

Ray Bagshaw
Mayor

Dan Drummond
Council Member

Pamela Henley
Council Member

Neil Powell
Council Member

John Dowless
Council President

Michael Hendrix
Council Member

**CITY COUNCIL AGENDA
SPECIAL MEETING
City Hall – Council Chamber
405 Larue Avenue, Edgewood, Florida
Tuesday, March 17, 2015
5:00 p.m.**

WELCOME! We are very glad you have joined us for today's Council meeting. If you are not on the agenda, please complete an appearance form and hand it to the City Clerk. When you are recognized, state your name and address. The Council is pleased to hear relevant comments; however a five-minute limit has been set by Council. Large groups are asked to name a spokesperson. Robert's Rules of Order guide the conduct of the meeting. **PLEASE SILENCE ALL CELLULAR PHONES AND PAGERS DURING THE MEETING.** "THANK YOU" for participating in your City Government.

A. CALL TO ORDER

B. INVOCATION

C. PLEDGE OF ALLEGIANCE

D. ROLL CALL & DETERMINATION OF QUORUM

E. PRESENTATION(s)

Holland & Reilly - F/Y 13/14 Annual Financial Report

F. ADJOURNMENT

UPCOMING MEETINGS:

- March 17, 2015.....Regular City Council
- April 21, 2015.....City Council Regular Meeting
- May 19, 2015.....City Council Regular Meeting

You are welcome to attend and express your opinion. Please be advised that Section 286.0105, Florida Statutes state that if you decide to appeal a decision made with respect to any matter, you will need a record of the proceedings and may need to ensure that a verbatim record is made. In accordance with the American Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodation to participate in this proceeding, he or she should telephone the City Clerk at (407) 851-2920.

CITY OF EDGEWOOD, FLORIDA

Annual Financial Report

September 30, 2014

(With Independent Auditors' Report Thereon)

CITY OF EDGEWOOD, FLORIDA

**ANNUAL FINANCIAL REPORT
AND AUDITORS' REPORT**

SEPTEMBER 30, 2014

CITY COUNCIL AND OFFICIALS

John Dowless	- Council Member & President
Dan Drummond	- Council Member
Michael Hendrix	- Council Member
Pam Henley	- Council Member
Neil Powell, D.D.S.	- Council Member
Raymond Bagshaw	- Mayor
Bea Meeks	- City Clerk
Christopher Francisco	- Police Chief
Drew Smith	- City Attorney

AUDITOR
Holland & Reilly
Certified Public Accountants

CITY OF EDGEWOOD, FLORIDA

**ANNUAL FINANCIAL REPORT AND AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Pages</u>
List of City Council and Principal City Officials	i
Table of Contents	ii - iii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenue, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16-26
<u>Required Supplementary Information Other Than MD&A</u>	
Budget to Actual Comparison	
General Fund	28-29
Notes to Required Supplementary Information	30
<u>Other Supplementary Information</u>	
Budget to Actual Comparison	
Roads and Streets Fund	31

STATUTORY SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Independent Accountants' Report on Compliance with Florida Statutes 218.415 – Investments of Public Funds	35
Auditor's Comments – Current Year (Management Letter)	36
Other Matters Required by the Rules of the Auditor General	37
Management Response Letter	38

FINANCIAL SECTION

This section contains the following subsections:

- **REPORT OF INDEPENDENT AUDITORS**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS**
- **BASIC FINANCIAL STATEMENTS**
- **NOTES TO THE FINANCIAL STATEMENTS**

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FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ASSOCIATION OF
CERTIFIED FRAUD EXAMINERS

DAVID S. HOLLAND, CPA
THOMAS F. REILLY, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Edgewood, Florida

Report on the Financial Statements

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 (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2014 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 28 through 30, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edgewood's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2015 on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Holland & Riley

March 6, 2015
Orlando, Florida

CITY OF EDGEWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2014

As management of the City of Edgewood, Florida (the City), 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, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,782,838 (net position). Of this amount, \$3,069,300 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year the City's total net position increased by \$137,655, compared to the prior year increase of \$333,993.
- The City's cash and cash equivalents balance was \$3,532,779, representing a \$30,355 increase over the prior year.
- The City's capital outlays for fiscal year 2014 were \$289,533.
- The City has no outstanding debt.
- The City's Red Light Citation program generated an excess of revenues over expenditures of \$140,049.
- The City implemented Governmental Accounting Standards Board (GASB) Statements No. 65 and 70. See Note 13.

Overview of the Financial Statement

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, physical environment, and highways and streets.

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 governmental funds – the General Fund (major fund) and a special revenue fund – the Roads and Streets Fund.

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balance of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City adopts an annual appropriated budget for its General Fund and special revenue fund. A budgetary comparison statement has been provided for the General Fund as required supplementary information.

The basic governmental fund financial statements can be found on pages 12 to 15 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 on pages 16 through 26 of this report.

Government-wide Financial Analysis

Statement of Net Position
September 30, 2014 and 2013

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Current assets	\$ 3,701,393	3,685,003
Noncurrent assets (Capital assets)	2,324,414	2,197,269
Total assets	<u>6,025,807</u>	<u>5,882,272</u>
Current liabilities	158,201	155,919
Noncurrent liabilities	84,768	81,170
Total liabilities	<u>242,969</u>	<u>237,089</u>
Net position:		
Net investment in capital assets	2,324,414	2,197,269
Restricted	389,124	377,283
Unrestricted	3,069,300	3,070,631
Total net position	<u>\$ 5,782,838</u>	<u>5,645,183</u>

\$2,324,414 or 40% of the City's net position is reflected in net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure). The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City has no outstanding related debt, the investment in its capital assets would be reported net of any related debt. It should be noted that the resources needed to repay any of this debt would be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$389,124 or 7% of the City's net position represents resources that are subject to restrictions on how they may be used, primarily for law enforcement, storm water and road projects. Unrestricted net position of \$3,069,300 or 53% may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2014, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its governmental activities.

Changes in Net Position
For the year ended September 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues		
Charges for services	\$ 669,860	885,627
Operating grants and contributions	7,134	2,500
Capital grants and contributions	8,858	3,500
Total program revenues	<u>685,852</u>	<u>891,627</u>
General revenues		
Property taxes	1,219,450	1,213,332
Sales and gas taxes	570,176	533,915
Franchise and utility taxes	748,742	698,860
Investment earnings	11,923	13,508
Impact fees	7,769	-
Miscellaneous revenue	7,489	11,760
Loss on disposition of capital assets	-	(3,664)
Total general revenues	<u>2,565,549</u>	<u>2,467,711</u>
Total revenues	<u>3,251,401</u>	<u>3,359,338</u>
Expenses:		
General government	430,830	355,839
Public safety	2,182,621	2,052,052
Highways and streets	224,639	271,238
Physical environment	275,656	346,216
Total expenses	<u>3,113,746</u>	<u>3,025,345</u>
Increase in net position	137,655	333,993
Net position - beginning	5,645,183	5,311,190
Net position - ending	<u>\$ 5,782,838</u>	<u>5,645,183</u>

During the fiscal year 2014, the City's net position increased by \$137,655, compared to a \$333,993 increase in the prior year. The reduction is primarily due to a significant decline in Red Light Citation revenue of \$202,787. This came about as a result of a law change increasing the time for the light change to red, as well as the program having an effect as drivers are more cautious.

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

	<u>2014</u>		<u>2013</u>
Charges for services	\$ 669,860	21%	26%
Grants and contributions	15,992	-	-
Property taxes	1,219,450	38	36
Sales and gas taxes	570,176	18	16
Franchise and utility taxes	748,742	23	21
Investment earnings	11,923	-	1
Other revenues	<u>15,258</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,251,401</u>	<u>100%</u>	<u>100%</u>

Relevant Financial Policies – The City's management has reviewed GASB Statement No. 45, "Accounting and Reporting for Postemployment Benefits Other than Pensions" and has made the determination that there are no applicable post-employment benefits and therefore no liability exists.

Fund Financial Statements

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 of Edgewood, Florida'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 of Edgewood, Florida's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,543,192.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,135,139. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 106% of total General Fund expenditures.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing actual results with budgetary amounts.

- Total revenues were \$37,963 less than budgeted in the General Fund, primarily due to the reduction in state revenue sharing, miscellaneous revenue, and Red Light Citation program revenue, offset by an increase in court fines, which were higher than anticipated.
- Ad valorem taxes came in less than budgeted.
- Total expenditures were \$21,078 less than budgeted in the General Fund, primarily due to general government expenditures being less than anticipated.

Capital Assets

Capital Assets (net of depreciation)

	2014	2013	Increase (Decrease)	Percentage
Land	\$ 284,796	\$ 284,796	\$ -	
Building	292,095	252,286	39,809	16%
Machinery and equipment	253,008	221,243	31,765	14%
Infrastructure	1,494,515	1,438,764	55,751	4%
Total capital assets	\$ <u>2,324,414</u>	\$ <u>2,197,089</u>	\$ <u>127,325</u>	6%

The City's total investment in capital assets for its governmental activities as of September 30, 2014, amounted to \$2,324,414 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

During the year ended September 30, 2014, the City expended \$289,533 on capital assets, including various renovations to City Hall (\$46,251) and the police department (\$10,707), Mandalay Road (\$130,241), and \$102,334 on computers, fingerprinting equipment, a vehicle, and other equipment for the police department and City Hall. An offsetting decrease in machinery and equipment resulted from City Hall and the police department disposing of surplus equipment with a cost of \$30,281, and a net book value of \$0.

For more detailed information regarding the City's capital assets, please refer to Note 6 to the financial statements.

Long-Term Debt

The City has no outstanding debt as the mortgage payable on City Hall was paid off during the year ended September 30, 2011.

Economic Factors and Next Year's Budgets and Rates

- Major road maintenance will take place in the 14/15 FY budget. The needed maintenance is anticipated to cost \$350,000 to \$400,000.

Economic Factors and Next Year's Budgets and Rates – continued

- The amendment to the City's Comprehensive Plan Amendment is complete, and there are no plans at this time to amend the Plan. The City is not required to address its Evaluation Appraisal Report (EAR) in the 14/15 FY.
- Council approved \$10,000 in neighborhood grant funds in the 14/15 FY budget. Based on the needs of the City's residential and commercial neighborhoods, it will determine Council's consideration of these funds in the 14/15 FY. Council does not anticipate approving funding in excess of the 14/15 FY budget.
- With the approval of Ordinance 2015-01, the vacant parcel adjacent to City Hall has been dedicated as a park, now known as the Mayor Raymond A. Bagshaw Park. A sign will be installed revealing the name and dedication of this park. Upgrades continue to be made to City Hall and the Police Department. The upgrades should not exceed the amount of funding approved by Council in the budget.
- Annexation – Annexing property into the City continues to be reviewed, as there is still interest by Council in developments outside the City's jurisdiction. The City does not have established fees for annexation. Fees were not established specifically for annexations as the anticipated costs for any annexations done by the City will not exceed the funds budgeted for the City's Planner, Attorney and legal advertising budgets.
- The City approved holding monthly red light hearings in City Hall. At this time, these hearings have not affected the current budget. Due to the \$200 administrative fee assessed to the Respondents in these hearings, costs associated with the Hearing Officer and City Attorney is offset by the administrative fee. It is not anticipated that the red light hearings will impact the City's budget in the 14/15 FY.
- Due to Council's priority to bring the City's records management program up-to-date, an agreement has been signed with the Municipal Code Corporation for digitized imaging of documents. Consideration is being given in the 15/16 FY to purchase the equipment necessary for staff to do the digital imaging of records.

Request for Information

This financial report is designed to provide a general overview of the City of Edgewood, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the City of Edgewood, Florida.

BASIC FINANCIAL STATEMENTS

- Government-wide Financial Statements
- Fund Financial Statements

CITY OF EDGEWOOD, FLORIDA
Statement of Net Position
September 30, 2014

		<u>Primary Government Governmental Activities</u>
Assets		
Current assets:		
Cash and cash equivalents	\$	3,532,779
Receivables		68,000
Due from other governments		81,684
Prepaid items		16,924
Inventories		2,006
Total current assets		<u>3,701,393</u>
Noncurrent assets:		
Capital assets, not being depreciated		
Land		284,796
Capital assets, net of accumulated depreciation		
Buildings		479,087
Machinery and equipment		682,221
Infrastructure		2,991,258
Less accumulated depreciation		<u>(2,112,948)</u>
Total noncurrent assets		<u>2,324,414</u>
 Total assets and other debits	 \$	 <u><u>6,025,807</u></u>
 Liabilities		
Current liabilities:		
Accounts payable		93,843
Accrued liabilities		24,388
Due to other governments		23,009
Unearned revenue		16,961
Total current liabilities		<u>158,201</u>
Noncurrent liabilities:		
Compensated absences		<u>84,768</u>
Total noncurrent liabilities		<u>84,768</u>
 Total liabilities		 <u>242,969</u>
 Net Position		
Net investment in capital assets		2,324,414
Restricted for:		
Public safety		299,434
Road projects		34,369
Stormwater		55,321
Unrestricted		<u>3,069,300</u>
Total net position		<u>5,782,838</u>
 Total liabilities and net position	 \$	 <u><u>6,025,807</u></u>

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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Governmental Activities:					
General government	\$ 430,830	69,479	7,134		(354,217)
Public safety	2,182,621	298,103		8,858	(1,875,660)
Highways and streets	224,639	20,817			(203,822)
Physical environment	275,656	281,461			5,805
Total governmental activities	<u>3,113,746</u>	<u>669,860</u>	<u>7,134</u>	<u>8,858</u>	<u>(2,427,894)</u>
Total primary government	\$ <u>3,113,746</u>	<u>669,860</u>	<u>7,134</u>	<u>8,858</u>	<u>(2,427,894)</u>
General Revenues:					
					1,219,450
					570,176
					748,742
					11,923
					7,769
					7,489
					<u>2,565,549</u>
					137,655
					5,645,183
					<u>\$ <u>5,782,838</u></u>

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

CITY OF EDGEWOOD, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2014

	General Fund	Other Governmental Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,491,646	41,133	3,532,779
Receivables	68,000		68,000
Due from other governments	75,040	6,644	81,684
Prepaid items	16,924		16,924
Inventories	2,006		2,006
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>3,653,616</u>	<u>47,777</u>	<u>3,701,393</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	80,435	13,408	93,843
Accrued liabilities	24,388		24,388
Due to other governments	23,009		23,009
Unearned revenue	16,961		16,961
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>144,793</u>	<u>13,408</u>	<u>158,201</u>
Fund balances:			
Nonspendable:	18,930		18,930
Spendable:			
Restricted	305,307	34,369	339,676
Committed	49,447		49,447
Unassigned	3,135,139		3,135,139
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>3,508,823</u>	<u>34,369</u>	<u>3,543,192</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ <u>3,653,616</u>	<u>47,777</u>	<u>3,701,393</u>

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

CITY OF EDGEWOOD, FLORIDA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2014

Total Fund Balances \$ 3,543,192

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Governmental capital assets	\$	4,437,362	
Less: accumulated depreciation		<u>(2,112,948)</u>	2,324,414

Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the governmental funds balance sheet - compensated absences			<u>(84,768)</u>
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Net Position of Governmental Activities \$ 5,782,838

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

CITY OF EDGEWOOD, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2014

	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 1,968,192	86,661	2,054,853
Licenses and permits	69,473		69,473
Intergovernmental	468,920	27,529	496,449
Charges for services	314,225		314,225
Fines and forfeitures	265,344		265,344
Investment earnings	12,026	(103)	11,923
Impact fees	3,083	4,686	7,769
Miscellaneous	10,548	20,817	31,365
Total revenues	<u>3,111,811</u>	<u>139,590</u>	<u>3,251,401</u>
Expenditures			
Current:			
General government	417,281		417,281
Public safety	2,104,674		2,104,674
Highways and streets		160,703	160,703
Physical environment	265,102		265,102
Capital outlay	159,292	130,241	289,533
Total expenditures	<u>2,946,349</u>	<u>290,944</u>	<u>3,237,293</u>
Excess (deficiency) of revenues over expenditures before transfers	165,462	(151,354)	14,108
Transfers	<u>(160,000)</u>	<u>160,000</u>	<u>-</u>
Excess of revenues over expenditures	5,462	8,646	14,108
Fund balance			
Beginning of year	3,503,361	25,723	3,529,084
End of year	<u>\$ 3,508,823</u>	<u>34,369</u>	<u>3,543,192</u>

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

CITY OF EDGEWOOD, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
September 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 14,108

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 289,533	
Less: Current year depreciation	<u>(162,388)</u>	127,145

Expenditures in the governmental funds for compensated absences are not recorded as expenses in the statement of activities - net increase in compensated absences		<u>(3,598)</u>
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Change in Net Position of Governmental Activities \$ 137,655

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

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies:

The City of Edgewood, Florida, ("the City") is a political subdivision of the State of Florida, located in Orange County. The City was incorporated under the Laws of Florida and operates under the council-mayor form of government under its charter pursuant to chapter 69-1039, of the State of Florida.

The accounting policies of the City of Edgewood, Florida conform to U.S. generally accepted accounting principles as applicable to governments as established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The City is a municipal corporation with a six member council, including the mayor. The Council President acts as the presiding officer of the council, with the Council Pro Tem serving in the Council President's absence.

The City provides the following services as authorized by its charter: public safety - police, street, public improvements, planning and zoning, and general administrative services.

In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements. There are no component units, separate governmental units, agencies or nonprofit corporations that require inclusion in the City's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. The City has only governmental activities, which normally are supported by taxes and intergovernmental revenues. The City has no business-type activities.

The statement of activities demonstrates the degree to which direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Franchise and utility taxes, state revenue sharing, charges for services, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

The City reports the following governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. This is the City's only major fund.

The Roads and Streets Fund is a special revenue fund and accounts for the City's share of local option gas tax, 9th cent gas tax and state revenue sharing fuel tax and the expenditures made for the maintenance and improvement of the City's roads.

D. Assets, Liabilities, and Net Position or Equity

- 1) Investments - Investments are reported at fair value. The City invests in the State Board of Administration Fund (see Note 4).
- 2) Receivables, and Due From Other Governments - Those represent amounts due for services provided to citizens and a claim against another government, are measurable, and have been accrued. Management has determined these amounts are collectible and no allowance for doubtful accounts is necessary.
- 3) Inventories - Inventories are priced at cost using the first-in, first-out method. Fuel inventories are maintained by the General Fund. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

D. Assets, Liabilities, and Net Position or Equity-continued

- 4) **Capital Assets** - Capital assets, which include buildings, improvements other than buildings, equipment and furniture, vehicles, and infrastructure assets (i.e. roads, streets and sidewalks, curbs and gutters) are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at cost when purchased. Contributed capital assets are capitalized at their fair value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives of the various classes of depreciable assets are as follows:

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) **Property Taxes** - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2014 was 4.700.

The property tax calendar is as follows:

- All property is assessed according to its fair market value on January 1 of each year.
- Property Appraiser prepares the assessment roll as of January 1 of each year, and then submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuation by July 1 of the assessment year.
- City Council holds two required public hearings, adopts a budget for the coming fiscal year, and adopts an ad valorem tax millage rate by September 30 of the assessment year.
- Property Appraiser certifies the assessment roll, and all real and tangible personal property taxes are due and payable November 1 (levy date) of the assessment year.

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

D. Assets, Liabilities, and Net Position or Equity-continued

- A Notice of Taxes is mailed to each property owner on the assessment roll by November 1 of the assessment year. Taxes may be paid November 1 (year of assessment) through March 31 (following year of assessment) with the following applicable discounts:

<u>Month</u>	<u>Discount</u>
November	4%
December	3%
January	2%
February	1%
March	0%

- All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year immediately following year of assessment.
 - A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised in April/May of the year immediately following year of assessment.
 - Tax certificates are sold on all real properties with unpaid real property taxes on June 1 (lien date) of the year immediately following the year of assessment.
- 6) Unearned Revenue – Unearned revenue presented on the government-wide and governmental fund financial statements represents revenue collected but not applicable to the current reporting period, primarily related to business tax receipts applicable to the City's next fiscal year.
- 7) Compensated Absences - An accrual is made for accrued vacation leave in the government-wide financial statements. The amount accrued represents leave and unused "comp" leave that is expected to be paid in future years. Both vacation and unused "comp" leave are recorded as long-term liabilities in the government-wide financial statements.

Payment of paid time off leave balance upon separation or death - Upon successful completion of the new hire probationary period, employees in authorized, budgeted part-time or full-time positions will be eligible for payment of accumulated Paid Time Off in cases of separation from City employment in good standing (layoff, resignation with proper notice, retirement). An employee who separates with less than six months' service, or who is terminated during or at the conclusion of the probationary period, fails to provide proper notice of resignation, or is discharged for cause, is not eligible for payment of accumulated Paid Time Off, unless specifically authorized by the Mayor.

- 8) Estimates - The preparation of financial statements in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between fund balances – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. These mainly pertain to recording capital assets, net of accumulated depreciation, and long-term obligations in the government-wide financial statements that are not recorded in the governmental fund financial statements.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These mainly pertain to recording depreciation, rather than capital outlay; the change in compensated absences; and the net effect of transactions involving dispositions or other activity relating to capital assets.

3. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The City Council employs the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to September 30, the mayor submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Budget workshops are held and public hearings are conducted to obtain citizen comments.
- 3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- 4) Any transfers of budgeted amounts between departments within any fund, and any revisions that alter the total expenditures of any fund must be approved by the Council.
- 5) Formal budgetary integration is employed as a management control device during the year for all governmental funds that have a legally adopted budget.
- 6) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) The legal level of budgetary control is the fund level. Administration control is maintained at the department level through integration with the accounting records. Appropriations lapse at the end of the year.

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

4. Cash and Cash Equivalents and Investments:

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These collateral pools collateralize local government deposits with the participating depositories. The City's demand deposits, certificates of deposits, and money market accounts are placed in such authorized depositories. Demand deposits, certificates of deposit, and money market accounts are insured by federal depository insurance up to \$250,000 of the aggregate account balances for each entity. Amounts in excess of \$250,000 are fully insured by U.S. Government securities held in the Public Deposit Security Trust Fund maintained and monitored by the Treasurer of the State of Florida. The City's demand deposits, certificates of deposit and money market accounts are carried at cost that is equivalent to fair value.

Florida Statutes also authorize the City to invest in the State Board of Administration Fund (SBA). The SBA is an investment pool administered by the State of Florida. Investments held in the SBA consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The City invests primarily in money market accounts, certificates of deposit and the SBA.

The SBA established two different pools (Florida PRIME and Fund B) whereby participants own a share of the respective pools and not the underlying securities.

The Florida PRIME (formerly known as Pool or Fund A) meets the requirements of and is classified as a "2a-7 like" pool. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, the Florida Prime has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the position in the pool is equal to the value of the pool's shares. Such investments are stated at amortized cost in the accompanying financial statements. The Florida Prime is rated by Standard and Poors and is currently rated AAAM. The weighted average days to maturity (WAM) at September 30, 2014 is 39 days. Next interest rate reset dates are used in the calculation of the WAM.

Fund B did not meet the requirements of a 2a-7 like pool, and in prior years the SBA provided a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B). The City's position was determined by multiplying its Fund B account balance by the Fair Value factor to determine the fair value of its investment in Fund B. Fund B was not rated by any nationally recognized statistical rating agency.

Neither the Florida PRIME nor Fund B participated in a securities lending program in the year ended September 30, 2014, nor were they exposed to any foreign currency risk. The SBA provides separate financial statements for the Florida PRIME and Fund B (unaudited) as of and for the period ending June 30. It does not issue financial statements as of and for the period ending September 30.

As of September 5, 2014, the SBA transferred from Fund B to the Florida PRIME the final portion of the remaining principal to all fund participants. Thus, on September 30, 2014 the City had all SBA funds invested in the Florida PRIME with no liquidity restrictions. The current year change resulted in a realized loss of \$922.

CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS

4. Cash and Cash Equivalents and Investments – continued:

As of September 30, 2014, financial instruments that potentially expose the City to concentration of credit risk, as defined by U.S. generally accepted accounting principles, consisted of cash and cash equivalent accounts in high quality financial institutions.

All of the City's deposits are insured by FDIC, a state depository insurance fund or a multiple financial institution collateral pool.

Cash and cash equivalents at September 30, 2014 consisted of the following:

	General Fund	Roads and Streets Fund	Total
Cash and cash equivalents:			
Demand deposits	\$ 3,456,239	39,100	3,495,339
State Board of Administration - PRIME	35,407	2,033	37,440
Total cash and cash equivalents	<u>\$ 3,491,646</u>	<u>41,133</u>	<u>3,532,779</u>

5. Receivables:

Receivables at September 30, 2014 consist of the following:

	General Fund	Roads and Streets Fund	Total
Receivables:			
Franchise fees and utility taxes	\$ 64,356		64,356
Solid waste	3,644		3,644
	<u>\$ 68,000</u>	<u>-</u>	<u>68,000</u>
Due from other governments:			
Taxes	48,323	6,644	54,967
Fines and forfeitures	7,730		7,730
Red light citations	18,528		18,528
Police education	459		459
	<u>\$ 75,040</u>	<u>6,644</u>	<u>81,684</u>

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

6. Capital Assets:

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance at 9/30/13	Increases	Decreases	Balance at 9/30/14
Governmental activities:				
Land	\$ 284,796	-	-	284,796
Capital assets, being depreciated:				
Building	422,129	56,958	-	479,087
Machinery and equipment	610,169	102,333	(30,281)	682,221
Infrastructure	2,861,016	130,242	-	2,991,258
Total capital assets being depreciated	3,893,314	289,533	(30,281)	4,152,566
Less accumulated depreciation:	(1,980,841)	(162,388)	30,281	(2,112,948)
Total capital assets, being depreciated, net	1,912,473	127,145	-	2,039,618
Governmental activities capital assets, net	\$ 2,197,269	127,145	-	2,324,414

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

Governmental activities:	
General government	\$ 12,908
Public safety	74,990
Highways and streets	63,936
Physical environment	10,554
Total depreciation expense - governmental activities	\$ 162,388

7. Long-term Obligations:

The following is the change reported in long-term obligations:

	Balance at 9/30/13	Additions	Reductions	Balance at 9/30/14
Compensated absences representing the long term portion of the general fund's liability for accrued vacation leave	\$81,170	3,598	-	84,768

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

8. Florida Retirement System:

The City contributes to the Florida Retirement System (FRS), a multiple employer cost sharing defined benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees. The State of Florida issues a publicly available report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to the State of Florida, Division of Retirement, 2639 N. Monroe Street, Tallahassee, Florida, 32399-1560 or by calling (850) 488-2879.

FRS members are eligible for retirement after vesting, which occurs at 6 years (8 years after July 1, 2011) of creditable service for regular members. Normal retirement age is attained at the earlier of 30 years of creditable service regardless of age or retirement at age 62 with at least 6 years of creditable service. Early retirement may be taken anytime; however, there is a five percent benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation and service credit.

The most recent actuarial report was prepared as of July 1, 2014. Section 121.031(3) of the Florida Statutes requires that an actuarial review of the FRS be performed annually. The conclusions of the review are included in the annual report of the FRS.

Funding Policy

The FRS has nine classes of membership. Only two classes are applicable to the City's eligible employees. These two classes, with descriptions and contribution rates in effect during the three year period ended September 30, 2014, are as follows (contribution rates are in agreement with the actuarially determined rates, each including an additional health insurance subsidy contribution of .94%):

	Regular Class	Special Risk Class
7/1/12 - 7/1/13	8.18 %	17.90 %
7/1/13 - 7/1/14	9.95	22.06
7/1/14 - present	10.37	22.82

Article X, Section 14, of the State Constitution and Part VII, Chapter 112, Florida Statutes provides the authority to establish and amend the contributory obligations. The plan was non-contributory for employees through June 30, 2011 with all contributions being the obligation of the employer. Effective July 1, 2011, employee salary deferral was implemented with employee contributions rate of 3% for all classes of employee, which is included in the contribution rates in the preceding schedule. The City's contributions to FRS for the years ended September 30, 2014, 2013, and 2012 were \$143,371, \$115,657, and \$101,625, respectively, and equal the required contributions for each year.

9. Other Post-Employment Benefits:

The City's management has reviewed GASB Statement No. 45, "Accounting and Reporting for Postemployment Benefits Other than Pensions" and has made the determination that there are no applicable post-employment benefits and therefore no liability exists.

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

10. Commitments and Contingencies:

- A. Litigation – During the ordinary course of its operations, the City is party to various claims, legal actions and complaints. Some of these matters are covered by the City's insurance program. While the ultimate effect of litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the City's financial position and/or that the City has sufficient insurance coverage to cover any claims.
- B. 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; injuries to employees; and natural disasters. Significant losses are covered through participation in a local government non-assessable self-insurance pool – Florida Municipal Insurance Trust. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the City's insurance coverage for each of the past three fiscal years.
- C. Grants – The federal and state financial assistance awards are subject to audit and adjustment by the grantor agencies. Such audits could result in a request for reimbursement for disallowed expenditures under the terms and conditions of the contract. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, not to be material.

11. Subsequent Events:

Management has evaluated subsequent events through March 6, 2015, the date which the financial statements were available to be issued.

12. Fund Equity - GASB 54:

In accordance with GASB 54, the City is required to report fund balance amounts in five classifications - nonexpendable and the spendable categories of restricted, committed, assigned, and unassigned, as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted - amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority. The City Council addresses these commitments through formal board action prior to the City's fiscal year end.

Assigned - amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the City Council.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balances may also include negative fund balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**CITY OF EDGEWOOD, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

12. Fund Equity - GASB 54 - continued:

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts.

The changes in the components of fund balance in the General Fund are as follows:

	Balance at 9/30/13	Increases	Decreases	Balance at 9/30/14
Nonspendable:				
Inventories	\$ 2,007	-	(1)	2,006
Prepaid expenses	30,497	-	(13,573)	16,924
	<u>32,504</u>	<u>-</u>	<u>(13,574)</u>	<u>18,930</u>
Restricted:				
Police education	7,701	-	(5,895)	1,806
Law enforcement trust	12,977	-	-	12,977
Storm water	55,542	-	(221)	55,321
Fines and forfeitures	228,777	6,426	-	235,203
	<u>304,997</u>	<u>6,426</u>	<u>(6,116)</u>	<u>305,307</u>
Committed:				
Police impact fees	7,720	919	-	8,639
Fire and rescue impact fees	38,843	1,965	-	40,808
	<u>46,563</u>	<u>2,884</u>	<u>-</u>	<u>49,447</u>
Unassigned	3,119,297	3,102,502	(3,086,660)	3,135,139
Total fund balances	<u>\$ 3,503,361</u>	<u>3,111,812</u>	<u>(3,106,350)</u>	<u>3,508,823</u>

13. New Accounting Standards Implemented:

The City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which provides for the reclassification as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, as well as recognizing as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It also clarifies that the term *deferred* should be limited only to items reported as deferred outflows of resources and deferred inflows of resources.

The City also implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This pronouncement provides guidance in situations where a state or local government extends or receives a nonexchange financial guarantee.

The implementation of these pronouncements had no impact on any accounting transaction or disclosure requirement in these financial statements.

14. Future Accounting Pronouncements:

The GASB has issued statements that will become effective in fiscal year 2015. These statements address 1) Accounting and financial reporting for pensions, and 2) Mergers, acquisition and transfers of operations.

The City is currently evaluating the effect that these statements may have on its fiscal year 2015 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

- General Fund

OTHER SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

- Roads and Streets Fund

CITY OF EDGEWOOD, FLORIDA
General Fund
Budgetary Comparison Schedule
For the year ended September 30, 2014

	Budgeted amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad valorem taxes	\$ 1,229,784	1,229,784	1,219,450	(10,334)
Franchise and utility taxes	543,200	618,200	627,253	9,053
Local communications services tax	112,000	118,000	121,489	3,489
Total taxes	<u>1,884,984</u>	<u>1,965,984</u>	<u>1,968,192</u>	<u>2,208</u>
Licenses and permits:				
Regulatory licenses	20,000	31,000	34,052	3,052
Building, electrical and sign permits	7,400	25,900	35,421	9,521
Total licenses and permits	<u>27,400</u>	<u>56,900</u>	<u>69,473</u>	<u>12,573</u>
Intergovernmental revenues:				
State revenue sharing	100,000	106,000	79,298	(26,702)
Alcohol beverage licenses	200	3,200	4,076	876
Half-cent government sales tax	357,830	374,830	374,897	67
Grants	4,500	8,500	8,858	358
Other	1,500	1,500	1,791	291
Total intergovernmental revenues	<u>464,030</u>	<u>494,030</u>	<u>468,920</u>	<u>(25,110)</u>
Charges for services:				
Solid waste collection	280,000	280,000	281,461	1,461
Other	38,000	38,000	32,764	(5,236)
Total charges for services	<u>318,000</u>	<u>318,000</u>	<u>314,225</u>	<u>(3,775)</u>
Fines and forfeitures:				
Court fines	88,091	88,091	121,581	33,490
Citation surcharge	4,494	4,494	-	(4,494)
Red light citations	390,000	181,700	140,049	(41,651)
Code enforcement/parking fines	1,100	1,100	3,714	2,614
Total licenses and permits	<u>483,685</u>	<u>275,385</u>	<u>265,344</u>	<u>(10,041)</u>
Investment earnings	6,675	13,675	12,026	(1,649)
Impact fees	-	-	3,083	3,083
Miscellaneous	4,800	25,800	10,548	(15,252)
Total revenues	<u>\$ 3,189,574</u>	<u>3,149,774</u>	<u>3,111,811</u>	<u>(37,963)</u>

(Continued)

CITY OF EDGEWOOD, FLORIDA
General Fund
Budgetary Comparison Schedule
For the year ended September 30, 2014

	Budgeted amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Financial and Administrative:				
Personal services	\$ 162,352	157,752	155,096	2,656
Operating expenditures	176,535	138,035	126,556	11,479
Capital outlay	39,000	53,500	47,547	5,953
Legal counsel	65,000	53,500	60,294	(6,794)
Comprehensive planning	25,000	38,000	37,096	904
Other general government	46,543	40,343	38,239	2,104
Total general government	<u>514,430</u>	<u>481,130</u>	<u>464,828</u>	<u>16,302</u>
Public safety:				
Law enforcement:				
Personal services	1,226,680	1,252,230	1,258,840	(6,610)
Operating expenditures	424,617	415,567	325,702	89,865
Capital outlay	-	31,000	111,745	(80,745)
Total law enforcement	<u>1,651,297</u>	<u>1,698,797</u>	<u>1,696,287</u>	<u>2,510</u>
Fire protection	530,000	521,000	520,132	868
Total public safety	<u>2,181,297</u>	<u>2,219,797</u>	<u>2,216,419</u>	<u>3,378</u>
Physical environment:				
Operating expenditures	308,500	266,500	265,102	1,398
	<u>308,500</u>	<u>266,500</u>	<u>265,102</u>	<u>1,398</u>
Total expenditures	<u>3,004,227</u>	<u>2,967,427</u>	<u>2,946,349</u>	<u>21,078</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	185,347	182,347	165,462	(16,885)
Transfer out	-	(160,000)	(160,000)	-
Excess (deficiency) of revenues over expenditures	185,347	22,347	5,462	(16,885)
Fund balance				
Beginning of year	3,503,361	3,503,361	3,503,361	-
End of year	<u>\$ 3,688,708</u>	<u>3,525,708</u>	<u>3,508,823</u>	<u>(16,885)</u>

CITY OF EDGEWOOD, FLORIDA
Notes to Required Supplementary Information
September 30, 2014

1. Summary of Significant Budget Policies

The City Council annually adopts a budget for the General Fund. All appropriations are legally controlled at the fund level.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the budget. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with U.S. generally accepted accounting principles on a basis consistent with the legally adopted budget. Unexpended appropriations on annual budgets lapse at the end of each fiscal year. See Note 3 to the financial statements for additional information.

CITY OF EDGEWOOD, FLORIDA
Roads and Streets - Special Revenue Fund
Budgetary Comparison Schedule
For the year ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Local option gas tax	\$ 80,000	86,000	86,661	661
Intergovernmental:				
State revenue sharing, fuel tax	-	-	27,529	27,529
Total intergovernmental	80,000	86,000	114,190	28,190
Other revenues:				
Investment earnings	3	3	(103)	(106)
Impact fees	-	3,000	4,686	1,686
FDOT reimbursement	21,000	21,000	20,817	(183)
Total revenues	<u>101,003</u>	<u>110,003</u>	<u>139,590</u>	<u>29,587</u>
Expenditures				
Current:				
Highways and streets				
Operating expenditures				
Streets and road maintenance	226,350	235,350	106,133	129,217
Utilities	60,000	57,000	54,570	2,430
Capital outlay	-	-	130,241	(130,241)
Total expenditures	<u>286,350</u>	<u>292,350</u>	<u>290,944</u>	<u>1,406</u>
Excess of revenues over (under) expenditures before transfer	(185,347)	(182,347)	(151,354)	30,993
Transfer in	-	160,000	160,000	-
Excess of revenues over (under) expenditures	(185,347)	(22,347)	8,646	30,993
Fund balance				
Beginning of year	<u>25,723</u>	<u>25,723</u>	<u>25,723</u>	<u>-</u>
End of year	<u>\$ (159,624)</u>	<u>3,376</u>	<u>34,369</u>	<u>30,993</u>

STATUTORY SECTION

HOLLAND & REILLY

CERTIFIED PUBLIC ACCOUNTANTS
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SUITE 200
ORLANDO, FLORIDA 32803

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ASSOCIATION OF
CERTIFIED FRAUD EXAMINERS

DAVID S. HOLLAND, CPA
THOMAS F. REILLY, CPA

INDEPENDENT AUDITORS' 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

Honorable Mayor and City Council
City of Edgewood, Florida

We have audited, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*. See Comment 2012-1 on page 36.

Purpose of this Report

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

March 6, 2015
Orlando, Florida

Holland & Riley

HOLLAND & REILLY

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THOMAS F. REILLY, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES 218.415 – INVESTMENTS OF PUBLIC FUNDS

Honorable Mayor and City Council
City of Edgewood, FL

We have examined the City of Edgewood's (the City) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Edgewood complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

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

Holland & Reilly

Orlando, Florida
March 6, 2015

**AUDITORS' COMMENTS – CURRENT YEAR
(MANAGEMENT LETTER)**

NONE

STATUS OF PRIOR YEARS' COMMENTS

2013-1 Subsidiary Ledgers Should Agree with General Ledger Activity

We noted subsidiary ledgers were in agreement with the general ledger activity.

2013-2 Ensure Correct Account Coding of Transactions

We noted improvement in the postings and classifications in the general ledger.

2012-2 Ensure Compliance with Charter Provisions

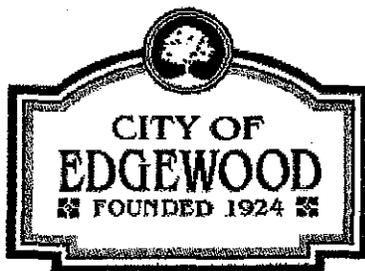
The City's Charter Section 5.09 states the City's unrestricted reserves shall not exceed 75% of gross annual revenues. We noted, as of September 30, 2014, the City's "unassigned" fund balance of the governmental funds approximate 96% of gross annual revenues (the prior year was 92%). We recommend the City comply with its charter provisions.

Comment 2012-2 was reported in the prior year three audit reports.

OTHER MATTERS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

In accordance with the Rules of the Auditor General of the State of Florida, the following is noted:

1. The City was established by Special Acts of 1923 of the State of Florida, Chapter 9764.
2. The financial report filed with the Department of Financial Services pursuant to Florida Statutes Section 218.32 is in agreement with the annual financial audit report for the year ended September 30, 2014.
3. The auditors applied financial condition assessment procedures per Auditor General Rule 10.556(8). It is management's responsibility to monitor the City'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.
4. Based on our audit procedures performed, no indication came to our attention that caused us to believe that the City met any of the conditions described in Florida Statutes Section 218.503 (1).



March 6, 2015

Office of Auditor General
State of Florida
Claude Denson Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

CURRENT YEAR COMMENT

2012-2 Ensure Compliance with Charter Provisions

The City will seek the assistance of its outside contractual accounting firm in monitoring the unassigned fund balance so that we can maintain them in accordance with the City Charter.

Respectfully,

Raymond Bagshaw
City of Edgewood
Mayor