
Total revenues	<u>10,497</u>	<u>10,497</u>	<u>5,972</u>	<u>(4,525)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	194,987	194,987	184,657	10,330
Total expenditures	<u>194,987</u>	<u>194,987</u>	<u>184,657</u>	<u>10,330</u>
Excess (deficiency) of revenues over expenditures	<u>(184,490)</u>	<u>(184,490)</u>	<u>(178,685)</u>	<u>5,805</u>
Other financing sources (uses):				
Operating transfers in	-	-	143,369	143,369
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>143,369</u>	<u>143,369</u>	<u>143,369</u>	<u>143,369</u>
Net changes in fund balances	(41,121)	(41,121)	(35,316)	149,174
Fund balance - beginning of year	<u>45,621</u>	<u>45,621</u>	<u>45,621</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 10,305</u>	<u>\$ 149,174</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (35,316)	
Change in:				
Accounts receivable			-	
Accounts payable			(1,131)	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (36,447)</u>	

See accompanying notes to financial statements and independent auditors' report.

**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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	305	305
Miscellaneous	-	1,200	-	(1,200)
Total revenues	<u>-</u>	<u>1,200</u>	<u>305</u>	<u>(895)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	32,462	43,357	36,016	7,341
Total expenditures	<u>32,462</u>	<u>43,357</u>	<u>36,016</u>	<u>7,341</u>
Excess (deficiency) of revenues over expenditures	<u>(32,462)</u>	<u>(42,157)</u>	<u>(35,711)</u>	<u>6,446</u>
Other financing sources (uses):				
Operating transfers in	-	-	8,772	8,772
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,772</u>	<u>8,772</u>
Net changes in fund balances	(32,462)	(42,157)	(26,939)	15,218
Fund balance - beginning of year	<u>23,684</u>	<u>23,684</u>	<u>23,684</u>	<u>-</u>
Fund balance - end of year	<u>\$ (8,778)</u>	<u>\$ (18,473)</u>	<u>\$ (3,255)</u>	<u>\$ 15,218</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (26,939)	
Change in:				
Accounts receivable			-	
Accounts payable			(1,940)	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ (28,879)</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**ANIMAL SHELTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	176	176
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>176</u>	<u>176</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>176</u>	<u>176</u>
Other financing sources (uses):				
Operating transfers in	-	-	14,726	14,726
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>14,726</u>	<u>14,726</u>
Net changes in fund balances	-	-	14,902	14,902
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,902</u>	<u>\$ 14,902</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 14,902	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 14,902</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**VETERANS MEMORIAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	250	250
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Net changes in fund balances	-	-	250	250
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 250	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 250</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**BUY A BRICK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	5,600	5,600
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,600</u>	<u>5,600</u>
Net changes in fund balances	-	-	5,600	5,600
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,600</u>	<u>\$ 5,600</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 5,600	
Change in:				
Accounts receivable			-	
Accounts payable			(1,940)	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 3,660</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**REVITALIZATION OF ROUTE 66 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	375	375
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>375</u>	<u>375</u>
Net changes in fund balances	-	-	375	375
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375</u>	<u>\$ 375</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 375	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 375</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**WIND TURBINE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balance - beginning of year	9,966	9,966	9,966	-
Fund balance - end of year	\$ 9,966	\$ 9,966	\$ 9,966	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Transfers for accrual entries			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**PW RESERVE 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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental - State	-	-	-	-
Grants	-	-	-	-
Interest	-	-	394	394
Total revenue	-	-	394	394
Expenditures:				
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	394	394
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	(216)	(216)	(216)	-
Total other financing sources (uses)	(216)	(216)	(216)	-
Net change in fund balances	(216)	(216)	178	394
Fund balance - beginning of year	113,119	113,119	113,119	-
Fund balance - end of year	112,903	112,903	\$ 113,297	\$ 394
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 178	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 178	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**PW INTERCEPT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	10	10
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Expenditures:				
Principal payments	73,225	73,225	73,225	-
Interest payments	<u>19,888</u>	<u>19,888</u>	<u>19,888</u>	<u>-</u>
Total expenditures	<u>93,113</u>	<u>93,113</u>	<u>93,113</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(93,113)</u>	<u>(93,113)</u>	<u>(93,103)</u>	<u>10</u>
Other financing sources (uses):				
Operating transfers in	113,216	113,216	113,216	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>113,216</u>	<u>113,216</u>	<u>113,216</u>	<u>-</u>
Net changes in fund balances	20,103	20,103	20,113	10
Fund balance - beginning of year	<u>15,582</u>	<u>15,582</u>	<u>15,582</u>	<u>-</u>
Fund balance - end of year	<u>\$ 35,685</u>	<u>\$ 35,685</u>	<u>\$ 35,695</u>	<u>\$ 10</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 20,113	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits				
Accrued interest			<u>(19,887)</u>	
Net changes in fund balance GAAP basis			<u>\$ 226</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 111,615	\$ 251,508	\$ 251,507	\$ (1)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	520,616	624,810	581,194	(43,616)
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>632,231</u>	<u>876,318</u>	<u>832,701</u>	<u>(43,617)</u>
Expenditures:				
Highways and streets	-	-	43,076	(43,076)
Capital outlay	<u>2,504,586</u>	<u>2,663,392</u>	<u>2,619,246</u>	<u>44,146</u>
Total expenditures	<u>2,504,586</u>	<u>2,663,392</u>	<u>2,662,322</u>	<u>1,070</u>
Excess (deficiency) of revenues over expenditures	<u>(1,872,355)</u>	<u>(1,787,074)</u>	<u>(1,829,621)</u>	<u>(42,547)</u>
Other financing sources (uses):				
Operating transfers in	896,046	896,046	1,619,921	723,875
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>896,046</u>	<u>896,046</u>	<u>1,619,921</u>	<u>723,875</u>
Net changes in fund balances	(976,309)	(891,028)	(209,700)	681,328
Fund balance - beginning of year	<u>262,664</u>	<u>262,664</u>	<u>262,664</u>	<u>-</u>
Fund balance - end of year	<u>\$ (713,645)</u>	<u>\$ (628,364)</u>	<u>\$ 52,964</u>	<u>\$ 681,328</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (209,700)	
Change in:				
Accounts receivable			60,716	
Accounts payable			(90,687)	
Impact fee deposits			-	
Accrued interest			-	
Net changes in fund balance GAAP basis			<u>\$ (239,671)</u>	

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**PUBLIC WORKS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	632	632
Grant	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>632</u>	<u>632</u>
Expenditures:				
Capital outlay	1,322,819	1,322,819	913,989	408,830
Total expenditures	<u>1,322,819</u>	<u>1,322,819</u>	<u>913,989</u>	<u>408,830</u>
Excess (deficiency) of revenues over expenditures	<u>(1,322,819)</u>	<u>(1,322,819)</u>	<u>(913,357)</u>	<u>409,462</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(1,322,819)	(1,322,819)	(913,357)	409,462
Fund balance - beginning of year	<u>1,322,819</u>	<u>1,322,819</u>	<u>1,322,819</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,462</u>	<u>\$ 409,462</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (913,357)	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued interest			-	
Net changes in fund balance GAAP basis			<u>\$ (913,357)</u>	

See accompanying notes to financial statements and independent auditors' report.

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, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
Operating revenues	\$ 10,705	\$ 28,756	\$ 27,758	\$ (998)
Operating expenses	193,752	201,203	171,681	29,522
Operating loss	(183,047)	(172,447)	(143,923)	28,524
Non-operating expenses:				
Interest expense	-	-	11,627	(15,151)
Deficiency of revenues over expenditures	(183,047)	(172,447)	(155,550)	16,897
Other financing sources				
Operating transfers in	137,887	137,887	137,887	-
Net change in fund balance	(45,160)	(34,560)	(17,663)	16,897
Fund balance, beginning of year	6,585,386	6,585,386	6,585,386	-
Fund balance, end of year	\$ 6,540,226	\$ 6,550,826	\$ 6,567,723	\$ 16,897
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (17,663)	
Net revenue accruals			-	
Net expenditure accruals			4,736	
Depreciation			(304,451)	
Principal payments on debt			-	
Net changes in fund balance GAAP basis			<u>\$ (317,378)</u>	

See accompanying notes to financial statements and independent auditors' report.

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Increase/ Receipts	Decrease/ Disbursements	Balance June 30, 2013
IMPACT FEE FUND				
Assets:				
Cash	\$ 16,384	\$ 6,691	\$ 8,362	\$ 14,713
Total assets	\$ 16,384	\$ 6,691	\$ 8,362	\$ 14,713
Liabilities:				
Due to other entities	\$ 16,384	\$ 6,691	\$ 8,362	\$ 14,713
Total liabilities	\$ 16,384	\$ 6,691	\$ 8,362	\$ 14,713

See accompanying notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**SCHEDULE OF DEPOSIT ACCOUNTS
JUNE 30, 2013**

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
<i>Wells Fargo Bank</i>				
General Pooled Cash	Checking	\$ 1,331,788	\$ (114,210)	\$ 1,217,578
Certificate of Deposit	CD	250,000	-	250,000
		<u>1,581,788</u>	<u>(114,210)</u>	<u>1,467,578</u>
Petty Cash		100	-	100
		<u>1,581,888</u>	<u>(114,210)</u>	<u>1,467,678</u>
<i>NM State Treasurer</i>				
Local Gov't Investment Pool	Investment	\$ 56	\$ -	\$ 56
LGIP - Contingency Account	Investment	716	-	716
<i>New Mexico Finance Authority</i>				
State Treasure D/S	Investment	19,059	-	19,059
Reserve Funds Payable	Investment	113,297	-	113,297
Program Funds	Investment	409,462	-	409,462
		<u>542,590</u>	<u>-</u>	<u>542,590</u>
Total investments				
		<u>542,590</u>	<u>-</u>	<u>542,590</u>
Total deposit and investment accounts- non-agency		<u>\$ 2,124,478</u>	<u>\$ (114,210)</u>	<u>\$ 2,010,268</u>
Agency Fund Cash Account				
<i>Wells Fargo Bank</i>				
Impact Fee Account	Checking	\$ 14,714	\$ -	\$ 14,714

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2013**

	Wells Fargo
Deposits at June 30, 2013	\$ 1,596,502
Less: FDIC coverage	<u>500,000</u>
Uninsured public funds	1,096,502
Pledged collateral held by the pledging bank's trust department or agent but not in the Town's name	<u>640,746</u>
Uninsured and uncollateralized	<u>\$ 455,756</u>
50% pledged collateral requirement per statute	\$ 548,251
Total pledged collateral	<u>640,746</u>
Pledged collateral exceeding the requirements	<u>\$ (92,495)</u>

Pledged collateral at June 30, 2013 consists of the following:

Security	CUSIP	Maturity	Market Value
FN AI8345	3138ANHX4	8/1/41	\$ 22,334
FN AR9199	3138W7GH1	3/1/43	77,755
FN AE0385	31419ANB9	9/1/40	113,043
FN AH8825	3138AA YX3	3/1/41	75,455
FN AR9213	3138W7GX6	3/1/43	111,760
FN AB7730	31417ESU6	1/1/43	129,779
FN AJ4886	3138AWNC	11/1/41	<u>110,620</u>
Total			<u>\$ 640,746</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, 2013

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	\$309,248	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	\$75,000	Santa Fe County	Santa Fe County

COMPLIANCE SECTION

WATTS CPA, P.C.

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
Mayor and The Town Council
Town of Edgewood, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Town as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town, presented as supplemental information, and have issued my report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit, of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control. 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 13-01.

The Town's Responses to Findings

The Town's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watts CPA, P.C.

El Paso, Texas
November 4, 2013

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

CURRENT YEAR FINDINGS:

13-01 Other - Reimbursement in Excess of Per Diem

Condition

The Town paid \$35 meals per diem, \$5 in excess of the state allowed per diem rate for five Town travelers on one trip, which resulted in an overpayment in total of per diem of \$25.

Criteria

NMAC 2.42.2.8 sets the maximum per diem rate at \$30

Effect

Town is not in compliance with state law.

Cause

The Town did not verify the rate paid with NMAC 2.42.2.8

Recommendation

The Town should verify that the per diem rates for travel are within NMAC 2.42.2.8 limits prior to paying per diem.

Management's Response

The Town concurs with this finding; this was a onetime reimbursement error and the Town will continue to follow requirements of NMAC Mileage and Per Diem Act. All other reimbursements were in compliance. The Town has been reimbursed on the \$5 excess as directed and approved by the Department of Finance & Administration.

STATUS OF PRIOR YEAR FINDINGS

		Current Status
12-01	Deficiencies in Design over Internal Control	Resolved
12-02	Other - Gas Credit Cards	Resolved
12-03	Internal Control Deviation - Disbursements	Resolved

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2013**

An exit conference was conducted on September 30, 2013 with the following individuals in attendance:

Town of Edgewood Officials

Brad Hill	Mayor
Rita Loy Simmons	Councilor
Kay Davis	Administrator
Estefanie Muller	Clerk - Treasurer
Dora Garcia	Accounting Assistant

Watts CPA, P.C.

Brad Watts	Shareholder
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Financial Statement Preparation

The financial statements were prepared by Watts CPA, P.C. 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.