

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

*Basic Financial Statements and  
Required Supplementary Information  
For the Year Ended June 30, 2016  
and Independent Auditor's Report*

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

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JUNE 30, 2016**

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**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**DIRECTORY OF OFFICIALS**

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**ELECTED OFFICIALS**

John Bassett  
Sherry Abraham  
John Abrams  
Chuck Ring  
Rita Loy Simmons

Mayor  
Councilor  
Councilor / Mayor Pro Tem  
Councilor  
Councilor

**ADMINISTRATIVE OFFICIALS**

Juan Torres  
Carla Salazar

Clerk-Treasurer  
Deputy Clerk

# WATTS CPA, P.C.

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## **INDEPENDENT AUDITOR'S REPORT**

Timothy Keller,  
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, 2016, 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 funds, and the budgetary comparisons for the major capital project 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, 2016, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2016, 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, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project 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 and GASB required supplementary pension schedules on pages 75 to 79 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 other schedules required by Section 2.2.2 NMAC and listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were

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

The schedule of vendor information listed as "Other 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 29, 2016 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 29, 2016



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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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, 2016. Please read it in conjunction with the Town's financial statements, which follow this section.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town of Edgewood exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year end by \$12,698,794 (net position).
- The Town's total net position increased by \$386,383 during the fiscal year. The increase was due to the Town having an increase in revenues that was greater than the increase in expenses.
- As of June 30, 2016, the Town's governmental funds reported combined ending fund balances of \$5,160,783. Of this total, \$4,009,065 is restricted for special revenue, capital projects, debt service and other restricted items.
- The Town assessed and began collecting a property tax in 2015 to service debt. Property tax revenue was \$265,144 in 2016.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$1,151,718.

**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 nineteen 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 NMFA Loan 5 Program Fund, all of which are considered to be major funds. Data from the other fourteen 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 29 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 position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,698,794 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 \$12,447,403 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 is a deficit of \$912,297 which if were positive, 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, except in unrestricted for the government as a whole.

### **Analysis of Changes in Net Position**

During the current fiscal year, the Town's net position in governmental and business-type activities increased by \$386,383. These increases are explained in the governmental and business-type activities discussion that follows.

**Governmental Activities**

Governmental activities increased the Town's net position by \$665,272. Revenues not including transfers increased from \$4,627,973 for the year ended June 30, 2015 to \$5,187,903 for the year ended June 30, 2016. The increase in revenues is primarily because the Town received more grant money in 2016, and gross receipts taxes increased in 2016 as well. Governmental expenses increased from \$3,740,744 for the year ended June 30, 2015 to \$4,017,113 for the year ended June 30, 2016, primarily because the Town has significant street improvements in 2016 and because depreciation has increased due to completion of large construction projects for the police department, animal control shelter and roads. Total revenues and expenses from governmental activities are summarized below.

**Business-Type Activities**

Business-type activities decreased the Town's net position by \$278,889 after transfers in of \$505,518 in from governmental activities, compared to the prior year's decrease of \$308,251 after transfers of \$422,773 from the general fund. The wastewater system continues to require transfers to fund operations, repairs and maintenance.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 5,526,169	\$ 7,025,143	\$ 2,216	\$ 1,106	\$ 5,528,385	\$ 7,026,249
Capital assets, net of accumulated depreciation	11,409,832	9,281,747	5,722,452	6,026,903	17,132,284	15,308,650
Deferred outflow of resources	263,377	174,781	-	-	263,377	174,781
<b>Total assets and deferred outflows of resources</b>	<b>\$17,199,378</b>	<b>\$16,481,671</b>	<b>\$ 5,724,668</b>	<b>\$ 6,028,009</b>	<b>\$22,924,046</b>	<b>\$22,509,680</b>
Current and other liabilities	\$ 754,359	\$ 1,804,009	\$ 57,642	\$ 63,465	\$ 812,001	\$ 1,867,474
Long-term liabilities	9,047,727	7,481,962	299,668	318,297	9,347,395	7,800,259
Deferred inflows of resources	65,856	529,536	-	-	65,856	529,536
<b>Total assets and deferred inflows of resources</b>	<b>9,867,942</b>	<b>9,815,507</b>	<b>357,310</b>	<b>381,762</b>	<b>10,225,252</b>	<b>10,197,269</b>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	7,043,247	6,635,279	5,404,156	5,690,520	12,447,403	12,325,799
Restricted	1,163,688	980,783	-	-	1,163,688	980,783
Unrestricted	(875,499)	(949,898)	(36,798)	(44,273)	(912,297)	(994,171)
<b>Total net position</b>	<b>\$ 7,331,436</b>	<b>\$ 6,666,164</b>	<b>\$ 5,367,358</b>	<b>\$ 5,646,247</b>	<b>\$12,698,794</b>	<b>\$12,312,411</b>

A summary of the statement of activities is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program revenue:						
Charges for services	\$ 80,280	\$ 79,211	\$ 26,103	\$ 29,427	\$ 106,383	\$ 108,638
Operating grant and contributions	185,636	185,798	-	-	185,636	185,798
Capital grants and contributions	491,372	318,617	-	-	491,372	318,617
General revenues:						
Taxes	4,352,369	4,013,696	-	-	4,352,369	4,013,696
Other income	78,246	30,651	-	-	78,246	30,651
Total revenues	5,187,903	4,627,973	26,103	29,427	5,214,006	4,657,400
<b>EXPENSES</b>						
General government	1,036,863	1,124,043	-	-	1,036,863	1,124,043
Public safety	1,632,103	1,417,207	-	-	1,632,103	1,417,207
Highways and streets	810,969	672,837	-	-	810,969	672,837
Cultural and recreation	305,949	301,048	-	-	305,949	301,048
Interest expense	231,229	225,609	-	-	231,229	225,609
Waste water expenses	-	-	810,510	760,451	810,510	760,451
Total expenses	4,017,113	3,740,744	810,510	760,451	4,827,623	4,501,195
Changes in net position before transfers	1,170,790	887,229	(784,407)	(731,024)	386,383	156,205
Transfers	(505,518)	(422,773)	505,518	422,773	-	-
Changes in net position	665,272	464,456	(278,889)	(308,251)	386,383	156,205
Net position - beginning	6,666,164	6,201,708	5,646,247	5,954,498	12,312,411	12,156,206
Net position - ending	\$ 7,331,436	\$ 6,666,164	\$ 5,367,358	\$ 5,646,247	\$12,698,794	\$12,312,411

### 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 \$5,160,783, a decrease of \$1,682,229 in comparison with the prior year. Approximately 22% of this total amount, or \$1,151,718, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$4,009,065, 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. The decrease in fund balance in the year ended June 30, 2016 is primarily due to the spending of funds that the Town received when it issued notes and bonds payable in prior years.

Revenues for governmental functions overall totaled \$5,177,426 in the year ended June 30, 2016, which represents an increase of \$549,453 from the year ended June 30, 2015. Expenditures for governmental functions totaled \$6,353,240 in the year ended June 30, 2016. This was an increase of \$897,682 from the fiscal year-ended June 30, 2015. In the fiscal year-ended June 30, 2016, expenditures for governmental functions exceeded revenues by approximately \$1,175,814.

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 \$1,221,899, which consisted of \$70,181 restricted fund balance and \$1,151,718 unassigned fund balance.

The fund balance of the Town's General Fund increased \$214,363 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 a deficit of \$36,798. The total decrease in net position for the proprietary fund was \$278,889. The deficit and decrease in net position were due primarily to the asset management plan and repairs and maintenance in 2016.

### **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 \$2,569,011. The actual revenues for the fiscal year were \$2,901,889, which is \$332,878 higher than budgeted.

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, 2016, general fund expenditures were under budget by \$96,062.

### **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, 2016 amount to \$17,132,284 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, machinery and equipment, and infrastructure. The total additions to the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$2,612,985 for governmental activities. Improvements and infrastructure costing \$20,277 was purchased for the Town and land and construction in progress of \$2,592,708 was added in the year ended June 30, 2016. There were \$3,681,374 in construction projects completed in 2016. There were no additions in business-type capital assets (excluding accumulated depreciation) for the current fiscal year.

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, 2016 and 2015**

	Governmental Activities		Business - Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and Construction in Progress	\$ 371,573	\$ 1,460,239	\$ -	\$ -	\$ 371,573	\$ 1,460,239
Buildings, Equipment and Infrastructure	11,038,259	7,821,508	-	-	11,038,259	7,821,508
Waste water system	-	-	5,722,452	6,026,903	5,722,452	6,026,903
Capital Assets, Net of A/D	<u>\$11,409,832</u>	<u>\$ 9,281,747</u>	<u>\$ 5,722,452</u>	<u>\$ 6,026,903</u>	<u>\$17,132,284</u>	<u>\$15,308,650</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 and Business-Type Activities in the amount of \$12,447,403. 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.

During 2016 the Town had no debt issuance, however in 2015, the Town issued \$2,696,483 in notes payable. The Town's long term debt is summarized as follows:

**Long Term Debt  
June 30, 2016 and 2015**

	Governmental Activities		Business - Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Notes Payable	\$ 3,931,962	\$ 4,071,161	\$ 318,296	\$ 336,383	\$ 4,250,258	\$ 4,407,544
Bonds Payable	3,550,000	3,670,000	-	-	3,550,000	3,670,000
Compensated Absences	<u>59,776</u>	<u>49,960</u>	<u>-</u>	<u>-</u>	<u>59,776</u>	<u>49,960</u>
Total Long Term Debt	<u>\$ 7,541,738</u>	<u>\$ 7,791,121</u>	<u>\$ 318,296</u>	<u>\$ 336,383</u>	<u>\$ 7,860,034</u>	<u>\$ 8,127,504</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, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 4,869,732	\$ -	\$ 4,869,732
Receivables:			
Taxes	656,437	-	656,437
Other	-	2,216	2,216
Capital assets, net of accumulated depreciation	11,409,832	5,722,452	17,132,284
Total assets	<u>16,936,001</u>	<u>5,724,668</u>	<u>22,660,669</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension plan	263,377	-	263,377
Total deferred outflow of resources	<u>263,377</u>	<u>-</u>	<u>263,377</u>
Total deferred outflow of resources and assets	<u>\$ 17,199,378</u>	<u>\$ 5,724,668</u>	<u>\$ 22,924,046</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 300,832	\$ 39,014	\$ 339,846
Impact fee deposits	4,065	-	4,065
Accrued compensation and benefits	49,114	-	49,114
Accrued interest payable	65,287	-	65,287
Noncurrent liabilities:			
Net pension liability	1,841,050	-	1,841,050
Notes payable - Due within one year	140,285	18,628	158,913
Notes payable - Due after one year	3,791,677	299,668	4,091,345
Bond payable - Due within one year	135,000	-	135,000
Bond payable - Due after one year	3,415,000	-	3,415,000
Compensated absences - Due within one year	59,776	-	59,776
Total liabilities	<u>9,802,086</u>	<u>357,310</u>	<u>10,159,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension plan	65,856	-	65,856
Total deferred inflow of resources	<u>65,856</u>	<u>-</u>	<u>65,856</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,043,247	5,404,156	12,447,403
Restricted for:			
Reserved for special revenue funds	173,587	-	173,587
Reserved for capital projects funds	372,868	-	372,868
Reserved for debt service funds	547,052	-	547,052
Fire protection	70,181	-	70,181
Unrestricted	<u>(875,499)</u>	<u>(36,798)</u>	<u>(912,297)</u>
Total net position	<u>\$ 7,331,436</u>	<u>\$ 5,367,358</u>	<u>\$ 12,698,794</u>

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, 2016

Functions/Programs Primary Government:	Program Revenues			Primary Government Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,036,863	\$ 69,501	\$ 106,030	\$ -	\$ (861,332)	\$ -	\$ (861,332)
Public safety	1,632,103	10,779	42,228	-	(1,579,096)	-	(1,579,096)
Highways and streets	810,969	-	-	491,372	(319,597)	-	(319,597)
Culture and recreation	305,949	-	37,378	-	(268,571)	-	(268,571)
Interest expense	231,229	-	-	-	(231,229)	-	(231,229)
Total governmental activities	4,017,113	80,280	185,636	491,372	(3,259,825)	-	(3,259,825)
Business-type Activities:							
Waste water	810,510	26,103	-	-	-	(784,407)	(784,407)
Total business-type activities	810,510	26,103	-	-	-	(784,407)	(784,407)
Total primary government	\$ 4,827,623	\$ 106,383	\$ 185,636	\$ 491,372	\$ (3,259,825)	\$ (784,407)	\$ (4,044,232)
<b>General Revenues and Transfers:</b>							
Gross receipt taxes					3,940,166	-	3,940,166
Property taxes					265,144	-	265,144
Gasoline taxes					147,059	-	147,059
Investment income					17,835	-	17,835
Other					60,411	-	60,411
Transfers					(505,518)	505,518	-
Total general revenues and transfers					3,925,097	505,518	4,430,615
Change in net position					665,272	(278,889)	386,383
Net position - beginning					6,666,164	5,646,247	12,312,411
Net position - ending					\$ 7,331,436	\$ 5,367,358	\$ 12,698,794

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, 2016

	General Fund	Municipal Streets	Police Fund	Capital Projects	NMFA Loan 5 Program	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 881,820	\$ -	\$ -	\$ 2,090,613	\$ 1,235,653	\$ 661,646	\$ 4,869,732
Receivables:							
Taxes							
Gross receipts tax	415,093	-	109,635	89,660	-	-	614,388
Property tax	-	-	-	-	-	15,541	15,541
Gasoline tax	-	25,921	-	-	-	-	25,921
Other	587	-	-	-	-	-	587
Total assets	\$ 1,297,500	\$ 25,921	\$ 109,635	\$ 2,180,273	\$ 1,235,653	\$ 677,187	\$ 5,526,169
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 55,558	\$ 12,824	\$ 21,536	\$ 197,681	\$ -	\$ 13,233	\$ 300,832
Impact fee deposits	4,065	-	-	-	-	-	4,065
Accrued compensation and benefits	15,978	8,631	20,185	-	-	4,320	49,114
Total liabilities	75,601	21,455	41,721	197,681	-	17,553	354,011
Deferred inflows							
Property tax not available						11,375	11,375
Fund balances:							
Restricted, reported in:							
General fund	70,181	-	-	-	-	-	70,181
Special revenue fund	-	4,466	67,914	-	-	101,207	173,587
Capital projects funds	-	-	-	1,982,592	1,235,653	-	3,218,245
Debt service funds	-	-	-	-	-	547,052	547,052
Unassigned, reported in:							
General fund	1,151,718	-	-	-	-	-	1,151,718
Total fund balances	1,221,899	4,466	67,914	1,982,592	1,235,653	648,259	5,160,783
Total liabilities and fund balances	\$ 1,297,500	\$ 25,921	\$ 109,635	\$ 2,180,273	\$ 1,235,653	\$ 677,187	\$ 5,526,169

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, 2016**

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

<b>Fund balances - total governmental funds</b>	\$ 5,160,783
Accrued compensated absences not payable from current revenue	(59,776)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	11,409,832
The following are related to pensions are not due and payable in the current period and therefore are not reported in the governmental funds:	
Net pension liability	(1,841,050)
Deferred inflows of resources	(65,856)
Deferred outflows of resources	263,377
Notes payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(3,931,962)
Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(3,550,000)
Property tax not available is not available in the current period and therefore are reported as liabilities in the governmental funds.	11,375
Accrued interest is not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(65,287)
<b>Net Position - Statement of Net Position</b>	<u>\$ 7,331,436</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  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Municipal Streets	Police Fund	Capital Projects	NMFA Loan 5 Program	Total Nonmajor Funds	Total
<b>Revenues:</b>							
Taxes	\$ 2,695,325	\$ 147,059	\$ 660,939	\$ 583,902	\$ -	\$ 253,769	\$ 4,340,994
Licenses, permits fees and fines	69,501	-	-	-	-	10,779	80,280
Intergovernmental - State	106,030	-	17,203	491,372	-	62,178	676,783
Grant	-	-	-	-	-	225	225
Interest	1,656	-	-	8,175	-	2,864	17,835
Miscellaneous	59,412	-	1,000	-	5,140	-	60,412
<b>Total revenues</b>	<b>2,931,924</b>	<b>147,059</b>	<b>679,142</b>	<b>1,083,449</b>	<b>5,140</b>	<b>329,815</b>	<b>5,176,529</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	949,517	-	-	-	-	-	949,517
Public safety	394,893	-	1,083,729	-	-	26,733	1,505,355
Highways and streets	-	526,725	-	-	-	-	526,725
Culture and recreation	-	-	-	-	-	268,230	268,230
Capital outlay	-	6,349	8,757	1,724,553	873,326	-	2,612,985
Debt service	-	-	-	-	-	259,199	259,199
Principal payments	-	-	-	-	-	231,229	231,229
Interest payments	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,344,410</b>	<b>533,074</b>	<b>1,092,486</b>	<b>1,724,553</b>	<b>873,326</b>	<b>785,391</b>	<b>6,553,240</b>
Excess (deficiency) of revenues over expenditures	1,587,514	(386,015)	(413,344)	(641,104)	(868,186)	(455,576)	(1,176,711)
Other financing sources (uses):							
Operating transfers in	-	384,519	404,892	2,137	-	482,818	1,274,366
Operating transfers out	(1,373,151)	-	-	(404,880)	-	(1,853)	(1,779,884)
<b>Total other financing sources (uses)</b>	<b>(1,373,151)</b>	<b>384,519</b>	<b>404,892</b>	<b>(402,743)</b>	<b>-</b>	<b>480,965</b>	<b>(505,518)</b>
<b>Net changes in fund balances</b>	<b>214,363</b>	<b>(1,496)</b>	<b>(8,452)</b>	<b>(1,043,847)</b>	<b>(868,186)</b>	<b>25,389</b>	<b>(1,682,229)</b>
Fund balance - beginning of year	1,007,536	5,962	76,366	3,026,439	2,103,839	622,870	6,843,012
<b>Fund balance - end of year</b>	<b>\$ 1,221,899</b>	<b>\$ 4,466</b>	<b>\$ 67,914</b>	<b>\$ 1,982,592</b>	<b>\$ 1,235,653</b>	<b>\$ 648,259</b>	<b>\$ 5,160,783</b>

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  
FOR THE YEAR ENDED JUNE 30, 2016**

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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** \$(1,682,229)

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 capital outlay exceeded depreciation expense in the current period.

Depreciation expense	(484,900)	
Capital outlay	<u>2,612,985</u>	
Excess of capital outlay over depreciation expense		2,128,085

The repayment of the principal of notes payable and accrued interest consumes current financial resources of governmental funds.		259,199
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Property taxes that do not meet the available criteria		11,375
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Change in deferred inflows, deferred outflows and liability related to pensions		(41,342)
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		<u>(9,816)</u>
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**Change in net position of governmental activities** **\$ 665,272**

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  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 2,204,097	\$ 2,370,641	\$ 2,665,290	\$ 294,649
Licenses, permits, fees and fines	75,185	78,251	69,501	(8,750)
Intergovernmental - State	90,000	90,000	106,030	16,030
Interest	-	-	1,656	1,656
Grant	-	-	-	-
Miscellaneous	1,610	30,119	59,412	29,293
<b>Total revenues</b>	<u>2,370,892</u>	<u>2,569,011</u>	<u>2,901,889</u>	<u>332,878</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,340,483	1,470,124	979,169	490,955
Public safety	-	-	394,893	(394,893)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>1,340,483</u>	<u>1,470,124</u>	<u>1,374,062</u>	<u>96,062</u>
Excess (deficiency) of revenues over expenditures	<u>1,030,409</u>	<u>1,098,887</u>	<u>1,527,827</u>	<u>428,940</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(1,219,572)	(1,340,717)	(1,373,151)	(32,434)
<b>Total other financing sources (uses)</b>	<u>(1,219,572)</u>	<u>(1,340,717)</u>	<u>(1,373,151)</u>	<u>(32,434)</u>
Net changes in fund balances	(189,163)	(241,830)	154,676	396,506
Fund balance - beginning of year	<u>1,007,536</u>	<u>1,007,536</u>	<u>1,007,536</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 818,373</u>	<u>\$ 765,706</u>	<u>\$ 1,162,212</u>	<u>\$ 396,506</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 154,676	
<b>Change in:</b>				
Accounts receivable			30,035	
Accounts payable			31,794	
Accrued compensation and benefits			(2,142)	
Net changes in fund balance GAAP basis			<u>\$ 214,363</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  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 133,000	\$ 133,000	\$ 142,528	\$ 9,528
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>133,000</u>	<u>133,000</u>	<u>142,528</u>	<u>9,528</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	500,553	608,553	528,990	79,563
<b>Total expenditures</b>	<u>500,553</u>	<u>608,553</u>	<u>528,990</u>	<u>79,563</u>
Excess (deficiency) of revenues over expenditures	<u>(367,553)</u>	<u>(475,553)</u>	<u>(386,462)</u>	<u>89,091</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	367,553	475,553	384,519	(91,034)
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>367,553</u>	<u>475,553</u>	<u>384,519</u>	<u>(91,034)</u>
Net changes in fund balances	-	-	(1,943)	(1,943)
Fund balance - beginning of year	<u>5,962</u>	<u>5,962</u>	<u>5,962</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 5,962</u>	<u>\$ 5,962</u>	<u>\$ 4,019</u>	<u>\$ (1,943)</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (1,943)	
<b>Change in:</b>				
Accounts receivable			4,531	
Accounts payable and accruals			(1,394)	
Accrued compensation and benefits			(2,690)	
Net changes in fund balance GAAP basis			<u>\$ (1,496)</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  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 576,365	\$ 685,682	\$ 670,128	\$ (15,554)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	17,203	17,203
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	1,000	1,000	1,000	-
<b>Total revenues</b>	<u>577,365</u>	<u>686,682</u>	<u>688,331</u>	<u>1,649</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	1,117,696	1,159,347	1,093,223	66,124
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>1,117,696</u>	<u>1,159,347</u>	<u>1,093,223</u>	<u>66,124</u>
Excess (deficiency) of revenues over expenditures	<u>(540,331)</u>	<u>(472,665)</u>	<u>(404,892)</u>	<u>67,773</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	463,965	463,965	404,892	(59,073)
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>463,965</u>	<u>463,965</u>	<u>404,892</u>	<u>(59,073)</u>
Net changes in fund balances	(76,366)	(8,700)	-	8,700
Fund balance - beginning of year	<u>76,366</u>	<u>76,366</u>	<u>76,366</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ 67,666</u>	<u>\$ 76,366</u>	<u>\$ 8,700</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
<b>Change in:</b>				
Accounts receivable			(9,189)	
Accounts payable			4,784	
Accrued compensation and benefits			(4,047)	
Net changes in fund balance GAAP basis			<u>\$ (8,452)</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, 2016**

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**ASSETS:**

Current Assets

Accounts receivable \$ 2,216

Total current assets 2,216

Noncurrent Assets

Capital assets, net of accumulated depreciation 5,722,452

**Total assets** \$ **5,724,668**

**LIABILITIES AND NET POSITION:**

Current Liabilities:

Accounts payable \$ 39,014

Current maturities of note payable 18,628

Total current liabilities 57,642

Noncurrent Liabilities:

Note payable 299,668

**Total liabilities** 357,310

Net Position:

Net investment in capital assets 5,404,156

Unrestricted (36,798)

**Total net position** 5,367,358

**Total liabilities and net position** \$ **5,724,668**

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  
FOR THE YEAR ENDED JUNE 30, 2016**

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Operating Revenues:	
Service fees	\$ 26,103
Total operating revenues	26,103
Operating Expenses:	
Professional services	406,843
Repairs and maintenance	11,016
Supplies	26,718
Utilities	50,244
Depreciation	304,451
State shared taxes	1,146
Total operating expenses	800,418
Operating loss	(774,315)
Non-Operating Expenses:	
Interest expense	10,092
Loss before transfers	(784,407)
Transfers:	
Transfers in	505,518
Change in net position	(278,889)
Net position - beginning of year	5,646,247
Net position - end of year	\$ 5,367,358

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  
FOR THE YEAR ENDED JUNE 30, 2016**

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Cash Flows From Operating Activities:	
Cash received from customers	\$ 24,993
Cash payments to vendors for goods and services	<u>(502,332)</u>
<b>Net cash used in operating activities</b>	<u><b>(477,339)</b></u>

Cash Flows From Capital and Related Financing Activities:	
Payments on notes payable	(18,087)
Payments for interest on notes payable	<u>(10,092)</u>
<b>Net cash used in capital and related financing activities</b>	<u><b>(28,179)</b></u>

Cash Flows From Noncapital Financing Activities:	
Transfers in	<u>505,518</u>
<b>Net cash provided by noncapital financing activities</b>	<u><b>505,518</b></u>

<b>Net decrease in cash and cash equivalents</b>	-
Cash and cash equivalents, beginning of year	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ -</b></u>

<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating loss	\$ (774,315)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	304,451
Change in:	
Accounts receivable	(1,110)
Accounts payable	<u>(6,365)</u>
<b>Total adjustments</b>	<u><b>296,976</b></u>
<b>Net cash used in operating activities</b>	<u><b>\$ (477,339)</b></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, 2016**

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**ASSETS**

Cash	<u>\$ 16,477</u>
<b>Total assets</b>	<b><u>\$ 16,477</u></b>

**LIABILITIES**

Due to other entities	<u>\$ 16,477</u>
<b>Total liabilities</b>	<b><u>\$ 16,477</u></b>

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



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Edgewood ("Town") was incorporated in July 1999 under the laws of the state of New Mexico, operates under the Mayor-Council form of government. The Town provides the following authorized services: public safety (police and fire), highways and streets, 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, 2016.

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.

Property tax revenue is recorded on an accrual basis and the revenue is recognized in the fiscal year for which the taxes are levied.

*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.

Property taxes are levied and collected by the Santa Fe County Treasurer on behalf of the Town. Property taxes are levied in November and are payable in two installments, half on November 10 which becomes delinquent on December 10 and half on April 10 which becomes delinquent on May 11, which is also the lien date.

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.

*NMFA Loan 5 Program.* A capital projects fund that accounts for the receipts and disbursements of the funds from NMFA loan # 5. 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, per Section 12-6-10 NMSA 1978, 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. Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has three types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and employer contributions made after the measurement date, are reported on the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available. The Town has recorded \$70,224 related to the differences between expected and actual experience, \$56,180 related to the changes in proportion and differences between employer contributions and proportionate share of contributions, and employer contributions made after the measurement date and \$136,973 employer contributions made after the measurement date.

**E. Compensated Absences**

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.

**F. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The Town has three types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, differences between expected and actual experience, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town has recorded \$18,519 related to the differences between expected and actual experience, \$5,433 related to the net difference between expected and actual investment earnings and \$41,904 related to the

changes in assumptions.

#### **G. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Board (PERB) and additions to/deductions from PERB's fiduciary net position have been determined on the same basis as they are reported by PERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **H. 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.

#### **I. 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.

**J. 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.

**K. 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.

**L. 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.

**M. 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.

#### **N. New Accounting Pronouncements**

During the year ended June 30, 2016, the Town implemented the following new accounting pronouncements which did not have a material effect on the Town's financial statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The following pronouncements have been issued, but are not yet effective for the year ended June 30, 2016.

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple Employer Defined Benefit Plans*
- GASB Statement No 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
- GASB Statement 82, *Pension Issues-an Amendment of GASB Statements no. 67, No. 68, and No. 73*.

The Town is evaluating the effect that these statements 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, 2015, the Town's bank balance total of \$1,749,645 was exposed to credit risk in the

amount of \$1,243,886 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Town's name	\$ 825,039
Uninsured and uncollateralized	<u>418,847</u>
Total	<u>\$ 1,243,886</u>

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, 2016, 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 certificates of deposits and similar obligations, state investment pool, money market accounts and United States Government obligations.

***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.

As of June 30, 2016, the Town has no items classified as investments.



### 3. CAPITAL ASSETS

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

	Balance June 30, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 257,449	\$ -	\$ -	\$ -	\$ 257,449
Construction in progress	<u>1,202,790</u>	<u>2,592,708</u>	<u>-</u>	<u>(3,681,374)</u>	<u>114,124</u>
<b>Total capital assets not being depreciated</b>	<u>1,460,239</u>	<u>2,592,708</u>	<u>-</u>	<u>(3,681,374)</u>	<u>371,573</u>
Capital assets being depreciated:					
Buildings, structures and improvements	2,014,987	-	-	2,259,988	4,274,975
Road equipment	754,363	-	-	-	754,363
Furniture, fixtures and equipment	204,941	8,757	-	-	213,698
Vehicles	486,583	-	-	-	486,583
Infrastructure	<u>6,958,332</u>	<u>11,520</u>	<u>-</u>	<u>1,421,386</u>	<u>8,391,238</u>
<b>Total capital assets being depreciated</b>	<u>10,419,206</u>	<u>20,277</u>	<u>-</u>	<u>3,681,374</u>	<u>14,120,857</u>
Less accumulated depreciation for:					
Buildings, structures and improvements	319,484	88,030	-	-	407,514
Road equipment	541,138	30,116	-	-	571,254
Furniture, fixtures and equipment	170,730	11,825	-	-	182,555
Vehicles	253,514	72,563	-	-	326,077
Infrastructure	<u>1,312,832</u>	<u>282,366</u>	<u>-</u>	<u>-</u>	<u>1,595,198</u>
<b>Total accumulated depreciation</b>	<u>2,597,698</u>	<u>484,900</u>	<u>-</u>	<u>-</u>	<u>3,082,598</u>
<b>Total capital assets being depreciated, net</b>	<u>7,821,508</u>	<u>(464,623)</u>	<u>-</u>	<u>3,681,374</u>	<u>11,038,259</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 9,281,747</u>	<u>\$ 2,128,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,409,832</u>

Depreciation expense for the year ended June 30, 2016 was charged to the following functions:

General government	\$ 74,115
Public safety	88,823
Highways and streets	284,243
Culture and recreation	<u>37,719</u>
<b>Total Governmental Activities depreciation expense</b>	<u>\$ 484,900</u>

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

	Balance June 30, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
<b>Business-Type Activities:</b>					
Capital assets being depreciated:					
Waste Water System	\$ 7,611,278	\$ -	\$ -	\$ -	\$ 7,611,278
<b>Total capital assets being depreciated</b>	<u>7,611,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,611,278</u>
Less accumulated depreciation for:					
Waste Water System	<u>1,584,375</u>	<u>304,451</u>	<u>-</u>	<u>-</u>	<u>1,888,826</u>
<b>Total accumulated depreciation</b>	<u>1,584,375</u>	<u>304,451</u>	<u>-</u>	<u>-</u>	<u>1,888,826</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 6,026,903</u>	<u>\$ (304,451)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,722,452</u>

#### 4. LONG TERM OBLIGATIONS

Long term liability activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
NMFA Edgewood 3	\$ 1,399,665	\$ -	\$ (74,406)	\$ 1,325,259	\$ 75,168
NMFA Edgewood 5	2,671,496	-	(64,793)	2,606,703	65,117
GO Bond	3,670,000	-	(120,000)	3,550,000	135,000
Net pension liability	1,247,432	593,618	-	1,841,050	-
Compensated absences	49,960	36,651	(26,835)	59,776	59,776
	<u>\$ 9,038,553</u>	<u>\$ 630,269</u>	<u>\$ (286,034)</u>	<u>\$ 9,382,788</u>	<u>\$ 335,061</u>
<b>Business Type Activities:</b>					
RIP Loan	\$ 336,383	\$ -	\$ (18,087)	\$ 318,296	\$ 18,628

*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
2017	\$ 75,168	\$ 37,765	\$ 112,933
2018	76,128	36,773	112,901
2019	77,299	35,562	112,861
2020	78,668	34,148	112,816
2021	80,260	32,504	112,764
2022-2026	432,985	129,854	562,839
2027-2031	504,751	56,106	560,857
	<u>\$ 1,325,259</u>	<u>\$ 362,712</u>	<u>\$ 1,687,971</u>

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 and is collateralized by state shared gross receipts tax. Loan debt service requirements to maturity are as follows:

<b>Years ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 18,628	\$ 9,550	\$ 28,178
2018	19,188	8,990	28,178
2019	19,763	8,415	28,178
2020	20,356	7,822	28,178
2021	20,967	7,211	28,178
2022-2026	114,655	26,235	140,890
2027-2031	<u>104,739</u>	<u>7,972</u>	<u>112,711</u>
	<u>\$ 318,296</u>	<u>\$ 76,195</u>	<u>\$ 394,491</u>

During 2014, the Town issued \$3,670,000 of Series 2014 General Obligation Bonds. Interest, with rates ranging from 1.3% to 5.0%, is due every February and August commencing February 2015 and principal is due each August commencing August 2015. The bonds are secured by ad valorem property tax and mature August 2034. Bond debt service requirements to maturity are as follows:

<b>Years ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 135,000	\$ 105,636	\$ 240,636
2018	140,000	104,387	244,387
2019	150,000	102,593	252,593
2020	155,000	100,201	255,201
2021	165,000	97,168	262,168
2022-2026	925,000	419,042	1,344,042
2027-2031	1,040,000	263,155	1,303,155
2032-2036	<u>840,000</u>	<u>68,398</u>	<u>908,398</u>
	<u>\$ 3,550,000</u>	<u>\$ 1,260,580</u>	<u>\$ 4,810,580</u>

The Town received a loan in 2015 totaling \$2,696,483 from the New Mexico Finance Authority (NMFA). The loan requires variable annual principal payments ranging from \$64,793 to \$144,922 including interest at 3.72% and matures May 2044. 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:

<b>Years ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 65,117	\$ 85,892	\$ 151,009
2018	65,579	85,430	151,009
2019	66,209	84,800	151,009
2020	67,016	83,992	151,008
2021	68,008	83,000	151,008
2022-2026	360,816	394,226	755,042
2027-2031	412,876	342,166	755,042
2032-2036	490,125	264,916	755,041
2037-2041	593,363	161,682	755,045
2042-2045	417,594	35,432	453,026
	<u>\$ 2,606,703</u>	<u>\$ 1,621,536</u>	<u>\$ 4,228,239</u>

**5. FUND BALANCES**

Fund balance restrictions in the General Fund at June 30, 2016 consisted of the following:

Fire protection	<u>\$ 70,181</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, injuries to employees and natural disasters. The Town has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool that operates as a common risk management and insurance program for local governments. The Town pays an annual premium to the New Mexico Self-Insurers Fund for its general insurance coverage, and all risk of loss is transferred.

**7. PERA PENSION PLAN**

**General Information about the Pension Plan**

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>.

**Contributions.** The contribution requirements of defined benefit plan members and the Town of Edgewood are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 31 through 32 of the PERA FY15 annual audit report at [http://www.saonm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf). The PERA coverage options that apply to the Town of Edgewood are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Town of Edgewood were \$128,163 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town of Edgewood’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Division Municipal General,** at June 30, 2016, the Town of Edgewood reported a liability of \$836,061 for its proportionate share of the net pension liability. At June 30, 2015, the Town’s proportion was .0820 percent, which was an increase from its proportion measured as of June 30, 2014 which was .0747 percent.

For the year ended June 30, 2016, the Town of Edgewood recognized PERA Fund Division Municipal General pension expense of \$45,457. At June 30, 2016, the Town of Edgewood reported PERA Fund Division Municipal General deferred outflows of resources and deferred

inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 18,519
Change in assumptions	-	326
Net difference between projected and actual earnings on pension plan investments	-	2,645
Changes in proportion and differences between Town of Edgewood contributions and proportionate share of contributions	43,485	-
Town of Edgewood contributions subsequent to the measurement date	<u>59,824</u>	<u>-</u>
Total	<u>\$ 103,309</u>	<u>\$ 21,490</u>

\$59,824 reported as deferred outflows of resources related to pensions resulting from Town of Edgewood contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (11,864)
2018	(11,864)
2019	(11,864)
2020	55,222
2021	2,364
Thereafter	-

**For PERA Fund Division Municipal Police**, at June 30, 2016, the Town of Edgewood reported a liability of \$1,004,989 for its proportionate share of the net pension liability. At June 30, 2015, the Town of Edgewood's proportion was .2090 percent, which was an increase from its proportion measured as of June 30, 2014 which was .2039 percent.

For the year ended June 30, 2016, the Town of Edgewood recognized PERA Fund Division Municipal Police pension expense of \$70,482. At June 30, 2016, the Town of Edgewood reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 70,224	\$ -
Change in assumptions	-	41,578
Net difference between projected and actual earnings on pension plan investments	-	2,788
Changes in proportion and differences between Town of Edgewood contributions and proportionate share of contributions	12,695	-
Town of Edgewood contributions subsequent to the measurement date	77,149	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 160,068</b>	<b>\$ 44,366</b>

\$77,149 reported as deferred outflows of resources related to pensions resulting from Town of Edgewood contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (5,556)
2018	(5,556)
2019	(5,556)
2020	54,531
2021	690
Thereafter	-

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actual valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based of statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75 % annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Included inflation at	3.00% annual rate

- Mortality assumption RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
- Experience study dates July 1, 2008 to June 30, 2013

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

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.2
Private Equity	7	8.2
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5	4.8
Real Estate	5	5.3
Real Assets	7	5.7
Absolute Return	4	4.15
Total	<u>100.00%</u>	

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

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

PERA Fund Division Municipal General	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town of Edgewood's proportionate share of the net pension liability	\$ 1,423,480	\$ 836,061	\$ 347,662



<b>PERA Fund Division Municipal Police</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Town of Edgewood's proportionate share of the net pension liability	\$ 1,659,679	\$ 1,004,989	\$ 467,922

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

## 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](http://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, 2016, 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, 2016, 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, 2016, 2015 and 2014 were \$25,882, \$24,035 and \$22,007, respectively, which equal the required contributions for each year.

## **9. CONSTRUCTION COMMITMENTS**

As of June 30, 2016, the Town has construction in progress totaling \$114,124 and has a remaining construction commitment of \$1,090,713 for street improvements. The construction is funded through the issuance of debt.

## **10. RESTRICTED COMPONENT OF NET POSITION**

The government-wide statement of net position reports \$1,163,688 of restricted component of net position that is restricted by enabling legislation.

## **11. TRANSFERS**

During the year ended June 30, 2016, the General Fund transferred \$86,462 to the Municipal Streets Fund, \$194 to the Capital Projects Fund, \$404,892 to the Police Fund, \$480,964 to nonmajor funds and \$400,638 to the Waste Water Fund to pay for fund expenditures. The Police fund transferred \$1,943 to Capital Projects Fund to reimburse for expenses paid for by Capital Projects Fund. The Capital Projects Fund transferred \$300,000 to the Municipal Streets Fund and \$104,880 to the Waste Water Fund for reimbursements. Also there were \$1,853 of transfers between nonmajor funds to transfer excess reserves for debt service.

## **12. DEFICIT FUND BALANCE**

As of June 30, 2016, The Library fund had a deficit fund balance of \$9,296 and the Recreation fund had a deficit fund balance of \$1,506.

## **13. CONTINGENCIES**

**Litigation.** Claims have been filed against the Town and are in various stages of processing, and some may ultimately be brought to trial. It is not possible to estimate the likelihood and amount of such claims. Accordingly, no accrual has been made for them.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NONMAJOR FUNDS  
JUNE 30, 2016**

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**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**

*Public Works.* To account for grants appropriations, and other receipts and expenditures related to the public works building. Authority is by Town resolution.

*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 3. Authority is by Town resolution.

*Public Works Intercept.* To account for the debt service on the NMFA loan 3. Authority is by Town resolution.

*NMFA Loan 5 Reserve.* To account for the required debt service reserve on the NMFA loan 5.

Authority is by Town resolution.

*NMFA Loan 5 Intercept.* To account for the debt service on the NMFA loan 5. Authority is by Town resolution.

*GO Bond.* To account for the debt service on the GO Bond. Authority is by Town resolution.

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Corrections	Law Enforcement Protection	Library	Recreation	Animal Shelter	Veterans Memorial
<b>ASSETS</b>						
Cash and investments	\$ 78,487	\$ 15,428	\$ -	\$ 3,500	\$ 12,244	\$ 250
Receivables	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Gross receipts tax	-	-	-	-	-	-
Grants	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 78,487</b>	<b>\$ 15,428</b>	<b>\$ -</b>	<b>\$ 3,500</b>	<b>\$ 12,244</b>	<b>\$ 250</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 5,970	\$ 4,012	\$ -	\$ -
Accrued compensation and benefits	-	-	3,326	994	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>9,296</b>	<b>5,006</b>	<b>-</b>	<b>-</b>
Deferred Inflows						
Property tax not available	-	-	-	-	-	-
Fund balances:						
Restricted, reported in:						
Special revenue funds	78,487	15,428	(9,296)	(1,506)	12,244	250
Capital projects funds	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>78,487</b>	<b>15,428</b>	<b>(9,296)</b>	<b>(1,506)</b>	<b>12,244</b>	<b>250</b>
<b>Total liabilities deferred inflows and fund balances</b>	<b>\$ 78,487</b>	<b>\$ 15,428</b>	<b>\$ -</b>	<b>\$ 3,500</b>	<b>\$ 12,244</b>	<b>\$ 250</b>

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, 2016

	Buy a Brick	Public Works	Wind Turbine	PW Reserve	PW Intercept	NMFA Loan 5 Reserve
<b>ASSETS</b>						
Cash and investments	\$ 5,600	\$ -	\$ -	\$ 114,045	\$ 20,989	\$ 152,406
Receivables						
Taxes						
Gross receipts tax	-	-	-	-	-	-
Grants						
<b>Total assets</b>	<b>\$ 5,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 114,045</b>	<b>\$ 20,989</b>	<b>\$ 152,406</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,251	\$ -
Accrued compensation and benefits	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,251</b>	<b>-</b>
Deferred Inflows						
Property taxes not available	-	-	-	-	-	-
Fund balances:						
Restricted, reported in:						
Special revenue funds	5,600	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Debt service funds	-	-	-	114,045	17,738	152,406
<b>Total Fund Balance</b>	<b>5,600</b>	<b>-</b>	<b>-</b>	<b>114,045</b>	<b>17,738</b>	<b>152,406</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 5,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 114,045</b>	<b>\$ 20,989</b>	<b>\$ 152,406</b>

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, 2016

	NMEA Loan 5 Intercept	GO Bond	Total Non-major
<b>ASSETS</b>			
Cash and investments	\$ 26,184	\$ 232,513	\$ 661,646
Receivables			
Taxes			
Property tax	-	15,541	15,541
Grants	-	-	-
<b>Total assets</b>	<b>\$ 26,184</b>	<b>\$ 248,054</b>	<b>\$ 677,187</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 13,233
Accrued compensation and benefits	-	-	4,320
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>17,553</b>
<b>Deferred Inflows</b>			
Property tax not available	-	11,375	11,375
<b>Fund balances:</b>			
Restricted, reported in:			
Special revenue funds	-	-	101,207
Capital projects funds	-	-	-
Debt service funds	26,184	236,679	547,052
<b>Total Fund Balance</b>	<b>26,184</b>	<b>236,679</b>	<b>648,259</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 26,184</b>	<b>\$ 248,054</b>	<b>\$ 677,187</b>

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  
FOR THE YEAR ENDED JUNE 30, 2016**

	Corrections	Law Enforcement Protection	Library	Recreation	Animal Shelter	Veterans Memorial
Revenues:						
Licenses, permits, fees and fines	\$ 10,779	\$ -	\$ -	\$ -	\$ -	\$ -
From non-federal sources	-	24,800	37,378	-	-	-
Intergovernmental - State	-	-	-	-	225	-
Grants	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total revenues</b>	<b>10,779</b>	<b>24,800</b>	<b>37,378</b>	<b>-</b>	<b>225</b>	<b>-</b>
Expenditures:						
Current:						
Public safety	4,190	22,543	-	-	-	-
Culture and recreation	-	-	212,655	55,575	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal payments	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,190</b>	<b>22,543</b>	<b>212,655</b>	<b>55,575</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	6,589	2,257	(175,277)	(55,575)	225	-
Other financing sources (uses):						
Operating transfer in	-	-	175,588	41,395	-	-
Operating transfer out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>175,588</b>	<b>41,395</b>	<b>-</b>	<b>-</b>
Net changes in fund balances	6,589	2,257	311	(14,180)	225	-
Fund balance - beginning of year	71,898	13,171	(9,607)	12,674	12,019	250
<b>Fund balance - end of year</b>	<b>\$ 78,487</b>	<b>\$ 15,428</b>	<b>\$ (9,296)</b>	<b>\$ (1,506)</b>	<b>\$ 12,244</b>	<b>\$ 250</b>

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  
FOR THE YEAR ENDED JUNE 30, 2016**

	Buy a Brick	Public Works	Wind Turbine	PW Reserve	PW Intercept	NMFA Loan 5 Reserve
<b>Revenues:</b>						
Licenses, permits, fees and fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From non-federal sources	-	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-	-
Grants	-	-	-	1,129	108	1,509
Interest	-	-	-	-	-	-
<b>Total revenues</b>	-	-	-	1,129	108	1,509
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal payments	-	-	-	-	74,406	-
Interest payments	-	-	-	-	38,554	-
<b>Total expenditures</b>	-	-	-	-	112,960	-
<b>Excess (deficiency) of revenues over expenditures before other financing sources (uses)</b>	-	-	-	1,129	(112,852)	1,509
<b>Other financing sources (uses):</b>						
Issuance of notes payable	-	-	-	-	-	-
Operating transfer in	-	-	-	-	113,929	-
Operating transfer out	-	-	-	(957)	-	(896)
<b>Total other financing sources (uses)</b>	-	-	-	(957)	113,929	(896)
<b>Net changes in fund balances</b>	-	-	-	172	1,077	613
<b>Fund balance - beginning of year</b>	5,600	-	-	113,873	16,661	151,793
<b>Fund balance - end of year</b>	\$ 5,600	\$ -	\$ -	\$ 114,045	\$ 17,738	\$ 152,406

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  
FOR THE YEAR ENDED JUNE 30, 2016**

	NMFA Loan 5 Intercept	GO Bond	Total Non-major
Revenues:			
Taxes	\$ -	\$ 253,769	\$ 253,769
Licenses, permits, fees and fines	-	-	10,779
From non-federal sources	-	-	62,178
Intergovernmental - State	-	-	225
Grants	118	-	2,864
Interest	-	-	-
<b>Total revenues</b>	<b>118</b>	<b>253,769</b>	<b>329,815</b>
Expenditures:			
Current:			
Public safety	-	-	26,733
Culture and recreation	-	-	268,230
Capital outlay	-	-	-
Debt Service:			
Principal payments	64,793	120,000	259,199
Interest payments	86,216	106,459	231,229
<b>Total expenditures</b>	<b>151,009</b>	<b>226,459</b>	<b>785,391</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(150,891)	27,310	(455,576)
Other financing sources (uses):			
Issuance of notes payable	-	-	-
Operating transfer in	151,906	-	482,818
Operating transfer out	-	-	(1,853)
<b>Total other financing sources (uses)</b>	<b>151,906</b>	<b>-</b>	<b>480,965</b>
Net changes in fund balances	1,015	27,310	25,389
Fund balance - beginning of year	25,169	209,369	622,870
<b>Fund balance - end of year</b>	<b>\$ 26,184</b>	<b>\$ 236,679</b>	<b>\$ 648,259</b>

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, 2016**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
Licenses, permits, fees and fines	\$ 11,340	\$ 11,340	\$ 10,779	\$ (561)
Expenditures:				
Public safety	5,000	6,414	4,445	1,969
Net change in fund balance	6,340	4,926	6,334	1,408
Fund balance - beginning of year	71,898	71,898	71,898	-
<b>Fund balance - end of year</b>	<b>\$ 78,238</b>	<b>\$ 76,824</b>	<b>\$ 78,232</b>	<b>\$ 1,408</b>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 6,334	
Net revenue accruals			-	
Net expenditure accruals			255	
Net changes in fund balance GAAP basis			<u>\$ 6,589</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, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
Intergovernmental - State	\$ 24,800	\$ 24,800	\$ 24,800	\$ -
Expenditures:				
Current:				
Public safety	37,971	37,971	22,543	15,428
<b>Total expenditures</b>	<b>37,971</b>	<b>37,971</b>	<b>22,543</b>	<b>15,428</b>
Net change in fund balances	(13,171)	(13,171)	2,257	(15,428)
Fund balance - beginning of year	13,171	13,171	13,171	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,428</b>	<b>\$ (15,428)</b>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 2,257	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 2,257</u>	

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  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	43,683	45,210	37,378	(7,832)
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>43,683</u>	<u>45,210</u>	<u>37,378</u>	<u>(7,832)</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	202,986	224,336	212,966	11,370
<b>Total expenditures</b>	<u>202,986</u>	<u>224,336</u>	<u>212,966</u>	<u>11,370</u>
Excess (deficiency) of revenues over expenditures	<u>(159,303)</u>	<u>(179,126)</u>	<u>(175,588)</u>	<u>3,538</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	175,588	188,733	175,588	(13,145)
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>175,588</u>	<u>188,733</u>	<u>175,588</u>	<u>(13,145)</u>
Net changes in fund balances	16,285	9,607	-	(9,607)
Fund balance - beginning of year	<u>(9,607)</u>	<u>(9,607)</u>	<u>(9,607)</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 6,678</u>	<u>\$ -</u>	<u>\$ (9,607)</u>	<u>\$ (9,607)</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Change in:				
Accounts receivable			-	
Accounts payable			1,255	
Impact fee deposits			-	
Accrued compensation and benefits			(944)	
Net changes in fund balance GAAP basis			<u>\$ 311</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  
FOR THE YEAR ENDED JUNE 30, 2016**

	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	1,000	1,000	-	(1,000)
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	100,400	100,400	54,505	45,895
<b>Total expenditures</b>	<u>100,400</u>	<u>100,400</u>	<u>54,505</u>	<u>45,895</u>
Excess (deficiency) of revenues over expenditures	<u>(99,400)</u>	<u>(99,400)</u>	<u>(54,505)</u>	<u>44,895</u>
Other financing sources (uses):				
Operating transfers in	82,790	82,790	41,395	(41,395)
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>82,790</u>	<u>82,790</u>	<u>41,395</u>	<u>(41,395)</u>
Net changes in fund balances	(16,610)	(16,610)	(13,110)	3,500
Fund balance - beginning of year	12,674	12,674	12,674	-
Restricted cash - beginning of year	<u>3,936</u>	<u>3,936</u>	<u>-</u>	<u>(3,936)</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (436)</u>	<u>\$ (436)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (13,110)	
Change in:				
Accounts payable			(661)	
Accrued compensation and benefits			(409)	
Net changes in fund balance GAAP basis			<u>\$ (14,180)</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  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	500	500	225	(275)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>500</u>	<u>500</u>	<u>225</u>	<u>(275)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	12,000	12,000	-	12,000
<b>Total expenditures</b>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Excess (deficiency) of revenues over expenditures	<u>(11,500)</u>	<u>(11,500)</u>	<u>225</u>	<u>11,725</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(11,500)	(11,500)	225	11,725
Fund balance - beginning of year	<u>12,019</u>	<u>12,019</u>	<u>12,019</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 519</u>	<u>\$ 519</u>	<u>\$ 12,244</u>	<u>\$ 11,725</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 225	
<b>Change in:</b>				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ 225</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  
FOR THE YEAR ENDED JUNE 30, 2016**

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

See accompanying notes to financial statements 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  
FOR THE YEAR ENDED JUNE 30, 2016**

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

See accompanying notes to financial statements 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  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ -	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Accrued interest			-	
Net changes in fund balance GAAP basis			<u>\$ -</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  
FOR THE YEAR ENDED JUNE 30, 2016**

	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	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Transfers for accrual entries			-	
Accrued compensation and benefits			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

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, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental - State	-	-	-	-
Grants	-	-	-	-
Interest	-	-	1,129	1,129
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>1,129</u>	<u>1,129</u>
Expenditures:				
Debt service	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,129</u>	<u>1,129</u>
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(957)	(957)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(957)</u>	<u>(957)</u>
Net change in fund balances	-	-	172	172
Fund balance - beginning of year	<u>113,873</u>	<u>113,873</u>	<u>113,873</u>	<u>-</u>
Fund balance - end of year	<u>113,873</u>	<u>113,873</u>	<u>\$ 114,045</u>	<u>\$ 172</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 172	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 172</u>	

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  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 112,960	\$ 112,960	\$ -	\$ (112,960)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	108	108
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>112,960</u>	<u>112,960</u>	<u>108</u>	<u>(112,852)</u>
<b>Expenditures:</b>				
Principal payments	74,406	74,406	74,406	-
Interest payments	38,554	38,554	38,554	-
<b>Total expenditures</b>	<u>112,960</u>	<u>112,960</u>	<u>112,960</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(112,852)</u>	<u>(112,852)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	113,929	113,929
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>113,929</u>	<u>113,929</u>
Net changes in fund balances	-	-	1,077	1,077
Fund balance - beginning of year	<u>16,661</u>	<u>16,661</u>	<u>16,661</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 16,661</u>	<u>\$ 16,661</u>	<u>\$ 17,738</u>	<u>\$ 1,077</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 1,077	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Accrued interest			-	
Net changes in fund balance GAAP basis			<u>\$ 1,077</u>	

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NMFA LOAN 5 RESERVE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	1,509	1,509
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1,509</u>	<u>1,509</u>
<b>Expenditures:</b>				
Principal payments	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,509</u>	<u>1,509</u>
<b>Other financing sources (uses):</b>				
Issuance of notes payable	-	-	-	-
Operating transfers out	-	-	(896)	(896)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(896)</u>	<u>(896)</u>
Net changes in fund balances	-	-	613	613
Fund balance - beginning of year	<u>151,793</u>	<u>151,793</u>	<u>151,793</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 151,793</u>	<u>\$ 151,793</u>	<u>\$ 152,406</u>	<u>\$ 613</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 613	
Change in:				
Interest revenue			-	
Transfers			-	
Accrued interest			-	
Net changes in fund balance GAAP basis			<u>\$ 613</u>	

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NMFA LOAN 5 INTERCEPT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 151,009	\$ 151,009	\$ -	\$ (151,009)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	118	118
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>151,009</u>	<u>151,009</u>	<u>118</u>	<u>(150,891)</u>
<b>Expenditures:</b>				
Principal payments	64,793	64,793	64,793	-
Interest payments	86,216	86,216	86,216	-
<b>Total expenditures</b>	<u>151,009</u>	<u>151,009</u>	<u>151,009</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(150,891)</u>	<u>(150,891)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	151,906	151,906
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>151,906</u>	<u>151,906</u>
Net changes in fund balances	-	-	1,015	1,015
Fund balance - beginning of year	<u>25,169</u>	<u>25,169</u>	<u>25,169</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 25,169</u>	<u>\$ 25,169</u>	<u>\$ 26,184</u>	<u>\$ 1,015</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 1,015	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Impact fee deposits			-	
Accrued interest			-	
Net changes in fund balance GAAP basis			<u>\$ 1,015</u>	

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



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**GO BOND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 284,621	\$ 284,621	\$ 253,043	\$ (31,578)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	-	-
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>284,621</u>	<u>284,621</u>	<u>253,043</u>	<u>(31,578)</u>
<b>Expenditures:</b>				
Principal payments	120,000	120,000	120,000	-
Interest payments	106,461	106,461	106,459	2
<b>Total expenditures</b>	<u>226,461</u>	<u>226,461</u>	<u>226,459</u>	<u>2</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>58,160</u>	<u>58,160</u>	<u>26,584</u>	<u>(31,576)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	58,160	58,160	26,584	(31,576)
<b>Fund balance - beginning of year</b>	<u>209,369</u>	<u>209,369</u>	<u>209,369</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 267,529</u>	<u>\$ 267,529</u>	<u>\$ 235,953</u>	<u>\$ (31,576)</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ 26,584	
Change in:				
Accounts receivable			726	
Accounts payable			-	
Impact fee deposits			-	
Accrued interest			-	
<b>Net changes in fund balance GAAP basis</b>			<u>\$ 27,310</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  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ 408,117	\$ 802,612	\$ 656,451	\$ (146,161)
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	750,000	750,000	491,372	(258,628)
Interest	-	-	8,175	8,175
Grant	-	-	-	-
Miscellaneous	-	249,500	249,433	(67)
<b>Total revenues</b>	<u>1,158,117</u>	<u>1,802,112</u>	<u>1,405,431</u>	<u>(396,681)</u>
<b>Expenditures:</b>				
Highways and streets	-	-	-	-
Capital outlay	3,609,187	3,877,492	1,526,872	2,350,620
<b>Total expenditures</b>	<u>3,609,187</u>	<u>3,877,492</u>	<u>1,526,872</u>	<u>2,350,620</u>
Excess (deficiency) of revenues over expenditures	<u>(2,451,070)</u>	<u>(2,075,380)</u>	<u>(121,441)</u>	<u>1,953,939</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	2,137	2,137
Operating transfers out	(300,000)	(300,000)	(300,000)	-
<b>Total other financing sources (uses)</b>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(297,863)</u>	<u>2,137</u>
Net changes in fund balances	(2,751,070)	(2,375,380)	(419,304)	1,956,076
Fund balance - beginning of year	<u>3,026,439</u>	<u>3,026,439</u>	<u>3,026,439</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 275,369</u>	<u>\$ 651,059</u>	<u>\$ 2,607,135</u>	<u>\$ 1,956,076</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (419,304)	
Change in:				
Accounts receivable			(72,549)	
Accounts payable			(197,681)	
Capital outlay transfer			(104,880)	
Reimbursement from program funds			(249,433)	
Net changes in fund balance GAAP basis			<u>\$ (1,043,847)</u>	

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NMFA LOAN 5 PROGRAM FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget- Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees and fines	-	-	-	-
Intergovernmental - State	-	-	-	-
Interest	-	-	5,140	5,140
Grant	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>5,140</u>	<u>5,140</u>
<b>Expenditures:</b>				
Capital outlay	1,253,653	1,253,653	873,326	380,327
<b>Total expenditures</b>	<u>1,253,653</u>	<u>1,253,653</u>	<u>873,326</u>	<u>380,327</u>
Excess (deficiency) of revenues over expenditures	<u>(1,253,653)</u>	<u>(1,253,653)</u>	<u>(868,186)</u>	<u>385,467</u>
<b>Other financing sources (uses):</b>				
Issuance of notes payable	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(1,253,653)	(1,253,653)	(868,186)	385,467
Fund balance - beginning of year	<u>2,103,839</u>	<u>2,103,839</u>	<u>2,103,839</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 850,186</u>	<u>\$ 850,186</u>	<u>\$ 1,235,653</u>	<u>\$ 385,467</u>
<b>Reconciliation of budgetary basis to GAAP basis:</b>				
Net changes in fund balance budgetary basis			\$ (868,186)	
Change in:				
Accounts receivable			-	
Accounts payable			-	
Issuance of notes payable			-	
Net changes in fund balance GAAP basis			<u>\$ (868,186)</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, 2016**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
Operating revenues	\$ 28,504	\$ 32,105	\$ 24,994	\$ (7,111)
Operating expenses	448,088	451,689	415,540	36,149
Operating loss	(419,584)	(419,584)	(390,546)	29,038
Non-operating expenses:				
Interest expense	10,092	10,092	10,092	-
Deficiency of revenues over expenditures	(429,676)	(429,676)	(400,638)	29,038
Other financing sources				
Operating transfers in	429,676	429,676	400,638	(29,038)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	5,646,247	5,646,247	5,646,247	-
<b>Fund balance, end of year</b>	<b>\$ 5,646,247</b>	<b>\$ 5,646,247</b>	<b>\$ 5,646,247</b>	<b>\$ -</b>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			1,111	
Net expenditure accruals			6,365	
Capital outlay			104,880	
Capital outlay transfer			(104,880)	
Depreciation			(304,451)	
Principal payments on debt			18,086	
Net changes in fund balance GAAP basis			<u>\$ (278,889)</u>	

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF THE TOWN OF EDGEWOOD'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\***

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	<b>2016</b>	<b>2015</b>
Town of Edgewood's proportion of the net pension liability	.0747%	.0747%
Town of Edgewood's proportionate share of the net pension liability	\$836,061	\$582,740
Town of Edgewood's covered-employee payroll	\$755,503	\$740,893
Town of Edgewood's proportionate share of net pension liability as a percentage of its covered-employee payroll	111%	79%
Plan fiduciary net position as a percentage of the total pension liability	77%	81%

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

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF THE TOWN OF EDGEWOOD'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\***

---

	<b>2016</b>	<b>2015</b>
Town of Edgewood's proportion of the net pension liability	.2090%	.2039%
Town of Edgewood's proportionate share of the net pension liability	\$1,004,989	\$664,692
Town of Edgewood's covered-employee payroll	\$556,570	\$514,173
Town of Edgewood's proportionate share of net pension liability as a percentage of its covered-employee payroll	181%	129%
Plan fiduciary net position as a percentage of the total pension liability	77%	81%

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

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



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF THE TOWN OF EDGEWOOD'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
PERA FUND DIVISION MUNICIPAL GENERAL  
LAST 10 FISCAL YEARS\***

	2016	2015
Contractually required contributions	\$ 59,824	\$ 60,293
Contributions in relation to the contractually required contribution	<u>59,824</u>	<u>60,293</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Edgewood's covered-employee payroll	\$ 755,503	\$ 740,893
Contributions as a percentage of covered employee payroll	7.92%	8.14%

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

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF THE TOWN OF EDGEWOOD'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
PERA FUND DIVISION MUNICIPAL POLICE  
LAST 10 FISCAL YEARS\***

	<b>2015</b>	<b>2015</b>
Contractually required contributions	\$ 77,149	\$ 77,417
Contributions in relation to the contractually required contribution	<u>77,149</u>	<u>77,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town of Edgewood's covered-employee payroll	\$ 556,570	\$ 514,173
Contributions as a percentage of covered employee payroll	13.86%	15.06%

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

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at [http://www.saonm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf).

**Changes of assumptions.** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. For details about changes in the actuarial assumptions see the report. For a description of actuarial assumptions, see Appendix B of the report.

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUNDS**

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

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	Balance June 30, 2015	Increase/ Receipts	Decrease/ Disbursements	Balance June 30, 2016
<b>IMPACT FEE FUND</b>				
Assets:				
Cash	\$ 16,068	\$ 26,472	\$ 26,063	\$ 16,477
<b>Total assets</b>	<b>\$ 16,068</b>	<b>\$ 26,472</b>	<b>\$ 26,063</b>	<b>\$ 16,477</b>
Liabilities:				
Due to other entities	\$ 16,068	\$ 26,472	\$ 26,063	\$ 16,477
<b>Total liabilities</b>	<b>\$ 16,068</b>	<b>\$ 26,472</b>	<b>\$ 26,063</b>	<b>\$ 16,477</b>

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF DEPOSIT ACCOUNTS  
JUNE 30, 2016**

<b>Financial Institution/ Account Description</b>	<b>Type of Account</b>	<b>Financial Institution Balance</b>	<b>Reconciling Items</b>	<b>Reconciled Balance</b>
<b><i>Wells Fargo Bank</i></b>				
General Pooled Cash	Non-interest bearing checking	\$ 1,463,881	\$ (9,458)	\$ 1,454,423
Certificate of Deposit	CD	250,449	-	250,449
<b><i>Bank of the West</i></b>				
Certificate of Deposit	CD	5,759	-	5,759
		1,720,089	(9,458)	1,710,631
Petty Cash		100	-	100
Total deposits - non-agency		1,720,189	(9,458)	1,710,731
<b><i>New Mexico Finance Authority</i></b>				
GO Bond Program Funds	Cash held by NMFA	1,609,724	-	1,609,724
NMFA 5 Program Fund	Cash held by NMFA	1,235,653	-	1,235,653
NMFA 5 Reserve Fund	Cash held by NMFA	152,406	-	152,406
NMFA 5 Intercept	Cash held by NMFA	26,184	-	26,184
NMFA 3 Reserve	Cash held by NMFA	114,045	-	114,045
NMFA 3 Intercept	Cash held by NMFA	20,989	-	20,989
Total cash held by NMFA		3,159,001	-	3,159,001
<b>Total deposit and cash held by NMFA accounts- non-agency</b>		<b>\$ 4,879,190</b>	<b>\$ (9,458)</b>	<b>\$ 4,869,732</b>
<b>Agency Fund Cash Account</b>				
<b><i>Wells Fargo Bank</i></b>				
Impact Fee Account	Non-interest bearing checking	\$ 29,556	\$ (13,079)	\$ 16,477

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

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2016**

	<b>Wells Fargo</b>	<b>Bank of the West</b>	<b>Total</b>
Deposits at June 30, 2016	\$ 1,743,886	\$ 5,759	\$ 1,749,645
Less: FDIC coverage	<u>500,000</u>	<u>5,759</u>	<u>505,759</u>
Uninsured public funds	1,243,886	-	1,243,886
Pledged collateral held by the pledging bank's trust department or agent but not in the Town's name	<u>825,039</u>	<u>-</u>	<u>825,039</u>
Uninsured and uncollateralized	<u>\$ 418,847</u>	<u>\$ -</u>	<u>\$ 418,847</u>
50% pledged collateral requirement per statute	\$ 621,943		
Total pledged collateral	<u>825,039</u>		
Pledged collateral exceeding the requirements	<u>\$ 203,096</u>		

Pledged collateral at June 30, 2016 consists of the following:

<b>Security</b>	<b>CUSIP</b>	<b>Maturity</b>	<b>Market Value</b>
FNMA FNMS 3%	3138NXD87	1/1/43	<u>\$ 825,039</u>

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

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



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2016**

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 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	\$335,064	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

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

**OTHER INFORMATION**

STATE OF NEW MEXICO  
TOWN OF EDGEWOOD

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
FOR THE YEAR ENDED JUNE 30, 2016

RFP# / RFP#	Type of Procurement (RFP or RFB)	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical Address of Vendor	Did the Vendor Provide Documentation of Eligibility for In-State Preference?	Did the Vendor Provide Documentation of Eligibility for Veterans Preference?	Brief Description of the Scope of Work	If the Procurement is Attributable to a Component Unit, Name of Component Unit
1	Competitive (RFP or RFB)	Mountain States Constructors, Inc.	Winner	\$1,023,450	\$0	3601 Pan American Freeway, Suite 111 Albuquerque, NM 87102	Y	N	Improve 1 mile of roadway on Horton Road	
		Star Paving Co.	Loser			3109 Love Rd. SW Albuquerque, NM 87121	Y	N		
		Albuquerque Asphalt, Inc.	Loser			PO Box 66450 Albuquerque, NM 87193	Y	Y		
		AUT, Inc.	Loser			PO Box 9825 Albuquerque, NM 87119	Y	Y		

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

## COMPLIANCE SECTION

# WATTS CPA, P.C.

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## **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. Timothy Keller, 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, and the budgetary comparisons of the general fund and major special revenue funds, of the Town as of and for the year ended June 30, 2016, 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 29, 2016.

### **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 items 2016-001 and 2016-002

## **Town of Edgewoods's Response to Findings**

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

## **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 29, 2016

**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

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**CURRENT YEAR FINDINGS:**

**2016-001 Other Noncompliance - Violation of Anti-Donation and Procurement Code**

**Condition**

The Town has contracted with the Edgewood Chamber of Commerce (the Chamber) for \$1,000 per month for the Chamber to perform certain services. There is nothing in the contract that states the value of the services and the list of services is so vague that it is not possible to determine the value of the services or if the services were performed.

Also, the Town did not solicit other bids or quotes for this contract which totaled \$19,228.72 for FY 2016.

**Criteria**

The New Mexico Constitution Article IX, Section 14 states "neither the state nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation. A donation within the meaning of this provision is a "gift", an allocation or appropriation of something of value, without consideration."

Section 13-1-125 NMSA 1978 Paragraph C states "Notwithstanding the requirements of Subsection A of this section, a state agency or a local public body may procure services, construction or items of tangible personal property having a value not exceeding twenty thousand dollars (\$20,000), excluding applicable state and local gross receipts taxes, by issuing a direct purchase order to a contractor based upon the best obtainable price.

**Effect**

Town is not in compliance with state law and may have overpaid for the services it received, or may not have received the services at all.

**Cause**

Town personnel were not aware of the applicability of the Procurement Code and Anti-Donation Clause for this contract.

**Recommendation**

The Town should implement policies pertaining to the application of the New Mexico Procurement Code and Anti-Donation Clause. Applicable Town staff should be provided training related to the New Mexico Procurement Code and Anti-Donation Clause.

**Views of Responsible Officials and Planned Corrective Actions**

The Town will comply with the New Mexico Constitution to ensure that the Anti-Donation clause is not violated again. The Town will also ensure that the Procurement Code will be followed. The Clerk-Treasurer is responsible for correcting this finding. The Town will implement policies specific to the New Mexico Procurement Code and the Anti-Donation Clause. All applicable Town Staff will receive training on these new policies. The policies and training will be complete by June 30, 2017.

## **2016-002 Other Noncompliance - Timely Deposits**

### **Condition**

During the testing of cash receipts, one cash receipt totaling \$39 was not deposited into a financial institution by the close of the next business day.

### **Criteria**

Per Section 6-10-9, NMSA 1978, all public money obtained or received must be deposited before the close of the next business day after receipt of the money.

### **Effect**

The lack of adequate internal controls over cash deposit processes increases the risk that a loss or misappropriation of public funds may occur or may not be detected in a timely manner.

### **Cause**

The Town has a limited sized staff and no one was available to deposit the money that day.

### **Recommendation**

The Town should implement policies and controls that ensure compliance with Section 6-10-3 NMSA 1978.

### **Views of Responsible Officials and Planned Corrective Actions**

The Town will ensure to comply with NM State Statute, Section 6-10-3 NMSA 1978. The Clerk-Treasurer is responsible for correcting this audit finding. It is anticipated that the Town will have a policy in place to correct the audit finding and staff will be trained to ensure that all money obtained will be deposited in a timely manner by June 30, 2017.

## **STATUS OF PRIOR YEAR FINDINGS**

**None**



**STATE OF NEW MEXICO  
TOWN OF EDGEWOOD**

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2016**

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An exit conference was conducted on November 28, 2016 with the following individuals in attendance:

**Town of Edgewood Officials**

John Bassett

John Abrams

Juan Torres

Dora Garcia

Mayor

Mayor Pro Tem

Clerk - Treasurer

Finance Specialist

**Watts CPA, P.C.**

Brad Watts

Shareholder

**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.