

**CITY OF EDGEWOOD, FLORIDA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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FISCAL YEAR ENDED SEPTEMBER 30, 2007

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Edgewood
Edgewood, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Edgewood, Florida, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Edgewood, Florida's, management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Edgewood, Florida, as of September 30, 2007, and the respective changes in financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2008, on our consideration of the City of Edgewood, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MEMBER: FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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1

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The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 30 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edgewood, Florida, basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
July 30, 2008

Management's Discussion and Analysis

As management of the City of Edgewood we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2007. This discussion has been prepared in conjunction with management and should be read with the financial statements, which follow this section.

Financial Highlights

The City's assets exceeded its liabilities at September 30, 2007 by \$3,716,463 (net assets). Of this amount, \$1,645,269 (unrestricted net assets) may be used to meet the City's ongoing obligations to its customers and creditors.

The City's total net assets increased \$827,794 as a result of current year operations.

The City has a mortgage of \$238,288, and accrued compensated absences for its employees of \$11,267. The amount outstanding at September 30, 2007 was \$249,555 which \$50,622 is classified as current and \$198,933 as long-term.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements of the City provide a broad overview of the City's finances and report information about the City using accounting methods similar to those used by private sector companies.

The Statement of Net Assets presents the City's assets less its liabilities at year end. The difference between these assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has only two funds, the General Fund and Special Revenue Fund, which are both governmental fund types.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. As a result of this difference in focus, a reconciliation is provided in the notes to the financial statements between the fund and government-wide statements.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

The basic governmental fund financial statement can also be found on pages 12 and 13 of this report.

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 18 of this report.

Other information - In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the City's annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as supplementary information for the general fund to demonstrate compliance with this budget. Individual fund statements and schedules can be found beginning on page 30 of this report.

Government-Wide Financial Analysis

The City has implemented the provisions of Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.*" As a result, the accompanying fund financial statements are converted to the Statement of Net Assets and Statement of Activities by posting adjustments for the following:

Capital assets, net of accumulated depreciation, have been added to the Statement of Net Assets. In addition, capital outlay has been taken out of expenses in the Statement of Activities and depreciation expense for all equipment has been included in expense.

The liabilities for debt and accrued compensated absences have been added to the Statement of Net Assets and the related expenses have been included in the Statement of Activities.

The Statement of Net Assets and the Statement of Activities report the net assets of the City and changes in them. Over time, increases or decreases in the City's net assets are one indicator of financial position. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed government legislation.

The largest portion of the City's net assets (44%) consists of its unrestricted net assets that may be used to meet ongoing obligations to its customers and creditors.

	<u>Governmental Activities</u>			<u>Percentage</u>
	<u>2007</u>	<u>2006</u>	Increase (Decrease)	
Current and other assets	\$ 3,226,721	\$ 2,443,470	\$ 783,251	32%
Noncurrent assets	<u>1,693,805</u>	<u>1,361,483</u>	332,322	24%
Total assets	4,920,526	3,804,953	1,115,573	29%
Current liabilities	1,005,130	665,875	339,255	51%
Noncurrent liabilities	<u>198,933</u>	<u>250,409</u>	<u>(51,476)</u>	-21%
Total liabilities	1,204,063	916,284	287,779	31%
Net Assets:				
Invested in capital assets, net of related debt	1,455,518	1,071,198	384,320	36%
Reserved	615,676	435,346	180,330	41%
Unrestricted	<u>1,645,269</u>	<u>1,382,125</u>	<u>263,144</u>	19%
Total net assets	\$ 3,716,463	\$ 2,888,669	\$ 827,794	29%

An additional portion of the City's net assets (39%) represents its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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.

The remaining balance of the City's net assets (17%) represents resources that are subject to external restrictions on how they may be spent.

Assets of the City consist primarily of pooled cash and investments of \$3,157,683 and capital assets, net of accumulated depreciation of approximately \$1,693,805.

Current liabilities total \$1,005,130 which consist primarily of accounts payable, accrued liabilities, and \$50,622 of the current portion of long-term debt.

Governmental activities increased net assets \$827,794 over the prior year to \$3,716,463. The major components of this category are “invested in capital assets, net of related debt,” \$1,455,518 which is the City’s investment in its net capital assets (original cost less accumulated depreciation, less debt) and unrestricted net assets of \$1,645,269.

Governmental Activities

Governmental activities increased the City’s overall net assets by \$827,794 or 29%. Major components assisting this included increases in revenue from charges for services (\$115,460) and investment earnings (\$105,326), and overall decrease in general government expenses (\$97,947).

Other variances in governmental activities include:

- Ad valorem taxes increased \$154,684 over the prior year due to rising property values.

The following table represents the composition of governmental activities revenue and percentages in relation to total governmental activities:

Charges for services	\$ 395,719	12%
Property taxes	1,221,826	38%
Sales and gas taxes	477,785	15%
Franchise and utility taxes	674,009	21%
Grants and contributions	1,139	1%
Impact fees	159,128	5%
Investment earnings	143,689	4%
Other revenues	<u>144,385</u>	<u>4%</u>
	<u>\$3,217,680</u>	<u>100%</u>

<u>Governmental Activities</u>				
	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Revenues:				
Program revenues:				
Charges for service	\$ 395,719	\$ 280,259	\$ 115,460	41%
Capital grants and contributions	1,000	13,904	(12,904)	-93%
Operating grants and contributions	139	3,299	(3,160)	-96%
General revenues:				
Property taxes	1,221,826	1,067,142	154,684	14%
Other taxes	1,151,794	1,304,680	(152,886)	-12%
Other	<u>447,202</u>	<u>381,703</u>	<u>65,499</u>	<u>17%</u>
Total revenues	<u>3,217,680</u>	<u>3,050,987</u>	<u>166,693</u>	<u>5%</u>
Expenses:				
General government	329,846	427,793	(97,947)	-23%
Public safety	1,691,207	1,424,971	266,236	19%
Roads and streets	171,403	179,148	(7,745)	-4%
Physical environment	182,831	165,639	17,192	10%
Interest on long-term debt	<u>14,599</u>	<u>21,904</u>	<u>(7,305)</u>	<u>-33%</u>
Total expenses	<u>2,389,886</u>	<u>2,219,455</u>	<u>170,431</u>	<u>8%</u>
Increase in net assets	827,794	831,532	(3,738)	1%
Net assets beginning	<u>2,888,669</u>	<u>2,057,137</u>	<u>831,532</u>	<u>40%</u>
Net assets ending	<u>\$3,716,463</u>	<u>\$2,888,669</u>	<u>\$ 827,794</u>	<u>29%</u>

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,272,213, an increase of \$450,736 in comparison with the prior year. A majority of this total amount (\$1,986,337) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is *reserved* to indicate that it is not available for new spending because it has already been committed. This includes police education (\$20,533) and city infrastructure (\$213,845).

The general fund is the chief operating fund of the City of Edgewood. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,986,337, while total fund balance reached \$2,153,048.

The fund balance of the City's general fund increased by \$527,387 during the fiscal year. Key factors in this growth are as follows:

- An increase in fines and forfeiture revenues \$57,090 due to new construction.
- An increase in charges for services of \$62,660 primarily due to an increase in Progress Energy payments.
- An increase in ad valorem taxes of \$154,684 due to City growth.

Special Revenue Fund:

This fund is used to collect gas tax and other revenues primarily from other governmental agencies. Funds collected must be used for road and highway operations and maintenance. Tax collections for fiscal year 2007 decreased \$3,052 to \$107,431 compared to the prior year collection of \$110,483, while impact fees of \$117,406 were collected due to new development.

Expenditures decreased \$63,281 compared to the prior year primarily due to less road improvement projects.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental activities as of September 30, 2007, amounts to \$1,693,805 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and infrastructure.

Capital asset acquisitions during the current fiscal year included the following:

- Police finger print system (\$21,926).
- Road improvement projects (\$414,902).

**City of Edgewood
(net of depreciation)**

	<u>Governmental Activities</u>		Increase	
	<u>2007</u>	<u>2006</u>	<u>(Decrease)</u>	<u>Percentage</u>
Land	\$ 277,496	\$ 277,496	\$ . . .	. . .
Building	268,345	267,417	928	1%
Equipment	218,798	228,752	(9,954)	-4%
Infrastructure	<u>929,166</u>	<u>587,818</u>	<u>341,348</u>	<u>58%</u>
Total assets	<u>\$ 1,693,805</u>	<u>\$ 1,361,483</u>	<u>\$ 332,322</u>	<u>24%</u>

Long-Term Debt - At the end of the fiscal year, the City's total net debt decreased \$51,995 or 18%. Of this debt, \$50,662 is due within the next fiscal year.

Compensated Absences - The City had \$11,267 in total compensated absence liabilities as of September 30, 2007, an increase of \$7,259 or 181%.

For more detailed information regarding the City's capital assets and long-term debt, please refer to the notes to the financial statements.

Requests for Information - This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Edgewood, City Clerk, 405 Larue Avenue, Edgewood, Florida 32809, (407) 851-2920.

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

ASSETS	Primary Government	
	Governmental Activities	Total
Current Assets:		
Cash and cash equivalents	\$ 3,157,683	\$ 3,157,683
Receivables (net of allowance for uncollectibles)	58,476	58,476
Due from other governments	6,555	6,555
Inventories	4,007	4,007
Total Current Assets	3,226,721	3,226,721
Noncurrent Assets:		
Capital assets (net of accumulated depreciation):		
Land	277,496	277,496
Buildings	268,345	268,345
Machinery and equipment	218,798	218,798
Infrastructure	929,166	929,166
Total Noncurrent Assets	1,693,805	1,693,805
Total Assets	\$ 4,920,526	\$ 4,920,526
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 909,230	\$ 909,230
Current portion long-term-debt	50,622	50,622
Accrued expenses	24,138	24,138
Deferred revenue	21,140	21,140
Total Current Liabilities	1,005,130	1,005,130
Noncurrent liabilities:		
Compensated absences	11,267	11,267
Mortgage liabilities	187,666	187,666
Total Noncurrent Liabilities	198,933	198,933
Total Liabilities	1,204,063	1,204,063
NET ASSETS		
Invested in capital assets, net of related debt	1,455,518	1,455,518
Reserved for:		
Highways and streets	119,165	119,165
Inventory	4,007	4,007
Police education fund	20,533	20,533
Law enforcement trust fund	13,021	13,021
Fire and rescue impact fees	34,470	34,470
Stormwater fund	94,680	94,680
Unrestricted	1,975,069	1,975,069
Total Net Assets	3,716,463	3,716,463
Total Liabilities and Net Assets	\$ 4,920,526	\$ 4,920,526

The notes to the financial statements are an integral part of this statement.

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>Functions/Program</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 329,846	\$ 66,032	\$ 1,000	\$ 139	\$ (262,675)
Public safety	1,691,207	134,373	...	...	(1,556,834)
Highways and streets	171,403	...	...	...	(171,403)
Physical Environment	182,831	195,314	...	...	12,483
Interest on long-term debt	14,599	...	...	...	(14,599)
Total governmental activities	2,389,886	395,719	1,000	139	(1,993,028)
General revenues:					
Property taxes					\$ 1,221,826
Sales and gas taxes					477,785
Franchise and utility taxes					674,009
Miscellaneous revenues					142,264
Investment earnings					143,689
Impact fees					159,128
Gain on sale of capital assets					2,121
Transfers					...
Total general revenues and transfers					2,820,822
Change in net assets					827,794
Net assets - beginning					2,888,669
Net assets - ending					\$ 3,716,463

CITY OF EDGEWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General	Other Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 3,005,588	\$ 152,095
Receivables	58,476	...
Due from other governments	6,555	...
Inventories	4,007	...
Total assets	<u>\$ 3,074,626</u>	<u>\$ 152,095</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 873,177	\$ 32,930
Deferred revenue	24,138	...
Due to police pension fund	3,123	...
Payroll related accruals	21,140	...
Total liabilities	<u>921,578</u>	<u>32,930</u>
Fund balances:		
Reserved for:		
Inventories	4,007	...
Police education fund	20,533	...
Law enforcement trust fund	13,021	...
Fire and rescue impact fees	34,470	...
Stormwater fund	94,680	...
Unreserved: Undesignated	1,986,337	...
Roads and streets	...	92,350
Transportation impact	...	26,815
Total fund balances	<u>2,153,048</u>	<u>119,165</u>
Total liabilities and fund balances	<u>\$ 3,074,626</u>	<u>\$ 152,095</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

CITY OF EDGEWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

Total Governmental Funds
\$ 3,157,683
58,476
6,555
4,007
\$ 3,226,721

\$ 906,107
24,138
3,123
21,140
954,508

4,007
20,533
13,021
34,470
94,680
1,986,337
92,350
26,815
2,272,213

1,693,805
(249,555)
\$ 3,716,463

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Ad Valorem	\$ 1,221,826	...	\$ 1,221,826
Franchise and utility taxes	674,009	...	674,009
Motor Fuel	...	81,387	81,387
Licenses and permits	60,024	...	60,024
Intergovernmental	375,610	26,044	401,654
Charges for services	229,296	...	229,296
Fines and forfeitures	103,200	...	103,200
Investment earnings	138,812	4,877	143,689
Impact fees	41,722	117,406	159,128
Miscellaneous	122,849	18,803	141,652
Total Revenues	<u>2,967,348</u>	<u>248,517</u>	<u>3,215,865</u>
Expenditures:			
Current:			
General government	322,152	...	322,152
Public safety	1,635,016	...	1,635,016
Highways and streets	...	412,290	412,290
Physical environment	278,799	...	278,799
Debt Service:			
Principal and interest	66,503	...	66,503
Capital Outlay:			
General government	7,356	...	7,356
Public safety	46,013	...	46,013
Total Expenditures	<u>2,355,839</u>	<u>412,290</u>	<u>2,768,129</u>
Other Financing Sources (Uses):			
Sale of fixed assets	3,000	...	3,000
Interfund transfer in	...	87,122	87,122
Interfund transfer out	(87,122)	...	(87,122)
Total Other Financing Sources	<u>(84,122)</u>	<u>87,122</u>	<u>3,000</u>
Excess of Revenues Over Expenditures	527,387	(76,651)	450,736
Fund Balance - Beginning of Year	<u>1,625,661</u>	<u>195,816</u>	<u>1,821,477</u>
Fund Balance - Ending of Year	<u>\$ 2,153,048</u>	<u>\$ 119,165</u>	<u>\$ 2,272,213</u>

CITY OF EDGEWOOD, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

Net change in fund balances - total governmental funds

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 in the current period.

The net effect of transactions involving capital assets (i.e., sales, trade-ins and dispositions)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. The City experienced an increase in long-term compensated absences during the current period which resulted in a decrease to net assets of governmental activities.

Change in net assets of governmental activities

CITY OF EDGEWOOD, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

\$	450,736
	333,508
	(879)
	50,622
	<u>(6,193)</u>
\$	<u>827,794</u>

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad Valorem	\$ 1,281,850	\$ 1,281,850	\$ 1,221,826	\$ (60,024)
Franchise and utilities	616,500	616,500	674,009	57,509
Licenses and permits	75,450	75,450	60,024	(15,426)
Intergovernmental	413,600	413,600	375,610	(37,990)
Charges for services	200,880	200,880	229,296	28,416
Fines and forfeitures	75,000	75,000	103,200	28,200
Investment earnings	26,100	26,100	138,812	112,712
Impact fees	83,311	83,311	41,722	(41,589)
Miscellaneous	4,000	4,000	122,849	118,849
	<u>2,776,691</u>	<u>2,776,691</u>	<u>2,967,348</u>	<u>190,657</u>
Total Revenues				
Expenditures:				
Current:				
General Government	592,513	592,513	329,508	263,005
Public safety	1,681,359	1,681,359	1,681,029	330
Physical Environment	167,740	167,740	278,799	(111,059)
	<u>61,500</u>	<u>61,500</u>	<u>66,503</u>	<u>(5,003)</u>
Debt Service				
	<u>2,503,112</u>	<u>2,503,112</u>	<u>2,355,839</u>	<u>147,273</u>
Total Expenditures				
Other Financing Sources (Uses):				
Interfund transfer out	(268,900)	(268,900)	(87,122)	181,778
Sale of fixed assets	...	...	3,000	3,000
Total Other Financing Sources	<u>(268,900)</u>	<u>(268,900)</u>	<u>(84,122)</u>	<u>184,778</u>
Excess of Revenues Over Expenditures	4,679	4,679	527,387	522,708
Fund Balance - Beginning	<u>1,625,661</u>	<u>1,625,661</u>	<u>1,625,661</u>	<u>...</u>
Fund Balance - Ending	<u>\$ 1,630,340</u>	<u>\$ 1,630,340</u>	<u>\$ 2,153,048</u>	<u>\$ 522,708</u>

CITY OF EDGEWOOD, FLORIDA
 COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS
 POLICE PENSION TRUST FUND
 SEPTEMBER 30, 2007 AND 2006

<u>ASSETS</u>	TOTALS	
	2007	2006
Investments (at fair value)	\$ 652,899	\$ 539,714
Due from general fund	2,431	210
State of Florida excise tax receivable	...	22,016
Total Assets	\$ 655,330	\$ 561,940
<u>LIABILITIES AND FUND BALANCE</u>		
Net assets held in trust for pension benefits	\$ 655,330	\$ 561,940

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
POLICE PENSION TRUST FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	TOTALS	
	2007	2006
Additions		
Contributions		
Employer	\$ 27,582	\$ 31,172
Plan members	3,521	2,880
State of Florida excise tax rebate	...	22,016
Total Contributions	<u>31,103</u>	<u>56,068</u>
Investment income	67,557	36,423
Less: Investment expenses	<u>2,402</u>	<u>1,962</u>
Net investment income	<u>65,155</u>	<u>34,461</u>
Total Additions	<u>96,258</u>	<u>90,529</u>
Deductions		
Distributions	<u>2,868</u>	<u>...</u>
Total Deductions	<u>2,868</u>	<u>...</u>
Net increase	93,390	90,529
Beginning of year	<u>561,940</u>	<u>471,411</u>
End of Year	<u><u>\$ 655,330</u></u>	<u><u>\$ 561,940</u></u>

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

1. Summary of Significant Accounting Policies:

The City of Edgewood, Florida was incorporated under the laws of the State of Florida and operates under the council-mayor form of government under its charter adopted pursuant to Chapter 69 - 1039, of the State of Florida.

The financial statements of the City of Edgewood, Florida have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the City's more significant accounting policies:

- A. Reporting Entity - These financial statements include all the City's funds. There are no component units, separate governmental units, agencies or nonprofit corporations which require inclusion in the City's financial statements.
- B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Accounting - The accounts of the City are organized on the basis of funds, which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups of the City are as follows:

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Governmental Funds -

- 1). General Fund - To account for all financial resources except those required to be accounted for in another fund.
- 2). Special Revenue Funds - To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Fiduciary Funds -

- 3). Trust Funds - To account for assets held by the City in a trustee capacity. Pension trust funds are accounted for in essentially the same manner as private business enterprises since capital maintenance is critical.

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

- C. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements and pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of plan net assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

All major revenues, except property taxes, are considered measurable and available and, as such, susceptible to accrual.

The accrual basis of accounting is utilized by government-wide statements and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Assets, Liabilities and Fund Equity

- 1). Cash, Cash Equivalents, and Investments - For purposes of cash flows, cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Pension funds are also reported at fair value.
- 2). Accounts Receivable From Other Governments - Those amounts that represent a claim against another government, and are measurable, have been accrued.
- 3). Inventories - Inventories are priced at cost using the first-in, first-out method. Fuel inventories are maintained by the General Fund. The City uses the consumption method in expensing governmental fund inventories.
- 4). Fixed Assets - Fixed assets, which include property, plant, equipment and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Buildings	39 years
Building Improvements	15 years
Equipment	5 to 10 years
Furniture and Fixtures	7 to 10 years
Infrastructure	20 to 30 years
Software	3 years

- 5). Compensated Absences - An accrual is made for accrued vacation leave in the government-wide financial statements. The amount accrued represents leave that is expected to be paid in future years and does not include leave to be paid in the next fiscal year. No accrual is made for sick leave benefits which accumulate but do not vest at current salary rates. The

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

City's policy is to accrue and pay out 25% of vested sick leave upon employee termination or resignation. Both vacation and sick leave are recorded as long-term liabilities in the government-wide financial statements.

- 6). Long-Term Obligations - Long-term debt is recognized as a liability of the government-wide financial statements. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period.
- 7). Fund Equity - Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.
- 8). Risk Management - The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; natural disasters; and job-related illnesses or injuries to employees. Significant losses are covered through participation in a local government non-assessable self insurance pool. For these insured programs, there have been no significant reductions in insurance programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

E. Revenues Recognition

Property Tax Recognition - The key dates in the property tax cycle (latest date where appropriate) are as follows:

Assessment/lien date	January 1
Assessment roll validated	July 1
Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Property taxes are collected and remitted by the county tax collector. The City does not accrue its portion of county held tax sale certificates because such amounts are neither measurable nor available at balance sheet date.

The statutory maximum tax rates which may be assessed by the City are as follows:

Ad valorem millage	10 mills
Utility tax (electric, gas, telephone)	10%

F. Comparative Data

Comparative total data for the prior year have been presented for the police pension trust fund and individual fund statements in order to provide an understanding of the changes in the financial position and operation of these funds.

2. Stewardship, Compliance and Accountability:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 30, the Mayor submits the proposed operating budget for the next fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

The legal level of budgetary control is the fund level. Administrative control is maintained at the department level through integration with the accounting records. Appropriations lapse at the end of each fiscal year.

Budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP) except for capital lease proceeds and associated capital outlay. Budget amounts are reported as originally adopted or revised.

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

3. Deposits and Investments:

The Florida Security for Depositors Act identifies those financial institutions that have deposited the required collateral in the name of the treasurer of the State of Florida as qualified public depositories. The City only places deposits with qualified public depositories. Therefore, all City deposits are entirely insured by FDIC or Florida’s Multiple Financial Institution Collateral Pool.

Florida Statutes authorize the City to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the City Council as authorized by law.

The City reported no investments at September 30, 2007, as surplus funds were invested in the State Board of Administration Local Government Surplus Funds Trust Fund investment pool, which are reported as cash and cash equivalents.

The SBA report for the year ending September 30, 2007 reported no significant violations of legal or contractual provisions and no losses due to borrower or lending agent defaults. However, subsequent to year-end a portion of the City’s funds were partially restricted. See Note 8 for further detail. Copies of the Investment in Local Government Surplus Funds Trust report can be obtained from the SBA (www.sbafla.com/pool).

4. Changes In General Fixed Assets:

A summary of changes in general fixed assets is as follows:

	<u>Balance</u> <u>10/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	<u>Balance</u> <u>9/30/2007</u>
Land	\$ 277,496	\$...	\$...	\$...	\$ 277,496
Buildings	357,197	11,178	...	...	368,375
Machinery and equipment	500,218	30,176	(26,358)	...	504,036
Infrastructure	1,476,369	414,902	...	...	1,891,271
Less Accumulated Depreciation	<u>(1,249,797)</u>	<u>...</u>	<u>25,479</u>	(123,055)	(1,347,373)
Totals	<u>\$ 1,361,483</u>	<u>\$ 456,256</u>	<u>\$ (879)</u>	\$ (123,055)	\$ 1,693,805

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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

Governmental activities:	
General government	\$ 6,216
Highway and streets	66,127
Public safety	43,593
Physical environment	<u>7,119</u>
Total depreciation expense - governmental activities	<u>\$ 123,055</u>

5. Pension Funds:

The City has multiple pension plans for its employees. All City Hall staff participate in the Florida Retirement System, a multiple-employer, cost-sharing public employee retirement system. Police officers hired on or before December 31, 1995 also participate in the Florida Retirement System. Police officers hired after December 31, 1995 participate in a defined benefit plan. The investment and administrative agent for the defined benefit plan is the Florida Municipal Pension Trust Fund, an agent multiple-employer Public Employee Retirement System. Costs of administering the plans are paid by the City.

FLORIDA RETIREMENT SYSTEM

Plan Description: The City contributes to the Florida Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Florida Division of Retirement. The Plan provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes Chapter 121 assigns the authority to administer the Plan to the Division of Retirement. The Florida Legislature establishes and amends benefit provisions and contribution levels. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Florida Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy: Employees do not contribute to the Plan. The City is required to contribute at an actuarially determined rate. The current rate for regular and special risk members is 8.69% and 19.76% respectively, of annual covered payroll. The contribution requirements of the City are established and may be amended by the Florida Legislature. The City's contributions to the System

CITY OF EDGEWOOD, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

for the year ending September 30, 2007 and 2006 were \$35,368 and \$25,526 respectively, equal to the required contributions for each year.

POLICE OFFICERS DEFINED BENEFIT PENSION PLAN

Membership in the defined benefit pension plan at September 30, 2007, was as follows:

Retirees/beneficiaries currently receiving benefits	0
Vested terminated employees	5
Active employees	12

Eligibility for Participation

Police Officers - all actively employed sworn police officers employed after December 31, 1995

VESTING

POLICE OFFICERS

Full	Age 55; 10 years service Age 52; 25 years service
Partial	Age 50; 10 years service
Monthly Benefits	3% of average monthly earnings times years of creditable service

The partially vested monthly benefit shall be the fully vested amount reduced by 5/12th of 1% of said amount for each month that early retirement precedes the normal retirement date.

The defined benefit plan provides disability benefits. Benefit provision and all other requirements are established by Florida Statute and City Ordinance. The plan uses the aggregate actuarial cost method to measure the liabilities under the pension plan however, this method does not identify and separately amortize unfunded actuarial liabilities.

If an employee terminates his or her employment with the Police Department, the employee is entitled to a refund of his or her contribution.

Police officers contribute 1% of their annual salary to their respective plan. The City is required to contribute the remaining amount necessary to fund the Plans according to the actuarial valuations.

Payroll for these police officers amounted to \$515,910, for the year ended September 30, 2007.

CITY OF EDGEWOOD, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

The police officers' pension plan is an externally held plan managed by the Florida Municipal Pension Trust Fund. This plan is not included in the City's electronic filing of their financial activities with the Florida Department of Financial Services.

FUNDING POLICY

POLICE OFFICERS

Contribution rates:	
City	10.73 %
Plan members	1.00 %
Annual pension cost	\$53,279
Contributions made	\$27,582
Actuarial valuation date	10/01/04
Actuarial cost method	Aggregate cost
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5 year smoothed market
Actuarial assumptions:	7.5%
Investment rate of return	5.0%
Projected salary increases	
Cost of living adjustments	N/A

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

6. Long-Term Debt:

The following is the change in liabilities reported in the general long-term debt account group:

	Balance October 1, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2007</u>
Compensated absences representing the long term portion of the general fund's liability for accrued vacation leave.	\$ 4,008	\$ 7,259	\$...	\$ 11,267
Mortgage payable on building purchase due monthly beginning July 2002. The interest rate is 5% and matures June 2012.	<u>290,283</u>	<u>...</u>	<u>(51,995)</u>	<u>238,288</u>
Total	<u>\$ 294,291</u>	<u>\$ 7,259</u>	<u>\$ (51,995)</u>	<u>\$ 249,555</u>

Annual requirements to amortize the debt, including interest are as follows:

Mortgage

<u>Year Ended September 30</u>	Compensated <u>Absences</u>	<u>Principal</u>	<u>Interest</u>	Total
2008	\$...	\$ 50,622	\$ 10,765	\$ 61,387
2009	...	53,212	8,175	61,387
2010	...	55,935	5,452	61,387
2011	...	58,796	2,590	61,386
2012	<u>11,267</u>	<u>19,723</u>	<u>203</u>	<u>31,193</u>
Totals	<u>\$ 11,267</u>	<u>\$ 238,288</u>	<u>\$ 27,185</u>	<u>\$ 276,740</u>

CITY OF EDGEWOOD, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

7. Grants:

The City received the following grants during the year ended September 30, 2007.

Payor:	Program:	Grant /CFDA	Contract	Receipts	Expended
Florida Department of Law Enforcement	Evidence Tracker	JAG06	2007-JAGD-ORAN-1-P4-066	\$ 1,000	\$ 1,000

8. Subsequent Event

At September 30, 2007, the City had \$797,003 invested in the State Board of Administration’s Local Government Surplus Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based upon recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of restructuring, all current pool participants had their existing balances proportionately allocated to Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor’s Ratings Services assigned its “AAAM” principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets in the Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

As of December 5, 2007, the City had \$685,616 and \$115,191 invested in Pool A and B respectively. Additional information regarding the Local Government Surplus Trust Fund may be obtained from the State Board of Administration.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF EDGEWOOD, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2007

Florida Municipal Pension Trust Fund
 Schedule of Funding Progress

Three Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/07	\$ 53,279	51.8%	...
9/30/06	\$ 52,556	101.2%	...
9/30/05	\$ 58,226	109.6%	...

Pension Contributions From City/State

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>City Contribution Percentage</u>	<u>State Contribution Percentage</u>
2006-07	\$ 53,279	51.8%	...
2005-06	\$ 52,556	59.3%	41.9%
2004-05	\$ 58,226	71.8%	37.8%

CITY OF EDGEWOOD, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006

ASSETS	TOTALS	
	2007	2006
Cash and equivalents	\$ 3,005,588	\$ 2,202,422
Accounts receivable	58,476	8,579
Due from other governments	6,555	7,663
Inventory	4,007	3,467
Prepaid expenditures	...	17,879
TOTAL ASSETS	\$ 3,074,626	\$ 2,240,010
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 873,177	\$ 564,281
Payroll related accruals	24,138	24,771
Due to police pension fund	3,123	210
Deferred revenue	21,140	25,087
Total Liabilities	921,578	614,349
Fund Balance:		
Reserved for inventory	4,007	3,467
Reserved for police education fund	20,533	23,720
Reserved for law enforcement trust fund	13,021	...
Reserved for fire and rescue impact fees	34,470	24,997
Reserved for stormwater fund	94,680	187,346
Unreserved: Undesignated	1,986,337	1,386,131
Total Fund Balance	2,153,048	1,625,661
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,074,626	\$ 2,240,010

CITY OF EDGEWOOD, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGET	2007 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes:			
Ad valorem taxes	\$ 1,281,850	\$ 1,221,826	\$ (60,024)
Franchise and utility taxes	616,500	674,009	57,509
Total Taxes	1,898,350	1,895,835	(2,515)
Licenses and Permits:			
Regulatory licenses	35,600	39,145	3,545
Building, electrical and sign permits	39,850	20,879	(18,971)
Total Licenses and Permits	75,450	60,024	(15,426)
Intergovernmental Revenues:			
State revenue sharing	98,000	69,905	(28,095)
Alcoholic beverage licenses	1,000	99	(901)
Half-cent sales tax	312,300	300,448	(11,852)
County occupational licenses	500	3,200	2,700
Grants	...	1,000	1,000
Miscellaneous	1,800	958	(842)
Total Intergovernmental Revenues	413,600	375,610	(37,990)
Charges for services			
Solid waste collection	186,380	193,314	6,934
Miscellaneous	14,500	35,982	21,482
Total Charges for Services	200,880	229,296	28,416
Fines and Forfeitures			
Court fines	69,000	82,130	13,130
Police education	...	4,545	4,545
Citation surcharge	4,000	13,020	9,020
Miscellaneous	2,000	3,505	1,505
Total Fines and Forfeitures	75,000	103,200	28,200
Miscellaneous Revenues			
Interest	26,100	138,812	112,712
Impact fees	83,311	41,722	(41,589)
Other	4,000	122,849	118,849
Total Miscellaneous	113,411	303,383	189,972
Total Revenues	\$ 2,776,691	\$ 2,967,348	\$ 190,657

CITY OF EDGEWOOD, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	2006 ACTUAL
\$ 1,067,142	839,200
1,906,342	
36,534	36,485
73,019	
67,946	
49	
287,052	
193	
13,954	
216	
369,410	
132,068	
34,568	
166,636	
43,979	
1,881	
...	
250	
46,110	
34,317	
99,766	
11,189	
145,272	
\$ 2,706,789	

CITY OF EDGEWOOD, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDING SEPTEMBER 30, 2006

	BUDGET	2007 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2006 ACTUAL
Expenditures				
Current:				
General Government:				
Financial and Administrative:				
Personnel services	\$ 158,875	\$ 126,243	\$ 32,632	\$ 131,643
Operating expenditures	47,300	55,614	(8,314)	57,230
Capital outlay	12,000	7,356	4,644	12,332
Legal Counsel:				
Operating expenditures	75,000	51,503	23,497	95,119
Comprehensive Planning:				
Operating expenditures	61,000	84	60,916	...
Other General Government:				
Operating expenditures	238,338	88,708	149,630	135,038
Total General Government	<u>592,513</u>	<u>329,508</u>	<u>263,005</u>	<u>431,362</u>
Public Safety:				
Law Enforcement:				
Personnel services	787,669	686,805	100,864	678,536
Operating expenditures	248,621	258,476	(9,855)	152,580
Capital outlay	1,000	46,013	(45,013)	92,655
Total Law Enforcement	<u>1,037,290</u>	<u>991,294</u>	<u>45,996</u>	<u>923,771</u>
Fire Protection:				
Operating expenditures	619,069	642,454	(23,385)	512,522
Protective Inspections:				
Operating expenditures	25,000	47,281	(22,281)	40,064
Total Public Safety	<u>1,681,359</u>	<u>1,681,029</u>	<u>330</u>	<u>1,476,357</u>
Physical Environment:				
Operating expenditures	167,740	278,799	(111,059)	158,493
Debt Service:				
Mortgage	61,500	66,503	(5,003)	81,849
Total Expenditures	<u>\$ 2,503,112</u>	<u>\$ 2,355,839</u>	<u>\$ 147,273</u>	<u>\$ 2,148,061</u>
Other Financing Sources (Uses)				
Interfund transfer out	\$ (268,900)	\$ (87,122)	\$ 181,778	\$ (166,604)
Sale of fixed assets	...	3,000	3,000	5,000
Total Other Financing Sources (Uses)	<u>\$ (268,900)</u>	<u>\$ (84,122)</u>	<u>\$ 184,778</u>	<u>\$ (161,604)</u>

CITY OF EDGEWOOD, FLORIDA
ROAD AND STREET FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006

<u>ASSETS</u>	TOTALS	
	<u>2007</u>	<u>2006</u>
Cash and equivalents	\$ 152,095	\$ 203,460
Total Assets	<u>\$ 152,095</u>	<u>\$ 203,460</u>
 <u>LIABILITIES AND FUND BALANCE</u> 		
Liabilities:		
Accounts payable	\$ 32,930	\$ 7,644
Total Liabilities	<u>32,930</u>	<u>7,644</u>
Fund Balance:		
Reserved for roads and streets	92,350	59,280
Reserved for transportation impact	<u>26,815</u>	<u>136,536</u>
Total Fund Balances	<u>119,165</u>	<u>195,816</u>
Total Liabilities and Fund Balance	<u>\$ 152,095</u>	<u>\$ 203,460</u>

CITY OF EDGEWOOD, FLORIDA
ROAD AND STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007 WITH COMPARATIVE
ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>BUDGET</u>	<u>2007 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Taxes	\$ 85,000	\$ 81,387	\$ (3,613)
Intergovernmental revenue:			
Shared taxes	10,000	26,044	16,044
Miscellaneous:			
Interest revenue	3,000	4,877	1,877
Impact fees	191,611	117,406	(74,205)
Miscellaneous	7,500	18,803	11,303
Total Revenues	<u>297,111</u>	<u>248,517</u>	<u>(48,594)</u>
Expenditures:			
Highways and streets			
Operating expenditures			
Engineering fees	25,000	36,655	(11,655)
Streets and road maintenance	561,900	332,167	229,733
Traffic light maintenance	3,000	1,427	1,573
Utilities	23,000	42,041	(19,041)
Total Expenditures	<u>612,900</u>	<u>412,290</u>	<u>200,610</u>
Excess of Revenues Over (Under) Expenditures	<u>(315,789)</u>	<u>(163,773)</u>	<u>152,016</u>
Other Sources (Uses):			
Interfund transfer	268,900	87,122	(181,778)
Total Other Sources (Uses)	<u>268,900</u>	<u>87,122</u>	<u>(181,778)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(46,889)	(76,651)	(29,762)
Fund Balances - October 1, 2006	<u>195,816</u>	<u>195,816</u>	...
Fund Balance - September 30, 2007	<u>\$ 148,927</u>	<u>\$ 119,165</u>	<u>\$ (29,762)</u>

CITY OF EDGEWOOD, FLORIDA
ROAD AND STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007 WITH COMPARATIVE
ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006

2006 ACTUAL
\$ 83,770
26,713
4,047
236,170
5,540
356,240
26,142
382,840
22,203
44,386
475,571
(119,331)
166,604
166,604
47,273
148,543
\$ 195,816

CLERMONT OFFICE

Jerry D. Brown, C.P.A.

Herbert John Greenlee, Jr. C.P.A.

Suzanne M. Brownlee, C.P.A.



GREENLEE
KURRAS
RICE &
BROWN, PA
CERTIFIED PUBLIC
ACCOUNTANTS

MOUNT DORA OFFICE

John S. Rice, C.P.A.

Patricia A. Sykes-Amos, C.P.A.

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Keire Rice Hosley, C.P.A.

David A. Donofrio, C.P.A.

Deborah R. Mullins, C.P.A.

Allan L. Silbernagel, C.P.A.

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

The Honorable Mayor and City Council
City of Edgewood, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Edgewood, Florida as of and for the year ended September 30, 2007, which collectively comprise the City of Edgewood, Florida's basic financial statements and have issued our report thereon dated July 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Edgewood, Florida's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Edgewood,

MEMBER: FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Florida's financial statements that is more than inconsequential will not be prevented or detected by the City of Edgewood, Florida's internal control.

FINDING: For the year ended September 30, 2007, there was no one on staff to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process.

RESPONSE: The City is capable of managing the financial operation of the city, which is operated on a fund basis. Due to various rules and regulations, the City is required to prepare financial statements on a GAAP basis. The City's size prohibits its hiring of enough staff with the specialized knowledge of GAAP basis for preparing the end of year financial statements and will continue to allow the auditing firm to complete this task.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Edgewood, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

This report is intended solely for the information and use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
July 30, 2008

CLERMONT OFFICE*Jerry D. Brown, C.P.A.**Herbert John Greenlee, Jr. C.P.A.**Suzanne M. Brownlee, C.P.A.***GREENLEE
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The Honorable Mayor and City Commissioners
City of Edgewood, Florida

We have audited the financial statements of the City of Edgewood, Florida, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated July 30, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated July 30, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuses that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based upon professional judgement, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless, disclosed in the notes to the financial statements. The City of Edgewood was established by Special Acts of 1923 of the State of Florida, Chapter 9764. The City had no component units.

Section 10.554(1)(i)7a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Edgewood did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Edgewood for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 2187.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. In connection with our audit, we determined that these two reports were in agreement.

Section 10.554(1)(i)7c, and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

This management letter is intended solely for the information of the City of Edgewood and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida July 30, 2008