

**CITY OF EDGEWOOD, FLORIDA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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FISCAL YEAR ENDED SEPTEMBER 30, 2008

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CLERMONT OFFICE

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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, 2008, 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, 2008, 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, 2009 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.

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, 2009

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, 2008. 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, 2008 by \$4,972,835 (net assets). Of this amount, \$2,923,798 (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 \$1,253,323 as a result of current year operations.

The City has a mortgage of \$186,871, and accrued compensated absences for its employees of \$11,357. The amount outstanding at September 30, 2008 was \$198,228, of which \$53,253 is classified as current and \$144,975 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 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</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>	Increase (Decrease)	<u>Percentage</u>
	<u>2008</u>	<u>2007</u>		
Current and other assets	\$ 3,257,642	\$ 3,226,721	\$ 30,921	1%
Noncurrent assets	<u>2,013,443</u>	<u>1,693,805</u>	26,463	2%
Total assets	5,271,085	4,920,526	350,829	7%
Current liabilities	153,275	1,005,130	(851,855)	-84%
Noncurrent liabilities	<u>144,975</u>	<u>198,933</u>	<u>(53,958)</u>	-27%
Total liabilities	298,250	1,204,063	(905,813)	-75%
Net Assets:				
Invested in capital assets, net of related debt	1,826,570	1,455,518	371,052	25%
Reserved	222,467	615,676	393,209	64%
Unrestricted	<u>2,923,798</u>	<u>1,645,269</u>	<u>1,278,529</u>	77%
Total net assets	\$ 4,972,835	\$ 3,716,463	\$ 1,256,372	33%

An additional portion of the City's net assets (36%) 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 (4%) 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 \$3,195,002 and capital assets, net of accumulated depreciation of approximately \$2,013,443.

Current liabilities total \$153,275 which consist primarily of accounts payable, accrued liabilities, and \$53,253 of the current portion of long-term debt.

Governmental activities increased net assets \$1,253,323 over the prior year to \$4,972,835. The major components of this category are “invested in capital assets, net of related debt,” \$1,826,570, which is the City’s investment in its net capital assets (original cost less accumulated depreciation, less debt) and unrestricted net assets of \$2,923,798.

Governmental Activities

Governmental activities increased the City’s overall net assets by \$1,253,323 or 33%. An increase in ad valorem taxes of \$213,120 was a major component assisting in this increase.

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

Charges for services	\$ 355,803	10%
Property taxes	1,434,946	39%
Sales and gas taxes	458,159	12%
Franchise and utility taxes	731,464	20%
Grants and contributions	46,814	1%
Impact fees	105,757	3%
Investment earnings	82,102	2%
Retirement plan proceeds	489,580	13%
Other revenues	<u>1,581</u>	<u>0%</u>
	<u>\$3,706,206</u>	<u>100%</u>

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	Increase (Decrease)	<u>Percentage</u>
	<u>2008</u>	<u>2007</u>		
Revenues:				
Program revenues:				
Charges for service	\$ 355,803	\$ 395,719	\$ (39,916)	-10%
Capital grants and contributions	40,489	1,000	39,489	3948%
Operating grants and contributions	6,325	139	6,186	4450%
General revenues:				
Property taxes	1,434,946	1,221,826	213,120	18%
Other taxes	1,189,623	1,151,794	37,829	38%
Other	<u>679,020</u>	<u>447,202</u>	<u>231,818</u>	<u>51%</u>
Total revenues	<u>3,706,206</u>	<u>3,217,680</u>	<u>153,080</u>	<u>5%</u>
Expenses:				
General government	368,308	329,846	38,462	11%
Public safety	1,637,787	1,691,207	(53,420)	-3%
Roads and streets	198,716	171,403	27,313	16%
Physical environment	238,102	182,831	55,271	30%
Interest on long-term debt	<u>9,970</u>	<u>14,599</u>	<u>(4,629)</u>	<u>-2%</u>
Total expenses	<u>2,452,883</u>	<u>2,389,886</u>	<u>62,997</u>	<u>28%</u>
Increase in net assets	1,253,323	827,794	425,529	51%
Net assets beginning	<u>3,719,512</u>	<u>2,891,718</u>	<u>827,794</u>	<u>28%</u>
Net assets ending	<u>\$ 4,972,835</u>	<u>\$ 3,719,512</u>	<u>\$ 1,253,323</u>	<u>33%</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 \$3,157,620, an increase of \$885,407 in comparison with the prior year. A majority of this total amount (\$2,935,153) 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 (\$23,119) and city infrastructure (\$139,263).

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 \$2,935,153, while total fund balance reached \$3,072,122.

The fund balance of the City's general fund increased by \$919,074 during the fiscal year. Key factors in this growth are as follows:

- An increase in intergovernmental revenues of \$22,490.
- An increase in charges for services of \$39,794.
- An increase in ad valorem taxes of \$213,120.

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 2008 decreased \$5,757 to \$101,674 compared to the prior year collection of \$107,431, while impact fees of \$83,296 were collected due to new development.

Expenditures increased \$65,159 compared to the prior year primarily due to fewer 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, 2008, amounts to \$2,013,443 (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 vehicles (\$85,553).
- Road improvement projects (\$367,122).

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

	<u>Governmental Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Land	\$ 284,796	\$ 277,496	\$ 7,300	3%
Building	262,525	268,345	5,820	-2%
Equipment	255,391	218,798	36,593	17%
Infrastructure	<u>1,210,731</u>	<u>929,166</u>	<u>281,564</u>	<u>30%</u>
Total assets	<u>\$ 2,013,443</u>	<u>\$ 1,693,805</u>	<u>\$ 319,638</u>	<u>19%</u>

Long-Term Debt - At the end of the fiscal year, the City's total net debt decreased \$51,417 or 22%. Of the total debt of \$186,871, \$50,662 is due within the next fiscal year.

Compensated Absences - The City had \$11,357 in total compensated absence liabilities as of September 30, 2008, an increase of \$90 or less than 1%.

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. The telephone number is (407) 851-2920.

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

ASSETS	Primary Government	
	Governmental Activities	Total
Current Assets:		
Cash and cash equivalents	\$ 3,195,002	\$ 3,195,002
Receivables (net of allowance for uncollectibles)	56,483	56,483
Due from other governments	5,198	5,198
Inventories	959	959
Total Current Assets	3,257,642	3,257,642
Noncurrent Assets:		
Capital assets (net of accumulated depreciation):		
Land	284,796	284,796
Buildings	371,877	371,877
Machinery and equipment	499,943	499,943
Infrastructure	856,827	856,827
Total Noncurrent Assets	2,013,443	2,013,443
Total Assets	\$ 5,271,085	\$ 5,271,085
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 46,848	\$ 46,848
Current portion long-term-debt	53,253	53,253
Accrued expenses	32,034	32,034
Deferred revenue	21,140	21,140
Total Current Liabilities	153,275	153,275
Noncurrent liabilities:		
Compensated absences	11,357	11,357
Mortgage liabilities	133,618	133,618
Total Noncurrent Liabilities	144,975	144,975
Total Liabilities	298,250	298,250
NET ASSETS		
Invested in capital assets, net of related debt	1,826,570	1,826,570
Reserved for:		
Highways and streets	85,498	85,498
Inventory	959	959
Police education fund	23,119	23,119
Law enforcement trust fund	18,621	18,621
Fire and rescue impact fees	40,505	40,505
Storm water fund	53,765	53,765
Unrestricted	2,923,798	2,923,798
Total Net Assets	4,972,835	4,972,835
Total Liabilities and Net Assets	\$ 5,271,085	\$ 5,271,085

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, 2008

<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	\$ 368,308	\$ 60,087	\$...	\$ 6,325	\$ (301,896)
Public safety	1,637,787	108,201	40,489	...	(1,489,097)
Highways and streets	198,716	...	...	...	(198,716)
Physical Environment	238,102	187,515	...	...	(50,587)
Interest on long-term debt	9,970	...	...	...	(9,970)
Total governmental activities	2,452,883	355,803	40,489	6,325	(2,050,266)
General revenues:					
Property taxes					\$ 1,434,946
Sales and gas taxes					458,159
Franchise and utility taxes					731,464
Miscellaneous revenues					20,761
Investment earnings					82,102
Impact fees					105,757
Loss on disposal of capital assets					(19,180)
Retirement plan proceeds					489,580
Total general revenues and transfers					3,303,589
Change in net assets					1,253,323
Net assets - beginning					3,719,512
Net assets - ending					\$ 4,972,835

CITY OF EDGEWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,099,997	\$ 95,005	\$ 3,195,002
Receivables	56,483	...	56,483
Due from other governments	5,198	...	5,198
Inventories	959	...	959
Total assets	<u>\$ 3,162,637</u>	<u>\$ 95,005</u>	<u>\$ 3,257,642</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 37,341	\$ 9,507	\$ 46,848
Deferred revenue	32,034	...	32,034
Payroll related accruals	21,140	...	21,140
Total liabilities	<u>90,515</u>	<u>9,507</u>	<u>100,022</u>
Fund balances:			
Reserved for:			
Inventories	959	...	959
Police education fund	23,119	...	23,119
Law enforcement trust fund	18,621	...	18,621
Fire and rescue impact fees	40,505	...	40,505
Storm water fund	53,765	...	53,765
Unreserved: Undesignated	2,935,153	...	2,935,153
Roads and streets	...	85,498	85,498
Total fund balances	<u>3,072,122</u>	<u>85,498</u>	<u>3,157,620</u>
Total liabilities and fund balances	<u>\$ 3,162,637</u>	<u>\$ 95,005</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.			2,013,442
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			<u>(198,227)</u>
Net assets of governmental activities			<u>\$ 4,972,835</u>

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Ad Valorem	\$ 1,434,946	\$...	\$ 1,434,946
Franchise and utility taxes	690,847	...	690,847
Motor Fuel	...	76,212	76,212
Licenses and permits	53,283	...	53,283
Intergovernmental	398,101	25,462	423,563
Charges for services	269,090	...	269,090
Fines and forfeitures	67,943	...	67,943
Investment earnings	79,439	2,663	82,102
Impact fees	22,461	83,296	105,757
Miscellaneous	22,635	15,433	38,068
Total Revenues	<u>3,038,745</u>	<u>203,066</u>	<u>3,241,811</u>
Expenditures:			
Current:			
General government	350,164	...	350,164
Public safety	1,587,003	...	1,587,003
Highways and streets	...	477,449	477,449
Physical environment	245,946	...	245,946
Debt Service:			
Principal and interest	56,271	...	56,271
Capital Outlay:			
General government	23,361	...	23,361
Public safety	105,790	...	105,790
Total Expenditures	<u>2,368,535</u>	<u>477,449</u>	<u>2,845,984</u>
Other Financing Sources (Uses):			
Interfund transfer for operating expenses	(240,716)	240,716	...
Total Other Financing Sources	<u>(240,716)</u>	<u>240,716</u>	<u>...</u>
Special Items			
Retirement plan proceeds	489,580	...	489,580
Total Other Financing Sources	<u>489,580</u>	<u>...</u>	<u>489,580</u>
Excess of Revenues Over Expenditures	919,074	(33,667)	885,407
Fund Balance - Beginning of Year	<u>2,153,048</u>	<u>119,165</u>	<u>2,272,213</u>
Fund Balance - Ending of Year	<u>\$ 3,072,122</u>	<u>\$ 85,498</u>	<u>\$ 3,157,620</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, 2008

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, 2008

\$	885,407
	344,823
	(19,180)
	53,252
	<u>(10,979)</u>
\$	<u>1,253,323</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad Valorem	\$ 1,495,703	\$ 1,495,703	\$ 1,434,946	\$ (60,757)
Franchise and utilities	612,250	612,250	690,847	78,597
Licenses and permits	46,125	46,125	53,283	7,158
Intergovernmental	434,900	434,900	398,101	(36,799)
Charges for services	253,978	253,978	269,090	15,112
Fines and forfeitures	86,500	86,500	67,943	(18,557)
Investment earnings	140,050	140,050	79,439	(60,611)
Impact fees	44,506	44,506	22,461	(22,045)
Miscellaneous	2,500	2,500	22,635	20,135
Total Revenues	<u>3,116,512</u>	<u>3,116,512</u>	<u>3,038,745</u>	<u>(77,767)</u>
Expenditures:				
Current:				
General Government	690,138	690,138	373,525	316,613
Public safety	1,733,652	1,733,652	1,692,793	40,859
Physical Environment	184,783	184,783	245,946	(61,163)
Debt Service	54,750	54,750	56,271	(1,521)
Total Expenditures	<u>2,663,323</u>	<u>2,663,323</u>	<u>2,368,535</u>	<u>294,788</u>
Other Financing Sources (Uses):				
Interfund transfer for operating expenses	(424,000)	(424,000)	(240,716)	183,284
Total Other Financing Sources	<u>(424,000)</u>	<u>(424,000)</u>	<u>(240,716)</u>	<u>183,284</u>
Special Items				
Retirement plan proceeds	...	...	489,580	489,580
Total Other Financing Sources	<u>...</u>	<u>...</u>	<u>489,580</u>	<u>489,580</u>
Excess of Revenues Over Expenditures	29,189	29,189	919,074	889,885
Fund Balance - Beginning	2,153,048	2,153,048	2,153,048	...
Fund Balance - Ending	<u>\$ 2,182,237</u>	<u>\$ 2,182,237</u>	<u>\$ 3,072,122</u>	<u>\$ 889,885</u>

CITY OF EDGEWOOD, FLORIDA
 COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS
 POLICE PENSION TRUST FUND
 SEPTEMBER 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Investments (at fair value)	\$...	\$ 652,899
Due from general fund	...	2,431
State of Florida excise tax receivable	<u> ...</u>	<u> ...</u>
Total Assets	<u>\$...</u>	<u>\$ 655,330</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Net assets held in trust for pension benefits	<u>\$...</u>	<u>\$ 655,330</u>

CITY OF EDGEWOOD, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
POLICE PENSION TRUST FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Additions		
Contributions		
Employer	\$ 6,895	\$ 27,582
Plan members	1,031	3,521
Total Contributions	<u>7,926</u>	<u>31,103</u>
Investment income (loss)	(28,100)	67,557
Less: Investment expenses	<u>3,281</u>	<u>2,402</u>
Net investment income	<u>(31,381)</u>	<u>65,155</u>
Total Additions	<u>(23,455)</u>	<u>96,258</u>
Deductions		
Return of excise tax to State of Florida	147,075	...
Distributions to City	470,236	...
Distributions to participants	<u>14,564</u>	<u>2,868</u>
Total Deductions	<u>631,875</u>	<u>2,868</u>
Net increase	(655,330)	93,390
Beginning of year	<u>655,330</u>	<u>561,940</u>
End of Year	<u>\$...</u>	<u>\$ 655,330</u>

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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, 2008, 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, 2008 reported no significant violations of legal or contractual provisions and no losses due to borrower or lending agent defaults. However, during the fiscal year 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>10/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	<u>Balance</u> <u>9/30/2008</u>
Land	\$ 277,496	\$ 7,300	\$...	\$...	\$ 284,796
Buildings	368,375	9,014	(5,512)	...	371,877
Machinery and equipment	504,036	107,310	(111,403)	...	499,943
Infrastructure	1,891,271	367,122	...	...	2,258,393
Less Accumulated Depreciation	<u>(1,347,373)</u>	<u>...</u>	<u>91,730</u>	(145,923)	(1,401,566)
Totals	<u>\$ 1,693,805</u>	<u>\$ 490,746</u>	<u>\$ (25,185)</u>	\$ (145,923)	\$ 2,013,443

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

Governmental activities:	
General government	\$ 6,802
Highway and streets	74,139
Public safety	53,847
Physical environment	<u>11,135</u>
Total depreciation expense - governmental activities	<u>\$ 145,923</u>

5. Pension Funds:

All City employees participate in the Florida Retirement System, a multiple-employer, cost-sharing public employee retirement system. During the fiscal year, the City and the Police officers approved the action to terminate their defined benefit plan with the Florida Municipal Pension Trust Fund, an agent multiple-employer Public Employee Retirement System available only to certain officers hired after December 31, 1995.

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 rate for regular and special risk members was 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 for the year ending September 30, 2008 and 2007 were \$79,276 and \$35,368 respectively, equal to the required contributions for each year.

CITY OF EDGEWOOD, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2008

POLICE OFFICERS DEFINED BENEFIT PENSION PLAN

The Police Officers Defined Benefit Pension Plan with the Florida Municipal Pension Trust Fund was terminated during the fiscal year. Current and former police officers were given the option to either receive a lump sum distribution of their respected accounts or have it rolled over to the Florida Retirement System. After the payment of fees, distributions of participant accounts and the return of excise tax receipts to the State of Florida of \$147,075, \$489,5806 was remitted to the City. Of this amount, \$334,888 was paid to the Florida Retirement System to fund the accounts of the police officers who elected to join that retirement system. The balance of funds is designated to pay current and future police officer City contributions. As of September 30, 2008, there were no members in the 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.

CITY OF EDGEWOOD, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2008

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.

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, 2008

6. Long-Term Debt:

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

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2008</u>
Compensated absences representing the long term portion of the general fund's liability for accrued vacation leave.	\$ 11,267	\$ 90	\$...	\$ 11,357
Mortgage payable on building purchase due monthly beginning July 2002. The interest rate is 5% and matures June 2012.	<u>238,288</u>	<u>...</u>	<u>(51,417)</u>	<u>186,871</u>
Total	<u>\$ 249,555</u>	<u>\$ 90</u>	<u>\$ (51,417)</u>	<u>\$ 198,228</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
2009	\$...	\$ 53,253	\$ 8,134	\$ 61,387
2010	...	55,977	5,409	61,387
2011	...	58,841	2,546	61,387
2012	<u>11,357</u>	<u>18,800</u>	<u>187</u>	<u>18,987</u>
Totals	<u>\$ 11,357</u>	<u>\$ 186,871</u>	<u>\$ 16,277</u>	<u>\$ 203,148</u>

CITY OF EDGEWOOD, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2008

7. Grants:

The City received the following grants during the year ended September 30, 2008.

Payor:	Grant:	Description:	Amount:
Florida Department of Law Enforcement	Edward Byrne Memorial Justice Grant	Bullet proof vests	\$ 1,588
Florida Department of Law Enforcement	Edward Byrne Memorial Justice Grant	Emergency vehicles	\$ 33,800
Committee of One Hundred of Orange Co.	Capital	Computer server	\$ 5,900

8. Local Government Surplus Trust Fund Investment Pool

At September 30, 2008, the City had \$819,948 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 while 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. 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 can withdraw any amount from Pool A, without penalty. 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 form the Pool. However, a percentage amount from Pool B is transferred to Pool A when those investments mature. The amount transferred is determined upon the total amount held in Pool B.

CITY OF EDGEWOOD, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

As of September 30, 2008, the City had \$783,919 and \$36,028 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.

**Required Supplementary Information
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>
9/30/08	\$ ...	...	...
9/30/07	\$ 53,279	51.2%	...
9/30/06	\$ 52,556	101.2%	...

Pension Contributions From City/State

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>City Contribution Percentage</u>	<u>State Contribution Percentage</u>
2007-08	\$ ...	...	...
2006-07	\$ 53,279	51.8%	...
2005-06	\$ 52,556	59.3%	41.9%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

ASSETS	<u>2008</u>	<u>2007</u>
Cash and equivalents	\$ 3,099,997	\$ 3,005,588
Accounts receivable	56,483	58,476
Due from other governments	5,198	6,555
Inventory	959	4,007
TOTAL ASSETS	<u>\$ 3,162,637</u>	<u>\$ 3,074,626</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 37,341	\$ 873,177
Payroll related accruals	32,034	24,138
Due to police pension fund	. . .	3,123
Deferred revenue	21,140	21,140
Total Liabilities	<u>90,515</u>	<u>921,578</u>
Fund Balance:		
Reserved for inventory	959	4,007
Reserved for police education fund	23,119	20,533
Reserved for law enforcement trust fund	18,621	13,021
Reserved for fire and rescue impact fees	40,505	34,470
Reserved for storm water fund	53,765	94,680
Unreserved: Undesignated	2,935,153	1,986,337
Total Fund Balance	<u>3,072,122</u>	<u>2,153,048</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,162,637</u>	<u>\$ 3,074,626</u>

CITY OF EDGEWOOD, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

	BUDGET	2008 ACTUAL	FAVORABLE (UNFAVORABLE)	2007 ACTUAL
Taxes:				
Ad valorem taxes	\$ 1,495,703	\$ 1,434,946	\$ (60,757)	\$ 1,221,826
Franchise and utility taxes	612,250	690,847	78,597	674,009
Total Taxes	2,107,953	2,125,793	17,840	1,895,835
Licenses and Permits:				
Regulatory licenses	36,500	39,683	3,183	39,145
Building, electrical and sign permits	9,625	13,600	3,975	20,879
Total Licenses and Permits	46,125	53,283	7,158	60,024
Intergovernmental Revenues:				
State revenue sharing	95,800	68,240	(27,560)	69,905
Alcoholic beverage licenses	100	49	(51)	99
Half-cent sales tax	298,500	288,245	(10,255)	300,448
County occupational licenses	. . .	3,373	3,373	3,200
Grants	39,500	37,321	(2,179)	1,000
Miscellaneous	1,000	873	(127)	958
Total Intergovernmental Revenues	434,900	398,101	(36,799)	375,610
Charges for services				
Solid waste collection	224,978	228,132	3,154	193,314
Miscellaneous	29,000	40,958	11,958	35,982
Total Charges for Services	253,978	269,090	15,112	229,296
Fines and Forfeitures				
Court fines	75,000	57,709	(17,291)	82,130
Police education	5,000	2,585	(2,415)	4,545
Citation surcharge	3,500	5,600	2,100	13,020
Miscellaneous	3,000	2,049	(951)	3,505
Total Fines and Forfeitures	86,500	67,943	(18,557)	103,200
Miscellaneous Revenues				
Interest	140,050	79,439	(60,611)	138,812
Impact fees	44,506	22,461	(44,506)	41,722
Other	2,500	22,635	20,135	122,849
Total Miscellaneous	187,056	124,535	(84,982)	303,383
Total Revenues	\$ 3,116,512	\$ 3,038,745	\$ (100,228)	\$ 2,967,348

CITY OF EDGEWOOD, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDING SEPTEMBER 30, 2007

	BUDGET	2008 ACTUAL	FAVORABLE (UNFAVORABLE)	2007 ACTUAL
Expenditures				
Current:				
General Government:				
Financial and Administrative:				
Personnel services	\$ 167,473	\$ 141,885	\$ 25,588	\$ 126,243
Operating expenditures	52,950	51,884	1,066	55,614
Capital outlay	11,000	23,361	(12,361)	7,356
Legal Counsel:				
Operating expenditures	50,000	54,580	(4,580)	51,503
Comprehensive Planning:				
Operating expenditures	61,000	31,990	29,010	84
Other General Government:				
Operating expenditures	347,715	69,825	277,890	88,708
Total General Government	<u>690,138</u>	<u>373,525</u>	<u>316,613</u>	<u>329,508</u>
Public Safety:				
Law Enforcement:				
Personnel services	827,161	789,448	37,713	686,805
Operating expenditures	239,093	196,684	42,409	258,476
Capital outlay	18,000	105,790	(87,790)	46,013
Total Law Enforcement	<u>1,084,254</u>	<u>1,091,922</u>	<u>(7,668)</u>	<u>991,294</u>
Fire Protection:				
Operating expenditures	619,398	574,883	44,515	642,454
Protective Inspections:				
Operating expenditures	30,000	25,988	4,012	47,281
Total Public Safety	<u>1,733,652</u>	<u>1,692,793</u>	<u>40,859</u>	<u>1,681,029</u>
Physical Environment:				
Operating expenditures	184,783	245,946	(61,163)	278,799
Debt Service:				
Mortgage	54,750	56,271	(1,521)	66,503
Total Expenditures	<u>\$ 2,663,323</u>	<u>\$ 2,368,535</u>	<u>\$ 294,788</u>	<u>\$ 2,355,839</u>
Other Financing Sources (Uses)				
Interfund transfer for operating expenses	\$ (424,000)	\$ (240,716)	\$ 183,284	\$ (87,122)
Total Other Financing Sources (Uses)	<u>\$. . .</u>	<u>\$ (240,716)</u>	<u>\$ 183,284</u>	<u>\$ (87,122)</u>
Special Items				
Retirement plan proceeds	\$. . .	\$ 489,580	\$ 489,580	\$. . .
Total Other Financing Sources	<u>\$. . .</u>	<u>\$ 489,580</u>	<u>\$ 489,580</u>	<u>\$. . .</u>

CITY OF EDGEWOOD, FLORIDA
ROAD AND STREET FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and equivalents	\$ 95,005	\$ 152,095
Total Assets	<u>\$ 95,005</u>	<u>\$ 152,095</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 9,507	\$ 32,930
Total Liabilities	<u>9,507</u>	<u>32,930</u>
Fund Balance:		
Reserved for roads and streets	85,498	92,350
Reserved for transportation impact	<u>...</u>	<u>26,815</u>
Total Fund Balances	<u>85,498</u>	<u>119,165</u>
Total Liabilities and Fund Balance	<u>\$ 95,005</u>	<u>\$ 152,095</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, 2008 WITH COMPARATIVE
ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

	BUDGET	2008 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2007 ACTUAL
Revenues:				
Taxes	\$ 81,000	\$ 76,212	\$ (4,788)	\$ 81,387
Intergovernmental revenue:				
Shared taxes	...	25,462	25,462	26,044
Miscellaneous:				
Interest revenue	5,000	2,663	(2,337)	4,877
Impact fees	103,424	83,296	(20,128)	117,406
Miscellaneous	7,500	15,433	7,933	18,803
Total Revenues	<u>196,924</u>	<u>203,066</u>	<u>6,142</u>	<u>248,517</u>
Expenditures:				
Highways and streets				
Operating expenditures				
Engineering fees	30,000	37,826	(7,826)	36,655
Streets and road maintenance	778,900	402,008	376,892	332,167
Traffic light maintenance	1,500	2,360	(860)	1,427
Utilities	35,500	35,255	245	42,041
Total Expenditures	<u>845,900</u>	<u>477,449</u>	<u>368,451</u>	<u>412,290</u>
Excess of Revenues Over (Under) Expenditures	<u>(648,976)</u>	<u>(274,383)</u>	<u>374,593</u>	<u>(163,773)</u>
Other Sources (Uses):				
Interfund transfer for operating expenses	424,400	240,716	(183,684)	87,122
Total Other Sources (Uses)	<u>424,400</u>	<u>240,716</u>	<u>(183,684)</u>	<u>87,122</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(224,576)	(33,667)	190,909	(76,651)
Fund Balances - October 1, 2007	<u>119,165</u>	<u>119,165</u>	...	<u>195,816</u>
Fund Balance - September 30, 2008	<u>\$ (105,411)</u>	<u>\$ 85,498</u>	<u>\$ 190,909</u>	<u>\$ 119,165</u>

CLERMONT OFFICE

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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 the City of Edgewood, Florida as of and for the year ended September 30, 2008, which collectively comprise the City of Edgewood, Florida's basic financial statements and have issued our report thereon dated July 30, 2009. 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,

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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, 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, 2008, 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, 2009

CLERMONT OFFICE

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MANAGEMENT LETTER

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, 2008, and have issued our report thereon dated July 30, 2009.

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, 2009, 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 are 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 judgment, 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, 2009