



City of Edgewood, Florida
FINANCIAL STATEMENTS
September 30, 2021



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INGRAM

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City of Edgewood, Florida
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As of September 30, 2021

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**City of Edgewood, Florida
City Officials
As of September 30, 2021**

MAYOR

John Dowless

COUNCIL PRESIDENT

Richard Alan Horn

COUNCIL PRESIDENT PRO TEM

Ben Pierce

CITY COUNCIL

Lee Chotas
Susan Lomas
Chris Rader

CITY ATTORNEY

Drew Smith

CITY CLERK

Bea Meeks



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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
The City of Edgewood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Edgewood, Florida (the "City"), as of and for the year ended September 30, 2021, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial position of the governmental activities and each major fund of the City of Edgewood, Florida as of September 30, 2021, and the changes in financial position 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, the budgetary comparison information, the defined benefit pension plan supplementary information and the other postemployment benefits supplementary information, as listed in the table of contents, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 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* in considering the City of Edgewood, Florida's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2022

City of Edgewood, Florida Management's Discussion and Analysis

As management of the City of Edgewood, Florida (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Edgewood, Florida, for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the City of Edgewood, Florida, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,687,708 (net position). Of this amount, \$1,080,119 represents unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$62,126, compared to a prior year decrease of \$136,911.
- As of the close of the current fiscal year, the City of Edgewood, Florida's governmental funds reported combined ending fund balances of \$3,551,023, a decrease of \$133,412 in comparison with the prior year. This is mainly due to the decrease in charges for services and fines and forfeitures combined with increases in several public safety expenditure categories and capital outlay.
- The City entered into a new capital lease for the acquisition of two police vehicles in the amount of \$97,700, increasing the capital lease liability (net of current year lease payments) at the end of fiscal year 2021 to \$150,720.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Edgewood, Florida's basic financial statements. The City of Edgewood, Florida'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 other required supplementary information (RSI) 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 of Edgewood, Florida's finances, in a manner like a private-sector business. All the City's activities are reported as governmental activities in the government-wide financial statements.

The statement of net position presents information on all the City of Edgewood, Florida's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the elements 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 of Edgewood, Florida is improving or deteriorating.

The statement of activities presents information showing how the City'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.

City of Edgewood, Florida Management's Discussion and Analysis

The government-wide financial statements can be found on pages 17 – 18 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 of Edgewood, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Edgewood, Florida are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances 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 of Edgewood, Florida, maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Roads and Streets Fund, which are considered to be major funds. The City has no "nonmajor funds".

The basic governmental fund financial statements can be found on pages 19 – 22 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 23 – 46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City of Edgewood, Florida's budgetary compliance, other postemployment benefits and pension obligations. The City of Edgewood, Florida adopts an annual appropriated budget for its General Fund and the Roads and Streets Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

Required supplementary information can be found on pages 48 – 56 of this report.

City of Edgewood, Florida Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Edgewood, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,687,708 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

CITY OF EDGEWOOD, FLORIDA'S Net Position

	2021	2020	Change
Assets			
Current and other assets	\$ 3,725,723	\$ 3,884,504	-4%
Net capital assets	2,499,846	2,517,081	-1%
Total assets	6,225,569	6,401,585	-3%
Deferred outflows of resources	528,851	979,460	-46%
Liabilities			
Current liabilities	151,468	185,162	-18%
Noncurrent liabilities	1,185,630	3,303,337	-64%
Total liabilities	1,337,098	3,488,499	-62%
Deferred inflows of resources	1,729,614	142,712	1112%
Net position			
Invested in capital assets, net of related debt	2,349,126	2,390,774	-2%
Restricted net position	258,463	474,908	-46%
Unrestricted net position	1,080,119	884,152	22%
Total net position	\$ 3,687,708	\$ 3,749,834	-2%

By far the largest portion of the City of Edgewood, Florida's net position reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related debt used to acquire those assets still outstanding.

The City of Edgewood, Florida, uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edgewood, Florida reports net investment in capital assets, 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. An additional \$258,463 of the City's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City of Edgewood, Florida reported an OPEB liability of \$52,121; compensated absences of \$150,899; aggregate net pension liability of \$831,890; and

City of Edgewood, Florida Management's Discussion and Analysis

pension-related deferred inflows of resources of \$528,851 offset by OPEB- and pension-related deferred outflows of resources of \$1,706,382. These liabilities are not currently funded.

The following table shows condensed revenue and expense data:

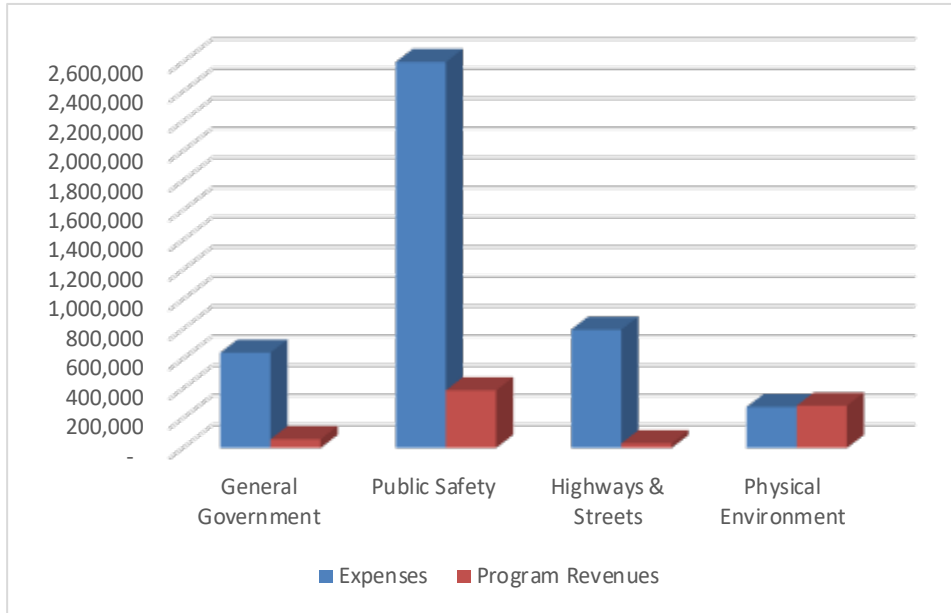
CITY OF EDGEWOOD, FLORIDA'S Changes in Net Position

	2021	2020	Change
General Revenue:			
Property taxes	\$ 2,003,572	\$ 1,873,834	7%
Franchise and utility taxes	786,224	764,206	3%
State revenue sharing	493,305	456,847	8%
Other taxes	112,602	110,442	2%
Unrestricted investment earnings	10,714	16,398	-35%
Miscellaneous	103,527	157,446	-34%
Program Revenue:			
Charges for services	666,406	805,106	-17%
Operating grants and contributions	91,928	6,660	1280%
Capital grants and contributions	4,952	41,474	100%
Total revenue	4,273,230	4,232,413	1%
Expenses:			
General government	641,788	816,630	-21%
Public safety	2,611,368	3,018,974	-14%
Highways and streets	796,644	243,136	228%
Physical environment	276,433	282,504	0%
Interest	9,123	8,080	100%
Total expenses	4,335,356	4,369,324	-1%
Change in net position	(62,126)	(136,911)	-55%
Total net position, beginning of year	3,749,834	3,886,745	-4%
Total net position, end of year	\$ 3,687,708	\$ 3,749,834	-2%

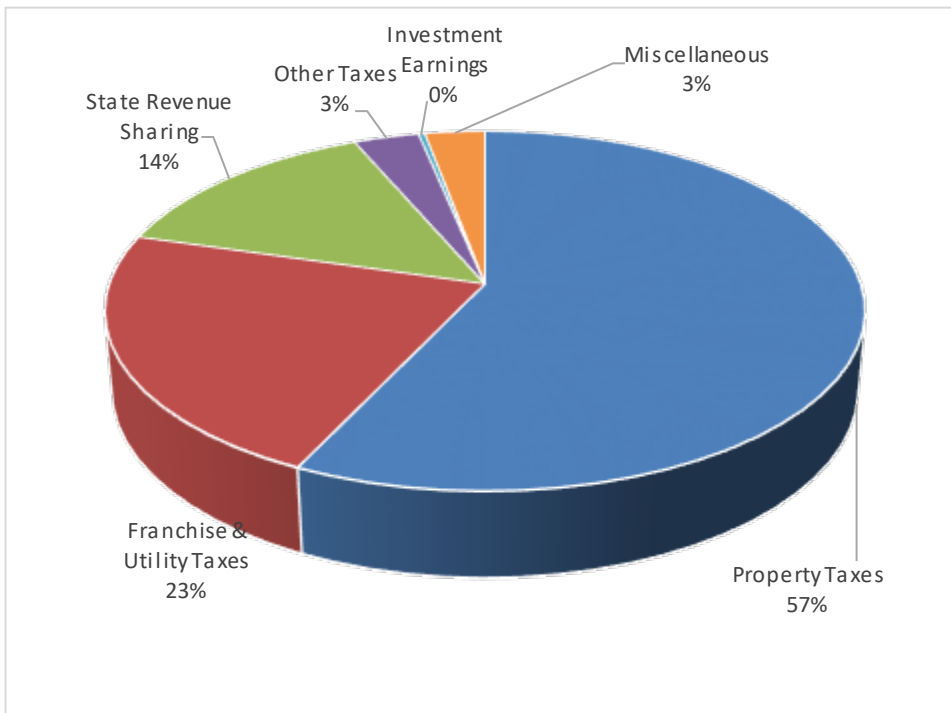
The City's net position decreased by \$62,126 during the current fiscal year, primarily due to an increase in tax revenues and operating grants that was offset by the increase in highways and streets expenditures and a decrease in charges for services.

City of Edgewood, Florida Management's Discussion and Analysis

Statement of Activities – Government-wide Expenses and Program Revenues



Statement of Activities – Government-wide General Revenues by Source



City of Edgewood, Florida Management's Discussion and Analysis

Financial Analysis of the City's Funds

As noted earlier, the City of Edgewood, Florida, 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 City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Edgewood, Florida's governmental funds reported combined ending fund balances of \$3,551,023, a decrease of \$133,412 in comparison with the prior year. The fund balances of nonspendable, restricted or committed indicate that it is not available for new spending because it is obligated for prepaid items (\$61,337), restricted for specific purposes (\$258,463) or committed to pay for impact-fee funded projects (\$55,874). Additionally, the City has assigned amounts to cover operating costs in the 2022 budget (\$191,344). Unrestricted, unassigned fund balance was \$2,984,005 at year end. Pursuant to Section 5.09 of the City's Charter, the City's unrestricted reserves shall not exceed 75% of gross annual revenues. At September 30, 2021, the unrestricted, unassigned fund balance approximated 73% of gross annual revenues.

The General Fund is the chief operating fund of the City of Edgewood, Florida. At the end of the current fiscal year, unassigned fund balance was \$2,984,005, while total fund balance was \$3,480,042. The fund balance of the City of Edgewood, Florida's General Fund increased by \$94,194 during the current fiscal year. The increase is primarily due to an increase in property tax revenues and intergovernmental revenue.

The Roads and Streets Fund has a total fund balance of \$70,981, which is restricted for transportation costs and projects. Fund balance decreased by \$227,606 primarily due to the increased expenditures for highways and streets.

General Fund Budgetary Highlights

Total revenues were over budget by \$175,301 due primarily to increases in property tax revenues, and intergovernmental revenue. Similarly, total expenditures were under budget by \$190,253 primarily due to financial and administrative operating expenditures and public safety operating expenditures being less than anticipated.

Total revenues in between the original budget and the final amended budget increased \$171,590 due primarily to increases in amounts budgeted for taxes and intergovernmental revenue.

Major differences between the original budget and the final amended budget (net increase of \$274,390 in appropriated expenditures) can be briefly summarized as follows:

- \$162,076 in increases in Capital Outlay for Public Safety;
- \$49,000 in increases in Fire Protection Operating Costs; and
- \$75,600 in increases in Debt Service Principal for Public Safety

City of Edgewood, Florida Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The City of Edgewood, Florida's investment in capital assets as of September 30, 2021, amounts to \$2,499,846 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. The total decrease in the City of Edgewood, Florida's investment in capital assets for the current fiscal year was approximately 1 percent.

CITY OF EDGEWOOD, FLORIDA'S Capital Assets (net of depreciation)

	2021	2020	Change
Land	\$ 284,796	\$ 284,796	0%
Buildings	254,677	250,388	2%
Machinery and equipment	381,606	296,435	29%
Infrastructure	1,578,767	1,685,462	-6%
Total	\$ 2,499,846	\$ 2,517,081	-1%

Additional information on the City of Edgewood, Florida's capital assets can be found in Note 2 on page 35 of this report.

Capital leases payable. At the end of the current fiscal year, the City of Edgewood, Florida, had total capital leases outstanding of \$150,720.

CITY OF EDGEWOOD, FLORIDA'S Outstanding Debt - Capital Leases

	2021	2020	Change
Capital lease City vehicles	\$ 150,720	\$ 126,307	19%
Total	\$ 150,720	\$ 126,307	

The City's total capital lease obligations had a net increase of \$24,413 during the current fiscal year due to the addition of a new capital lease net of current year debt service payments.

Economic Factors and Next Year's Budgets and Rates

- Road and street maintenance will continue into the next fiscal year.
- City Hall continues to plan for a staff addition of a part-time administrative assistant, with the goal to become a full-time employee in 2022. The full-time position includes full-time benefits pursuant to the City's adopted Personnel Policy.
- Code Enforcement is now under the Police Department. Code Enforcement Officer Salemi is a full-time civilian employee who performs this role as well as other duties.

City of Edgewood, Florida Management's Discussion and Analysis

- The City will renew the Novo Solutions asset management software application, which was implemented in 2021. The forecasted budget amount, falling under the Information Technology (IT) budget, is \$8,445.
- The City anticipates updating the Laserfiche records with Municode. The update will include the Minutes, Ordinances and Resolutions from 2015 through 2021. The anticipated cost associated with this service is \$10,000.
- In response to the Coronavirus pandemic that began in 2020, the City has retained the services of The Balmoral Group to properly capture ARPA funds to help offset the continued shortfall of revenues resulting from the pandemic. Mayor Dowless is forming an ad-hoc committee to make recommendations in tandem with Balmoral to identify projects that meet the criteria for the balance of the ARPA funds.
- Red light camera contract was canceled. No new revenue will be expected from this source.
- The City is considering involuntary residential annexations; this may impact planner, attorney, and possible engineer fees.

Requests 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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Edgewood, 405 Bagshaw Way, Edgewood, Florida, 32809.



City of Edgewood, Florida
Basic Financial Statements



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City of Edgewood, Florida
Statement of Net Position

<i>September 30, 2021</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,440,364
Receivables, net	127,888
Prepaid items	61,337
Due from other governments	96,134
Capital assets	
Non-depreciable	284,796
Depreciable, net	2,215,050
Total assets	6,225,569
Deferred Outflows of Resources	
Deferred outflows related to pensions	528,851
Total deferred outflows of resources	528,851
Liabilities	
Accounts payable	109,248
Accrued liabilities	42,220
Noncurrent liabilities:	
Due within one year	
Compensated absences	30,821
Leases	38,484
Other postemployment benefits	2,774
Due in more than one year	
Compensated absences	120,078
Leases	112,236
Other postemployment benefits	49,347
Net pension liability	831,890
Total liabilities	1,337,098
Deferred Inflows of Resources	
Deferred revenue - business tax receipts	23,232
Deferred inflows related to pensions	1,668,974
Deferred inflows related to other postemployment benefits	37,408
Total deferred inflows of resources	1,729,614
Net Position	
Net investment in capital assets	2,349,126
Restricted for	
Public safety	173,048
Road projects	70,981
Stormwater	14,434
Unrestricted	1,080,119
Total net position	\$ 3,687,708

The accompanying notes are an integral part of this financial statement.

City of Edgewood, Florida
Statement of Activities

For the year ended September 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 641,788	\$ 58,127	\$ 527	\$ -	\$ (583,134)
Public safety	2,611,368	295,728	91,401	802	(2,223,437)
Highways and streets	796,644	26,909	-	4,150	(765,585)
Physical environment	276,433	285,642	-	-	9,209
Interest expense	9,123	-	-	-	(9,123)
Total governmental activities	\$ 4,335,356	\$ 666,406	\$ 91,928	\$ 4,952	(3,572,070)

General revenues:

Property taxes, levied for general purposes	2,003,572
Franchise and utility taxes	786,224
State revenue sharing	493,305
Other taxes	112,602
Unrestricted investment earnings	10,714
Miscellaneous	103,527
Total general revenues	3,509,944

Change in net position (62,126)

Net position, beginning of year 3,749,834

Net position, end of year \$ 3,687,708

The accompanying notes are an integral part of this financial statement.

City of Edgewood, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2021</i>	General	Roads and Streets	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,373,640	\$ 66,724	\$ 3,440,364
Receivables	127,697	191	127,888
Due from other governments	86,471	9,663	96,134
Prepaid items	61,337	-	61,337
Total assets	3,649,145	76,578	3,725,723
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 103,651	\$ 5,597	\$ 109,248
Accrued liabilities	42,220	-	42,220
Total liabilities	145,871	5,597	151,468
Deferred inflows of resources			
Deferred revenue - business tax receipts	23,232	-	23,232
Total deferred inflows of resources	23,232	-	23,232
Fund balances			
Nonspendable			
Prepays	61,337	-	61,337
Restricted for			
Roads and streets	-	70,981	70,981
Public safety	173,048	-	173,048
Stormwater	14,434	-	14,434
Committed for			
Impact fees	55,874	-	55,874
Assigned for subsequent year's budget	191,344	-	191,344
Unassigned	2,984,005	-	2,984,005
Total fund balances	3,480,042	70,981	3,551,023
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,649,145	\$ 76,578	\$ 3,725,723

The accompanying notes are an integral part of this financial statement.

City of Edgewood, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2021

Total fund balances - governmental funds		\$ 3,551,023
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	\$ 5,905,890	
Less accumulated depreciation and amortization	<u>(3,406,044)</u>	2,499,846
Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		528,851
Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(1,668,974)
Deferred inflows of resources related to OPEB are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(37,408)
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (831,890)	
Leases	(150,720)	
Compensated absences	(150,899)	
Other postemployment benefits	(52,121)	(1,185,630)
Net position of governmental activities		\$ 3,687,708

The accompanying notes are an integral part of this financial statement.

City of Edgewood, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2021</i>	General	Roads and Streets	Total Governmental Funds
Revenues			
Taxes	\$ 2,789,796	\$ 81,400	\$ 2,871,196
Licenses and permits	53,094	-	53,094
Intergovernmental	586,867	28,975	615,842
Charges for services	343,092	-	343,092
Fines and forfeitures	243,311	-	243,311
Impact fees	1,329	4,150	5,479
Investment earnings	10,710	4	10,714
Miscellaneous	69,135	61,367	130,502
Total revenues	4,097,334	175,896	4,273,230
Expenditures			
Current			
General government	633,504	-	633,504
Public safety	2,601,440	-	2,601,440
Highways and streets	-	680,539	680,539
Physical environment	267,076	-	267,076
Capital outlay	239,373	-	239,373
Debt service			-
Principal	73,287	-	73,287
Interest	9,123	-	9,123
Total expenditures	3,823,803	680,539	4,504,342
Excess (deficiency) of revenues over (under) expenditures	273,531	(504,643)	(231,112)
Other Financing Sources (Uses)			
Transfers in	120,553	397,590	518,143
Transfers out	(397,590)	(120,553)	(518,143)
Leases	97,700	-	97,700
Net other financing sources (uses)	(179,337)	277,037	97,700
Net change in fund balances	94,194	(227,606)	(133,412)
Fund balances, beginning of year	3,385,848	298,587	3,684,435
Fund balances, end of year	\$ 3,480,042	\$ 70,981	\$ 3,551,023

The accompanying notes are an integral part of this financial 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

<i>For the year ended September 30,</i>	<i>2021</i>
Net change in fund balances - total governmental funds	\$ (133,412)
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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.	(16,141)
In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.	(1,094)
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.	(97,700)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	73,287
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	(105,290)
Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	10,722
Cash pensions contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.	207,502
Change in net position of governmental activities	\$ (62,126)

The accompanying notes are an integral part of this financial statement.

City of Edgewood, Florida Notes to Financial Statements

Note 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 as a municipality in 1924 pursuant to Chapter 69-1039 of the Laws of Florida. The City operates under the council-mayor form of government according to its charter. The current City Code authorizes the following services: public safety, street, public improvements, planning and zoning, and general administrative services. Public utilities, education, health, and welfare are administered by other governmental entities.

Reporting Entity

The City is a municipal corporation governed by an elected mayor and a five-member governing council (the "Council"). There are no entities considered to be component units of the City; therefore, the financial statements include only the operations of the City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The City does not exercise control over other government agencies or authorities.

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 primary government. The City only has governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Edgewood, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Roads and Streets Fund* is used to account 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.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Roads and Streets Fund. The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and amounts deposited with the State of Florida Board of Administration Local Government Surplus Trust Fund (Florida PRIME), which is a local government investment pool.

This investment pool meets all of the specified criteria in GASB Codification Section 150: *Investments* to qualify to elect to measure its investment at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

Receivables and Due from Other Governments

Receivables and due from other governments represent amounts due for services provided to citizens and claims against another government which are measureable and have been accrued. Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2021. Management has determined these amounts are collectible and no allowance for doubtful accounts is necessary.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental activities columns of the statement of net position.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Edgewood, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives (Years)
Buildings	39
Building improvements	15
Machinery and equipment	5 - 10
Furniture and fixtures	7 - 10
Infrastructure	20 - 30
Software	3

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one (1) item that qualifies for reporting as deferred outflows of resources.

- The *deferred outflows related to pensions*, reported in the government-wide statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) items that qualify for reporting as deferred inflows of resources.

- The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.
- The *deferred inflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*.
- The *deferred revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report deferred revenues from one source: business tax receipts. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits and "comp" leave. Upon successful completion of the new hire probationary period, employees in authorized, budgeted part-time or full-time positions are eligible for payment of accumulated leave balances upon separation from City employment in good standing (layoff, resignation with proper notice, retirement). The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In accordance with GASB Codification Section L20: *Leases*, leases that meet the criteria to be reported as capital leases are recorded as long-term debt and the leased assets are capitalized and depreciated.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize capital lease payments as debt service expenditures during the current period. The present value of a capital lease is reported as other financing sources in the period acquired.

Pensions

The City participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State Board of Administration, the Florida Retirement System. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, the City uses the alternative measurement method as provided for in GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Report for Benefits Not Provided Through Trusts That Meet Specified Criteria*. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Categories and Classification of Fund Equity (Continued)

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Categories and Classification of Fund Equity (Continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits property tax rates beginning in the 2008 fiscal year. This legislation established reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. Property taxes attach as an enforceable lien on real property and are levied as of November 1st. The billings are considered past due as of April 1st following the levy date, at which time the applicable property is subject to lien, and penalties and interest are assessed. The City's levy for the fiscal year ended September 30, 2021 was 5.25 mills.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to pension and other postemployment liabilities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 9, 2022, and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2021, \$250,000 of the City's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The City has not adopted a separate investment policy and follows Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

At the close of the fiscal year, the City held investments in the Local Government Surplus Funds Trust Fund ("Florida PRIME") external investment pool. The Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. On September 30, 2021, the City had \$42,080 invested in Florida PRIME. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy does not address interest rate risk.

City of Edgewood, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Foreign currency risk – The City’s investments are not exposed to foreign currency risk.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments.

Receivables and Due from Other Governments

Receivables and amounts due from other governments at September 30, 2021 consist of the following:

	General Fund	Roads and Streets Fund	Total
Receivables:			
Franchise fees and utility taxes	\$ 90,158	\$ -	\$ 90,158
Other receivables	37,539	191	37,730
Total receivables	\$ 127,697	\$ 191	\$ 127,888
Due from other governments:			
Taxes	\$ 85,049	\$ 9,663	\$ 94,712
Red light citations	1,422	-	1,422
Total due from other governments	\$ 86,471	\$ 9,663	\$ 96,134

City of Edgewood, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 284,796	\$ -	\$ -	\$ 284,796
Capital assets, not being depreciated	284,796	-	-	284,796
Capital assets, being depreciated				
Buildings	590,969	35,595	-	626,564
Machinery and equipment	1,052,119	203,778	(49,157)	1,206,740
Infrastructure	3,787,790	-	-	3,787,790
Capital assets, being depreciated	5,430,878	239,373	(49,157)	5,621,094
Less accumulated depreciation for				
Buildings	(340,581)	(31,306)	-	(371,887)
Machinery and equipment	(755,684)	(117,513)	48,063	(825,134)
Infrastructure	(2,102,328)	(106,695)	-	(2,209,023)
Total accumulated depreciation	(3,198,593)	(255,514)	48,063	(3,406,044)
Total capital assets being depreciated, net	2,232,285	(16,141)	-	2,215,050
Governmental activities capital assets, net	\$ 2,517,081	\$ (16,141)	\$ (1,094)	\$ 2,499,846

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities	
General government	\$ 34,939
Public safety	103,771
Highways and streets	106,603
Physical environment	10,201
Total depreciation expense - governmental activities	\$ 255,514

City of Edgewood, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Leases

The City has entered into lease agreements to obtain the right-to-use various vehicles. The total annual rental for the vehicles that the City paid for the fiscal year ended September 30, 2021 was \$43,426. The leases have a 5 year initial term and require annual payments between \$6,934 and \$11,169.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

<i>For the year ending September 30,</i>	Lease Liability	Interest Expense	Total
2022	\$ 38,484	\$ 7,787	\$ 46,271
2023	40,592	5,679	46,271
2024	28,710	3,357	32,067
2025	20,722	1,615	22,337
2026	22,212	125	22,337
Total	\$ 150,720	\$ 18,563	\$ 169,283

Leased vehicles are included in property and equipment as follows:

Vehicles	\$ 286,260
Less: accumulated amortization	(93,377)
Total	\$ 192,883

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Leases	\$ 126,307	\$ 97,700	\$ (73,287)	\$ 150,720	\$ 38,484
Compensated absences	45,609	136,581	(31,291)	150,899	30,821
Governmental activity long-term liabilities	\$ 171,916	\$ 234,281	\$ (104,578)	\$ 301,619	\$ 69,305

City of Edgewood, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities (continued)

Capital leases and compensated absences will be liquidated in future periods primarily by the General Fund for governmental activities.

Interfund Receivables, Payables And Transfers

	Transfers in:		Total
	General Fund	Roads and Streets	
Transfers out:			
General Fund	\$ -	\$ 397,590	\$ 397,590
Roads and Streets	120,553	-	120,553
Total	\$ 120,553	\$ 397,590	\$ 518,143

The transfer from the General Fund to the Highways and Streets Fund provides additional funding for budgeted capital improvements.

Net Investment In Capital Assets

The elements of this calculation are as follows:

<u>September 30, 2021</u>	<u>Governmental Activities</u>
Capital assets (net)	\$ 2,499,846
Outstanding debt related to capital assets	(150,720)
Net investment in capital assets	\$ 2,349,126

Note 3: DEFINED BENEFIT PENSION PLANS

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or City school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

City of Edgewood, Florida
Notes to Financial Statements

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Contributions (continued)

The employer's contribution rates as of September 30, 2021, were as follows:

<i>Year Ending September 30:</i>	FRS	HIS
Regular class	9.16%	1.66%
Special risk class	24.23%	1.66%
Senior management service class	27.35%	1.66%
Elected officials	49.76%	1.66%
DROP from FRS	16.68%	1.66%

The employer's contributions for the year ended September 30, 2021, were \$205,001 to the FRS Pension Plan and \$19,705 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2021. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

<i>September 30, 2021</i>	FRS		HIS	
Net Pension Liability	\$	407,697	\$	424,193
Proportion at:				
Current measurement date		0.0054%		0.0035%
Prior measurement date		0.0061%		0.0034%
Pension expense	\$	427,020	\$	23,063

City of Edgewood, Florida
Notes to Financial Statements

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>September 30, 2021</i>	FRS		HIS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 69,880	\$ -	\$ 14,195	\$ (178)
Change of assumptions	278,966	-	33,332	(17,478)
Net difference between projected and actual earnings on pension plan investments	-	(1,422,350)	442	-
Changes in proportion and differences between City pension plan contributions and proportionate share of contributions	69,211	(221,514)	9,175	(7,454)
City pension plan contribution subsequent to the measurement date	49,288	-	4,362	-
Total	\$ 467,345	\$ (1,643,864)	\$ 61,506	\$ (25,110)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year Ending September 30:</i>	FRS	HIS
2022	\$ (220,645)	\$ 8,970
2023	(257,419)	2,883
2024	(330,968)	5,766
2025	(416,775)	7,688
2026	-	5,766
Thereafter	-	961
Total	\$ (1,225,807)	\$ 32,034

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2021.

City of Edgewood, Florida
Notes to Financial Statements

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions (continued)

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

<i>Year Ending September 30:</i>	FRS	HIS
Inflation	2.40%	2.40%
Salary increases, including inflation	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018. For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decrease the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.1%	2.1%
Fixed income	20.0%	3.8%	3.7%
Global equity	54.2%	8.2%	6.7%
Real estate	10.3%	7.1%	6.2%
Private equity	10.8%	11.7%	8.5%
Strategic investments	3.7%	5.7%	5.4%
Total	100%		

Note 3: DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current Discount			Current Discount		
	1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
<i>September 30, 2021</i>	5.80%	6.80%	7.80%	1.16%	2.16%	3.16%
City's proportionate share of the net pension liability	\$ 1,823,245	\$ 407,697	\$ (775,544)	\$ 486,823	\$ 424,193	\$ 369,945

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City of Edgewood, Florida administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801, Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements.

City of Edgewood, Florida
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funding Policy

The City is funding the postemployment benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually during the budget process. The City does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. City contributions are assumed to be equal to benefits paid.

Plan Membership

At September 30, 2021, OPEB membership consisted of the following:

	Employees
Inactive members	-
Active members	19
Total	19

Assumptions and Other Inputs

The City's net OPEB liability (asset) is calculated using the Alternative Measurement Method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members.

The Alternative Measurement Method involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that the determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

In the September 30, 2021 measurement data, the assumptions and other inputs, applied include the following:

Inflation	2.15 %
Discount rate	2.47 % investment rate of return
Health care cost trend rates	4.30 % increasing to 4.90 % after 2023
Retirees' share of benefit-related costs	100 % of projected health insurance premiums

City of Edgewood, Florida
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

The discount rate was selected based on a 20-year tax-exempt high-quality general obligation municipal bond yield of index. The Bond Buyer 20-Bond General Obligation Index is the average rating of 20 bonds that are grade 'Aa2' (Moody's) or grade 'AA' (S&P 500). The Bond Buyer 20-Bond General Obligation Index at September 30, 2021 was 2.47%.

Mortality rates were based on the RP-2014 Mortality Tables for annuitants for small plans for Males and Females as appropriate with both rates, with adjustments for mortality improvements based on Scale MP, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430.

The actuarial assumptions used in the September 30, 2021 valuation were not based on the results of an actuarial experience study.

At September 30, 2021, the City reported a total OPEB liability of \$52,121. The information has been provided as of the September 30, 2021 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance as of September 20, 2020	\$ 53,474	\$ -	\$ 53,474
Changes for the year			
Service cost	2,774	-	2,774
Interest	1,355	-	1,355
Changes of assumptions	(5,482)	-	(5,482)
Net changes	(1,353)	-	(1,353)
Balance as of September 30, 2021	\$ 52,121	\$ -	\$ 52,121

The following table represents the City's total OPEB liability calculated using the discount rate of 2.47%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Current		
	1% Decrease (1.47%)	Discount Rate (2.47%)	1% Increase (3.47%)
Total OPEB Liability	\$ 59,134	\$ 52,121	\$ 46,258

The following table represents the City's total OPEB liability calculated using the health care cost trend rate of 3.5%, as well as what the City's total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

City of Edgewood, Florida
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

	1% Decrease (2.50%)	Ultimate Trend (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 60,139	\$ 52,121	\$ 45,503

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2021, the City recognized a reduction to OPEB expense of \$10,722. In addition, the City reported deferred inflows of resources relate to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ -	\$ (37,408)
Total	\$ -	\$ (37,408)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year ending September 30,

2022	\$ (3,887)
2023	(3,887)
2024	(3,887)
2025	(3,887)
2026	(3,887)
Thereafter	(17,973)
Total	\$ (37,408)

Note 5: 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.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

Note 7: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of March 9, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Edgewood, Florida
Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	2,578,749	2,685,749	2,789,796	\$ 104,047
Licenses and permits	40,550	40,550	53,094	12,544
Intergovernmental	402,997	493,898	586,867	92,969
Charges for services	377,000	377,000	343,092	(33,908)
Fines and forfeitures	681,427	601,947	598,648	(3,299)
Impact fees	9,187	9,187	1,329	(7,858)
Investment earnings	10,470	10,470	10,710	240
Miscellaneous revenue	5,400	58,569	69,135	10,566
Total revenues	4,105,780	4,277,370	4,452,671	175,301
Expenditures				
General government				
Personal services	301,003	282,003	262,957	19,046
Operating expenditures	804,699	784,219	721,601	62,618
Capital outlay	10,000	10,000	21,173	(11,173)
Public safety				
Law enforcement:				
Personal services	1,639,726	1,587,726	1,548,754	38,972
Operating expenditures	255,631	290,862	234,327	56,535
Capital outlay	43,250	200,389	218,200	(17,811)
Debt service				
Principal	-	75,600	73,287	2,313
Interest	-	6,900	9,123	(2,223)
Fire protection:				
Operating expenditures	777,694	826,694	822,642	4,052
Physical environment				
Operating expenditures	263,000	305,000	267,076	37,924
Total expenditures	4,095,003	4,369,393	4,179,140	190,253

-Continued-

The accompanying notes to required supplementary information are an integral part of this schedule.

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess of revenues over expenditures	10,777	(92,023)	273,531	365,554
Other Financing Sources				
Transfers out	(277,037)	(398,037)	(397,590)	447
Transfers in	-	121,000	120,553	(447)
Leases	-	97,700	97,700	-
Total other financing sources	(277,037)	(179,337)	(179,337)	-
Net change in fund balance	(266,260)	(271,360)	94,194	365,554
Fund balance, beginning of the year	3,385,848	3,385,848	3,385,848	-
Fund balance, end of year	\$ 3,119,588	\$ 3,114,488	\$ 3,480,042	\$ 365,554

Note that this schedule is prepared on a budgetary basis, which is not different from Generally Accepted Accounting Principles (GAAP) in presentation, except for the following items:

- \$355,337 related to operational costs of the red light cameras are shown as part of general government or public safety expenditures in the budget, while the revenues are shown net of these costs in the statement of revenues, expenditures and changes in fund balances.

The accompanying notes to required supplementary information are an integral part of this schedule.

City of Edgewood, Florida
Budgetary Comparison Schedule – Road and Streets Fund

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 82,000	\$ 82,000	\$ 81,400	\$ (600)
Intergovernmental	-	25,000	28,975	3,975
Investment earnings	40	40	4	(36)
Impact fees	2,075	2,075	4,150	2,075
Miscellaneous	26,910	56,910	61,367	4,457
Total revenues	111,025	166,025	175,896	9,871
Expenditures				
Highways and streets	488,062	736,062	680,539	55,523
Total expenditures	488,062	736,062	680,539	55,523
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(377,037)	(570,037)	(504,643)	65,394
Other Financing Sources				
Transfers in	397,590	397,590	397,590	-
Transfers out	(120,553)	(120,553)	(120,553)	-
Total other financing sources	277,037	277,037	277,037	-
Net change in fund balance	(100,000)	(293,000)	(227,606)	65,394
Fund balance, beginning of year	298,587	298,587	298,587	-
Fund balance, end of year	\$ 198,587	\$ 5,587	\$ 70,981	\$ 65,394

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

The accompanying notes to required supplementary information are an integral part of this schedule.

City of Edgewood, Florida
Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION

The City Council annually adopts a budget for the General Fund and the Roads and Streets Fund. All appropriations are legally controlled at the fund level. The City Council employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a) 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.
- b) Complete copies of the proposed budget are made available for public inspection. Budget workshops are held and public hearings are conducted to obtain citizens' comments.
- c) Prior to October 1, the budget is legally enacted through passage of an ordinance and becomes the basis for the millage levied by the Council.
- d) 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.
- e) Formal budgetary integration is employed as a management control device during the year for the General Fund and any special revenue funds that have a legally adopted budget.
- f) 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 (GAAP) except as noted on the budgetary comparison schedules.
- g) Unexpended appropriations on annual budgets lapse at the end of the fiscal year.
- h) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

City of Edgewood, Florida
Schedule of Proportionate Share of Net Pension Liability

Florida Retirement System (FRS)				
	2021	2020	2019	2018
City's proportion of the net pension liability	0.0054%	0.0061%	0.0059%	0.0057%
City's proportionate share of the net pension liability	\$ 407,697	\$ 2,656,804	\$ 2,033,346	\$ 1,717,322
City's covered payroll	1,205,151	\$ 1,174,032	\$ 1,157,916	\$ 1,161,110
City's proportionate share of the net pension liability as a percentage of its covered payroll	33.83%	226.30%	175.60%	147.90%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%
Health Insurance Subsidy (HIS)				
	2021	2020	2019	2018
City's proportion of the net pension liability	0.0035%	0.0034%	0.0034%	0.0034%
City's proportionate share of the net pension liability	\$ 424,193	\$ 421,143	\$ 385,721	\$ 361,699
City's covered payroll	1,205,151	\$ 1,174,032	\$ 1,157,916	\$ 1,161,110
City's proportionate share of the net pension liability as a percentage of its covered payroll	35.20%	35.87%	33.31%	31.15%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for only the years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 3 of the Plan's financial statements.

Note 3: Amounts presented were determined as of June 30.

2017	2016	2015	2014
0.0062%	0.0062%	0.0052%	0.0051%
\$ 1,830,978	\$ 1,553,082	\$ 674,518	\$ 311,722
\$ 1,117,456	\$ 1,091,698	\$ 1,037,212	\$ 976,023
163.85%	142.26%	65.03%	31.94%
83.89%	84.88%	92.00%	96.09%

2017	2016	2015	2014
0.0036%	0.0035%	0.0033%	0.0033%
\$ 383,028	\$ 407,902	\$ 331,504	\$ 305,134
\$ 1,117,456	\$ 1,091,698	\$ 1,037,212	\$ 976,023
34.28%	37.36%	31.96%	31.26%
1.64%	0.97%	0.50%	0.99%

City of Edgewood, Florida
Schedule of Pension Contributions

Florida Retirement System (FRS)				
	2021	2020	2019	2018
Contractually required contribution	205,610	\$ 203,671	\$ 214,024	\$ 194,227
Contributions in relation to the contractually required contribution	(205,610)	(203,671)	(214,024)	(194,227)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	1,236,560	\$ 1,179,404	\$ 1,157,916	\$ 1,161,110
Contributions as a percentage of covered payroll	16.63%	17.27%	18.48%	16.73%
Health Insurance Subsidy (HIS)				
	2021	2020	2019	2018
Contractually required contribution	20,327	\$ 19,876	\$ 19,202	\$ 18,998
Contributions in relation to the contractually required contribution	(20,327)	(19,876)	(19,202)	(18,998)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	1,236,560	\$ 1,179,404	\$ 1,157,916	\$ 1,161,110
Contributions as a percentage of covered payroll	1.64%	1.69%	1.66%	1.64%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the presenting information for only the years for which information is available.

2017	2016	2015	2014
\$ 172,477	\$ 165,261	\$ 148,284	\$ 131,513
(172,477)	(165,261)	(148,284)	(131,513)
\$ -	\$ -	\$ -	\$ -
\$ 1,117,456	\$ 1,091,698	\$ 1,037,212	\$ 976,023
15.43%	15.14%	14.30%	13.47%

2017	2016	2015	2014
\$ 18,621	\$ 18,040	\$ 14,133	\$ 12,906
(18,621)	(18,040)	(14,133)	(12,906)
\$ -	\$ -	\$ -	\$ -
\$ 1,117,456	\$ 1,091,698	\$ 1,037,212	\$ 976,023
1.67%	1.65%	1.36%	1.32%

City of Edgewood, Florida
Schedule of Changes in Total Other Postemployment Benefits Liability
and Related Ratios

<i>Fiscal year ending September 30,</i>	2021	2020
Total OPEB liability		
Service cost	\$ 2,774	\$ 2,419
Interest	1,355	26
Changes of assumptions	(5,482)	51,029
Net changes in total OPEB liability	(1,353)	53,474
Total OPEB liability - beginning	53,474	-
Total OPEB liability - ending	\$ 52,121	\$ 53,474
Covered-employee payroll for the measurement period	\$ 1,236,560	\$ 1,179,404
Total OPEB liability as a percentage of covered-employee payroll	4.21%	4.53%

Notes to the schedule:

The City began recording an OPEB liability in 2020. As a result, this information is only available for two fiscal years.

**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**

To the Honorable Mayor and City Council,
City of Edgewood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Edgewood, Florida as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Edgewood, Florida's basic financial statements, and have issued our report thereon dated March 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Edgewood, Florida's internal control over financial reporting (internal control) as a basis for designing 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 of Edgewood, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Edgewood, Florida'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 of Edgewood, Florida'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 financial statements. 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*.

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

March 9, 2022

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and City Council,
City of Edgewood, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Edgewood, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 9, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 9, 2022 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of each finding and recommendation made in the preceding annual financial audit report, is noted below:

Prior Year Management Letter Comments:

IC 2020-001 Accounting for Capital Outlay

Partially Corrected/Revised

Official Title and Legal Authority

Section 10.554(l)(i)4., 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 legal authority of the City of Edgewood, Florida is disclosed in the footnotes. The City has no component units.

Financial Condition and Management

Section 10.554(l)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Edgewood, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Edgewood, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Edgewood, Florida. It is management's responsibility to monitor the City of Edgewood, Florida'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 same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

2020-001 ACCOUNTING FOR CAPITAL OUTLAY

Criteria: GASB Codification Section 1400: *Reporting Capital Assets*, requires governmental funds to record capital outlay as expenditures at the fund level and to capitalize and depreciate capital outlay items meeting the City's capitalization threshold at the government-wide level. The City should also adopt a process for approving assets for disposal.

Condition: The City's capital expenditures meeting the City's capitalization threshold were accounted for in operating expenditure accounts (not identified as capital outlay). Additionally, the City is accounting for assets that do not meet the City's capitalization threshold on its depreciation schedule and there is no documented approval process for disposal of assets.

Cause: The City's depreciation schedule is prepared by the auditors as a non-attest service; however, the review and reconciliation of the depreciation schedule by the City is not documented. In addition, there is no process in place for approving of assets to be disposed.

Effect: Management review of the capital spending budget may be hindered if non-capital items are included in capital outlay expenditures. Capital expenditures that are not accounted for in capital outlay accounts (including grant-funded capital outlay) could be inadvertently missed when identifying purchases that need to be capitalized and depreciated. With regards to the depreciation schedule, having non-capital items on the City's depreciation schedule creates additional clerical burden. The issue with capital asset disposals is that they may be disposed of while still useful and/or proceeds maybe received from the sale of assets and the City is not aware.

Recommendation: Purchases that meet the capitalization threshold should be recorded in capital outlay accounts. The City's review and reconciliation of the depreciation schedule to the City's general ledger and financial reporting should be documented. The City should also remove below-threshold items from the City's depreciation schedule to allow for improved efficiencies in the preparation of the schedule and for the City's review of the schedule for physical existence (annual

inventory). We recommend the City maintain an inventory listing of “attractive items” that do not meet the City’s capitalization threshold for tracking purposes, as recommended by the Chief Financial Officer of Florida. The City should also adopt a process for any capital asset disposals to be approved by the Council.

Management’s Response: The City will formally adopt policies and procedures that incorporate the procedures currently practiced by the Police Department. In current practice, the City distributes the capital asset listing as of the end of the prior fiscal year to staff in City Hall and the Police Department for their review. Staff uses this list to identify any assets that were disposed of during the year. The City intends to appoint the Police Chief as the City’s Capital Asset Custodian and delegate the authority to approve capital asset disposals to the Capital Asset Custodian. At year-end, the City’s accounting firm reviews the capital outlay accounts, and City Hall staff and Police Department staff confirm what should be capitalized as assets and what should not be added to fixed assets. Although this process was implemented in 2021, a more robust process will be utilized going forward, which will include review of expenditures charged to repairs and maintenance and grant expenditures. Entries will be made, as needed, to ensure that purchases that meet the capitalization criteria are recorded as capital outlay.

Additional Matters

Section 10.554(l)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, applicable management and the City of Edgewood, Florida’s City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Honorable Mayor and City Council,
City of Edgewood, Florida

We have examined City of Edgewood, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the City of Edgewood, Florida is responsible for the City of Edgewood, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on City of Edgewood, Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City of Edgewood, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Edgewood, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City of Edgewood, Florida's compliance with specified requirements.

In our opinion, the City of Edgewood, Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2022