

HONORABLE MAYOR AND COUNCIL:

The 2012 Town of Edgewood proposed budget reflects a great deal of time, consideration, research, planning, prioritization, and visioning to make Edgewood the best community it can be.

This budget reflects what we believe is appropriate in an:

- Investment in employees
- Investment in existing capital assets
- Investment in our future

Introduction

The budget reflects the staff's focus and commitment to work diligently to achieve a balance while adhering to a conservative fiscal policy, completing projects, meeting service expectations and supporting the desires of our community. The goal of this budget memo is to create a comprehensive summary of the anticipated revenues and expenditures and associated goals for 2012. It is my hope that this information will enable the Edgewood Town Council to carry out its fiduciary responsibilities as effectively as possible.

The 2012 budget is a balanced budget, with projected appropriations totaling \$3,131,596 and revenue projections of \$4,177,960; this was accomplished by the using projected revenues for FY 2012 equal to those projected for the end of FY 2011, savings and conservative expenditure forecasts.

Council Goals

The final budget will be an implementation tool for the Edgewood Town Council 2011-2012 Strategic Paving Plan. The overriding mission of this plan is to implement a road-paving program as stated in the Infrastructure Capital Improvement Plan sent to the New Mexico State Legislature annually.

Budget Prioritization

To appropriately determine relative levels of funding for programs and capital projects, staff reviewed the Council goals, along with the organization-wide program prioritizations. With these goals in mind, the budget was assembled based on the following five priorities:

- Providing excellent service
- Maintaining existing infrastructure
- Achieving financial efficiency
- Ensuring community health and safety
- Recruiting and retaining high-quality employees

The overall structure of our economy also served as an important factor in the prioritization of the Town's various programs and projects for 2012. The changing economic environment from mid-2008 to mid-2011 greatly affected budget priorities for 2012. In advance of 2009 budget preparations, revenues had yet to show evidence of decline and a high level of uncertainty led to cautious optimism. The downturn that followed has led the Town to focus more clearly on priorities that will help to ensure long-term fiscal sustainability. The strategic development of capital projects that serve to strengthen the long-term economic outlook of the Town, the maintenance of existing assets and infrastructure, and an emphasis on controlling operational expenditures in the face of rising fixed costs have become top priorities.

For 2012, these priorities will lead to significant investments maintaining our existing assets and the beginning of the implementation of the Road Paving Plan. With few exceptions, the Town is continuing to follow the long-term maintenance plans for streets and for Town-owned facilities, parks and vehicles. In 2012, the Town is also holding the line on most operational expenditures, while continuing to evaluate all governmental services provided for necessity and effectiveness.

Key assumption that has guided the development of these priorities is the weak economic growth expected for 2012.

The Edgewood Town staff is committed to working with the Town Council and the community in challenging ourselves to improve our approaches to budget modeling and service delivery. We believe the cumulative evaluation of economic realities, Council goals, the Council mission statement, program prioritization, and a tangible connection to adopted plans has resulted in a budget of which the Town Council and our community can be proud.

Program Evaluations

In many budgets, when revenues are limited or cuts are necessary, individual line items are the first place to look in order to balance the budget. This approach can be short-sighted and the savings short-lived. When reducing the funding for a particular line item, there comes a point at which the program or service is no longer viable. As in past years, all programs have been evaluated on the basis of their relative importance in Town government operations and within departmental goals, objectives, and initiatives. This prioritization serves as a road map for potential future belt-tightening, if need be. For the 2012 budget, the council has not proposed the removal of any programs or services.

Future Challenges and Opportunities

The primary challenge Edgewood faces in both the short and long-term continues to be a dependence on sales tax revenues. Since our incorporation in 1999, sales tax revenues have comprised over 63 percent of General Fund revenues. These revenues are extremely volatile and susceptible to many outside forces beyond the direct control of Town government. Because of this, Edgewood has consistently focused on developing strategies to address the issue.

The following items are of highest priority and magnitude:

- **The Council's strategic goal of implementation of the Road Paving Program.** In 2012, council requested staff implement the road paving program and identify for construction those areas meeting a matrix established by our engineers and approved by the Town Council.
- **The Council's strategic goal of maintaining Town infrastructure and facilities.** In the 2012 budget, many of the requests are for refurbishment and/or maintenance of the Town's existing assets.

Summary

The Town continues to face many challenges presented by an uncertain economy while trying to preserve quality of life for our citizens. The 2012 budget reflects this uncertainty by proposing a conservative approach, recognizing the need to take advantage of opportunities for development and maintenance of the Town's assets. The Town realizes the risk of relying heavily on sales tax revenues and will continue to evaluate and pursue diversity of revenues in order to bring more balance to revenue sources.

Finally, I would like to express my appreciation to the Town Council for their work in planning for the future of Edgewood and to Town staff for their dedication to providing efficient and cost-effective services to the citizens of our community. Through the prudent fiscal constraint of the Town Council and Department Heads, the Town of Edgewood continues to provide a high level of service to our citizens and visitors during these tough economic times.

Sincerely,

Karen Mahalick

Town Administrator/Planner

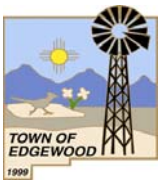
DRAFT

TOWN OF EDGEWOOD

DFA BUDGET RECAP

FY 2011-2012

FUND TITLE	FUND	UNAUDITED BEGINNING CASH BALANCE @JULY 1	INVESTMENTS	BUDGETED REVENUES	BUDGETED TRANSFERS	BUDGETED EXPENDITURES	ESTIMATED ENDING CASH BALANCE	LOCAL RESERVE REQUIREMENTS UNAVAILABLE FOR BUDGETING	ADJUSTED ENDING CASH BALANCE
GENERAL FUND - Operating (GF)	101	\$1,035,952	\$979,608	2,794,106	(184,173)	2,281,678	2,343,815	190,140	\$ 2,153,675
CORRECTION	201	\$23,876	\$0	9,263	0	18,000	15,139		\$ 15,139
ENVIRONMENTAL GRT	202	\$0	\$0	0	0	0	0		\$0
EMS	206	\$0	\$0	0	0	0	0		\$0
ENHANCED 911	207	\$0	\$0	0	0	0	0		\$0
FIRE PROTECTION FUND	209	\$0	\$0	0	0	0	0		\$0
LEPF	211	\$1,529	\$0	24,800	0	24,800	1,529		\$ 1,529
LODGERS' TAX	214	\$0	\$0	0	0	0	0		\$0
MUNICIPAL STREET	216	\$99,552	\$0	403,502	69,992	573,046	0		\$0
RECREATION	217	\$55,269	\$0	0	0	16,464	38,805		\$ 38,805
INTERGOVERNMENTAL GRANTS	218	\$0	\$0	0	0	0	0		\$0
SENIOR CITIZEN	219	\$0	\$0	0	0	0	0		\$0
DWI PROGRAM	223	\$0	\$0	0	0	0	0		\$0
OTHER	299	\$0	\$0	0	0	0	0		\$0
CAPITAL PROJECT FUNDS	300	\$131,064	\$0	216,709	0	0	347,773		\$ 347,773
G. O. BONDS	401	\$0	\$0	0	0	0	0		\$0
REVENUE BONDS	402	\$0	\$0	0	0	0	0		\$0
DEBT SERVICE OTHER	403	\$0	\$0	0	0	0	0		\$0
ENTERPRISE FUNDS	500								
Water Fund		\$0	\$0	0	0	0	0		\$0
Solid Waste		\$0	\$0	0	0	0	0		\$0
Waste Water		\$83,085	\$0	21,342	114,181	218,608	0		\$0
Airport		\$0	\$0	0	0	0	0		\$0
Ambulance		\$0	\$0	0	0	0	0		\$0
Cemetery		\$0	\$0	0	0	0	0		\$0
Housing		\$0	\$0	0	0	0	0		\$0
Parking		\$0	\$0	0	0	0	0		\$0
Other Enterprise (enter fund name)		\$0	\$0	0	0	0	0		\$0
Other Enterprise (enter fund name)		\$0	\$0	0	0	0	0		\$0
Other Enterprise (enter fund name)		\$0	\$0	0	0	0	0		\$0
Other Enterprise (enter fund name)		\$0	\$0	0	0	0	0		\$0
INTERNAL SERVICE FUNDS	600	\$0	\$0	0	0	0	0		\$0
TRUST AND AGENCY FUNDS	700	\$11,651	\$0	0	0	8,500	3,151		\$3,151
Grand Total		\$1,441,978	\$979,608	3,469,722	0	3,141,096	2,750,212	190,140	\$2,560,072



**TOWN OF EDGEWOOD
FY 2012
PROPOSED BUDGET
RECURRING REVENUE/EXPENSE
SUMMARY**

	FY 2009 BUDGET	FY 2010 BUDGET	FY 2011 BUDGET	PROPOSED FY 2012 BUDGET
REVENUE				
MUNICIPAL GRT	\$583,775	\$539,411	\$550,281	\$553,895
STATE SHARED GRT	\$1,115,057	\$1,210,320	\$1,197,384	\$1,235,000
CIGARETTE/MOTOR VEHICLE TAX	\$9,857	\$15,156	\$7,381	\$7,285
PERMITS, LICENSE, FEES, MISC	\$136,112	\$152,546	\$148,802	\$145,025
SFC FIRE PROTECTION	\$291,681	\$269,706	\$275,140	\$276,947
LOCAL CORRECTION FEE	\$8,557	\$11,926	\$25,792	\$9,263
GRT INFRASTRUCTURE (1/8)	\$243,022	\$267,804	\$272,351	\$274,649
GAS TAX - County/Municipal	\$114,998	\$116,291	\$115,216	\$128,853
PUBLIC SAFETY	\$583,362	\$541,841	\$553,781	\$553,895
WASTEWATER	\$0	\$6,900	\$28,400	\$21,343
TOTAL REVENUE	\$3,444,441	\$3,515,996	\$3,577,451	\$3,206,154
EXPENDITURES				
LEGISLATIVE	\$35,412	\$28,555	\$25,206	\$25,184
FINANCE/ADMINISTRATION	\$534,391	\$527,211	\$527,613	\$450,615
JUDICIAL	\$55,977	\$61,387	\$53,766	\$65,861
ANIMAL CONTROL	\$117,811	\$125,090	\$131,605	\$148,264
PLANNING & ZONING	\$124,163	\$110,882	\$139,887	\$141,181
COMMUNITY CENTER	\$8,639	\$12,684	\$8,008	\$8,008
SFC FIRE PROTECTION	\$291,681	\$269,706	\$275,140	\$276,916
CARE OF PRISONERS	\$0	\$10,049	\$18,000	\$18,000
LIBRARY	\$95,284	\$174,241	\$179,534	\$184,162
MUNICIPAL STREETS	\$534,123	\$585,861	\$597,460	\$573,046
PARKS & REC	\$3,599	\$3,790	\$17,236	\$16,464
POLICE	\$825,228	\$744,543	\$899,402	\$981,490
WASTEWATER	\$12,126	\$101,673	\$219,653	\$246,786
TOTAL EXPENDITURES	\$2,638,434	\$2,755,672	\$3,092,510	\$3,136,116
NET	\$806,007	\$760,324	\$484,941	\$70,038
CONSTRUCTION GRT	\$316,320	\$110,000	\$110,000	\$216,709
			Net + Construction GRT	\$286,748