

CITY OF EDMONTON, KENTUCKY
ANNUAL FINANCIAL REPORT
JUNE 30, 2010

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DIRECTORY

CITY OF EDMONTON, KENTUCKY

(MAYOR-COUNCIL FORM OF GOVERNMENT)

MAYOR

HOWARD D. GARRETT

COUNCIL MEMBERS

**JACK VROCHER
WAYNE WILSON
COY WILSON/DANNY POYNTER**

**BILLY JEFFRIES
TERESA HAMLETT
CURT ESTES**

CITY CLERK-TREASURER.....	ELIZABETH GIBSON
DEPUTY CITY CLERK.....	DAWN DEVORE
ASSISTANT CITY CLERK.....	ALICIA REED
ASSISTANT CITY CLERK.....	CONNIE SHIVE
CITY ATTORNEY.....	SHARON BOWLES HOWARD
CITY SUPERINTENDENT.....	HAROLD STILTS
POLICE CHIEF	TONY HARRIS
PARKS AND RECREATION DIRECTOR	PAGE EDWARDS



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Edmonton, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Edmonton, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Edmonton, Kentucky's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edmonton, Kentucky, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 1, 2011, on our consideration of the City of Edmonton, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

Honorable Mayor and Members of the City Council
City of Edmonton, Kentucky

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 7 through 17 and 60 through 62 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edmonton, Kentucky's financial statements as a whole. The combining fund and component unit financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund and component unit financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Taylor, Tolson & Company, PC
Certified Public Accountants

February 1, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The management of the City of Edmonton presents this narrative to help our readers review the accompanying annual financial statements for the year ended June 30, 2010. We have prepared this overview and analysis of the City's financial activities to add additional information to the financial schedules and the note disclosures.

FINANCIAL HIGHLIGHTS

Assets and Liabilities

- As of June 30, 2010, the City's assets exceeded liabilities by \$12,088,991. Total net assets are comprised of the following:
 1. Net assets of \$8,770,070 are invested in property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 2. Net assets of \$1,279,664 are restricted to specific projects by laws, regulations, contractual agreements, or debt service.
 3. Unrestricted net assets of \$2,039,257 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Unrestricted cash balances as of June 30, 2010, were \$2,272,919, and current liabilities payable from unrestricted resources were \$745,286.
- Net assets increased by \$173,594.
- Fund balances (a measure of current financial resources) in the governmental funds decreased \$206,472 to a total of \$2,007,167.
- Fund balances in the proprietary funds increased \$300,693 to a total of \$8,362,181.

Revenues and Expenditures

- Revenues in governmental funds were \$1,062,355. This amount includes property taxes, occupational licenses and taxes, insurance premiums tax, franchise fees, parks and recreation income, and other items.
- Expenditures in the governmental fund type were \$1,304,921. This includes amounts for general government, public safety (police, fire, and E911), street department, parks and recreation, capital outlay and debt service.
- Other financing sources and uses in the governmental fund type were \$36,094. This amount includes interest income, loan proceeds, grant proceeds, and other items.
- Revenues from proprietary fund types totaled \$3,010,507. This includes charges for utility services (water, sewer, and natural gas).

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL HIGHLIGHTS - CONCLUDED

Revenues and Expenditures - Concluded

- Expenses in the proprietary fund types totaled \$2,729,058. This includes amounts for salaries and wages, utility services purchased (water and natural gas), depreciation, and other items.
- Non-operating revenues and expenses netted \$19,244 of revenue. This amount includes grant income, interest income, bond interest expense, and other income and expense items.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis are intended to introduce the City's basic financial statements. Basic financial statements include three major sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to provide additional information that our readers can use to analyze our finances.

Government-wide Financial Statements

The government-wide financial statements are designed to provide our readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities.

The statement of net assets presents information on all the City's assets and liabilities, including long-term debt and capital assets in the governmental funds. The difference between assets and liabilities is reported as net assets. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. Therefore, some revenues and expenses included in this statement may reflect cash flows that actually occur in future periods. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Government-wide statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues, and 2) business-type activities that are supported with user fees and charges. Governmental activities include administrative functions, streets, public safety (police, fire, and E911), parks and recreation, and special revenue funds (municipal road aid and LGEA). Business-type activities include utility services for water, sewer, and natural gas.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Edmonton-Metcalf Industrial Development Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements

Funds are used in governmental accounting to separate resources that are designated for specific programs or activities. The City of Edmonton, like other state and local governments, uses fund accounting to demonstrate compliance with the laws, regulations, and contractual agreements that establish the authority for the City's programs and services. Governments use three types of funds: governmental, proprietary, and fiduciary funds. The City does not have any fiduciary funds, but does use the governmental and proprietary fund types.

Governmental funds are used to account for the City's basic services, the same services that are included in the governmental activities on the government-wide statements. However, the information in the fund statements is measured differently. Governmental funds focus on current financial resources rather than economic resources. Therefore, the statements include the short-term resources such as cash, investments, and receivables that will be collected in the next few months, and liabilities that will be retired with these monies. This information is important for assessing the City's current financial resources.

The reconciliation in the fund statements explains the difference between the governmental funds in the fund statements and the governmental activities found in the government-wide financial statements. This reconciliation will explain the adjustments necessary to compare the long-term resources and liabilities for the government-wide statements with the current picture presented in the fund statements.

Edmonton uses the following governmental funds:

- General Fund
- Municipal Road Aid Fund
- LGEA

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City does not have internal service funds but does have enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide financial statements. Services such as water utilities, sewer utilities, and natural gas utilities are provided to customers external to the City organization.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

Edmonton uses the following proprietary funds:

- Water
- Sewer
- Natural Gas

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONCLUDED

Notes to the Financial Statements

Immediately following the basic financial statements are the notes to the financial statements. Notes provide additional information that is essential to a full understanding of the information included in the financial statements. The notes also provide additional details about the balances and transactions in the City's financial statements.

Other Information

The remainder of this report consists of two types of supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles, while other supplementary information is presented to expand the City's financial presentations. Management's discussion and analysis and the budgetary comparisons for the major funds are required supplementary information included in this report. Other supplementary information includes the combining statements for the special revenue funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following two pages summarize, in a condensed format, the net assets and results of operations of the City, with comparisons to the prior year.

The first statement offers a snapshot of the assets, liabilities, and net assets as of the end of each year. Included in the non-current assets are capital assets, reported net of depreciation. The City completed a comprehensive capital asset inventory and compiled the information into a database to help manage the City's investment in these valuable resources.

Of the City's net assets in the governmental-type activities, \$343,335 is restricted to comply with provisions of various laws, regulations, and contractual agreements. \$936,329 of the City's business-type activities' net assets is restricted for debt service.

The second statement presents a brief look at the operations. We offer some broad observations about this year's operations. Property taxes decreased \$360 from the previous year. Occupational license fees decreased \$91,517 from the previous year. The change in net assets was a decrease of \$127,099 for governmental-type activities and an increase of \$300,693 for business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NET ASSETS

	PRIMARY GOVERNMENT					
	Governmental Activities 6-30-10	Business-type Activities 6-30-10	6-30-09	Total		
				6-30-10	6-30-09	Total
ASSETS						
Current Assets	1,998,736	2,200,802	2,313,609	2,103,526	4,312,345	4,304,328
Restricted Assets	64,998	60,606	936,329	916,344	1,001,327	976,950
Non-Current Assets	3,618,354	3,714,758	10,223,088	10,402,100	13,841,442	14,116,858
Total Assets	5,682,088	5,976,166	13,473,026	13,421,970	19,155,114	19,398,136
LIABILITIES						
Current Liabilities	203,041	195,546	2,010,059	2,095,884	2,213,100	2,291,430
Liabilities Payable from Restricted Assets	29,500	28,000	142,243	141,755	171,743	169,755
Non-Current Liabilities	1,722,737	1,898,711	2,958,543	3,122,843	4,681,280	5,021,554
Total Liabilities	1,955,278	2,122,257	5,110,845	5,360,482	7,066,123	7,482,739
NET ASSETS						
Invested in Capital Assets, Net of Debt	1,719,643	1,640,270	7,050,427	7,064,397	8,770,070	8,704,667
Restricted	343,335	148,058	936,329	916,344	1,279,664	1,064,402
Unrestricted	1,663,832	2,065,581	375,425	80,747	2,039,257	2,146,328
TOTAL NET ASSETS	3,726,810	3,853,909	8,362,181	8,061,488	12,088,991	11,915,397

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

OPERATING RESULTS

	PRIMARY GOVERNMENT				
	Governmental Activities		Business-type Activities		
	6-30-10	6-30-09	6-30-10	6-30-09	
				Total	
PROGRAM REVENUES					Total
Charges for Services	59,527	58,348	3,010,507	2,895,258	3,070,034
Operating Grants and Contributions	76,099	92,347	0	0	76,099
Capital Grants and Contributions	31,684	0	149,576	306,613	181,260
GENERAL REVENUES					
Property Taxes	80,292	80,652	0	0	80,292
Occupational Licenses and Tax	664,594	756,111	0	0	664,594
Insurance Premiums Tax	167,733	174,284	0	0	167,733
Franchise Fees	9,216	9,181	0	0	9,216
Investment Income	8,863	9,807	32,569	36,505	41,432
Sale of Assets	0	0	0	1,115	0
Miscellaneous Income	4,764	11,946	0	0	4,764
Total Revenues	1,102,772	1,192,676	3,192,652	3,239,491	4,295,424
PROGRAM EXPENSES					
General Government	241,986	226,683	0	0	241,986
Police	474,712	482,430	0	0	474,712
Fire	35,489	25,441	0	0	35,489
E911	69,354	69,681	0	0	69,354
Street Department	4,610	38,306	0	0	4,610
Parks and Recreation	308,604	304,665	0	0	308,604
Interest on Long-Term Debt	88,382	96,756	0	0	88,382
Water Utilities	0	0	1,403,074	1,253,953	1,403,074
Sewer Utilities	0	0	188,895	158,442	188,895
Natural Gas Utilities	0	0	1,299,990	1,624,797	1,299,990
Total Expenses	1,223,137	1,243,962	2,891,959	3,037,192	4,115,096
EXCESS BEFORE TRANSFERS	(120,365)	(51,286)	300,693	202,299	180,328
Transfers	(6,734)	(40,050)	0	0	(6,734)
INCREASE (DECREASE) IN NET ASSETS	(127,099)	(91,336)	300,693	202,299	173,594
					(40,050)
					151,013
					4,281,154
					110,963

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONCLUDED

Following are the governmental revenues as a percent of total, to assist in the analysis of the City's activities:

	<u>6-30-10</u>	<u>6-30-09</u>
Occupational Licenses and Taxes	60%	63%
Insurance Premiums Tax	15%	15%
Capital Grants and Contributions	3%	0%
Operating Grants and Contributions	7%	8%
Property Taxes	7%	7%
Charges for Services	5%	4%
Miscellaneous	1%	1%
Franchise Fees	1%	1%
Investment Income	<u>1%</u>	<u>1%</u>
Governmental Revenue	<u>100%</u>	<u>100%</u>

Following are the governmental expenses as a percent of total, to assist in the analysis of the City's activities:

	<u>6-30-10</u>	<u>6-30-09</u>
Police	39%	39%
Administration	19%	18%
Parks and Recreation	25%	24%
Fire	3%	2%
Interest on Long-Term Debt	7%	8%
E911	6%	6%
Streets	<u>1%</u>	<u>3%</u>
Governmental Expenses	<u>100%</u>	<u>100%</u>

The business-type activities are shown comparing revenues generated to costs incurred by the related utility services. Water utilities, sewer utilities, and natural gas utilities are intended to be self-supporting with user charges and other revenues designed to recover costs. Economic events and weather patterns can either positively or negatively impact these services and costs.

Following are the business-type activities' revenues versus costs:

- Water Fund revenues were \$1,486,641 as compared to costs of \$1,403,074.
- Sewer Fund revenues were \$137,188 as compared to costs of \$188,955.
- Natural Gas Fund revenues were \$1,386,678 as compared to costs of \$1,299,990.

Governmental Funds

The fund statements present the City's financial information in a more detailed format, but there are other differences as well. Fund statements provide important information about the City's compliance with laws and regulations that define the local government environment in Kentucky. The principles of measurement in the governmental fund statements are also different from the government-wide

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds - Concluded

statements. Fund statements focus on current resources, while the government-wide statements present the long-term view.

Financial information for the City's governmental funds is summarized on the balance sheet for governmental funds and the statement of revenues, expenditures, and changes in fund balances of governmental funds. Governmental fund balances decreased \$206,472, which includes a decrease of \$242,566 from operations and an increase of \$36,094 from other financing sources.

This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds report ending fund balances of \$2,007,167. Of this year-end total, approximately \$1,896,246 is unreserved, indicating availability for continuing City service requirements. Reserved fund balances include \$64,998 for debt service and \$45,923 for special revenue funds.

Major Governmental Funds

The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. Fund balance of the general fund decreased by \$233,804. The key factor contributing to this decrease is a reduction in occupational taxes and licenses.

The special revenue fund is made up of three individual funds (municipal road aid and LGEA), which are combined in the supplementary information. Fund balance of the special revenue fund increased by \$27,332.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Financial information for the City's proprietary funds is summarized on the balance sheet for proprietary funds and the statement of revenues, expenses, and changes in retained earnings as well as the statement of cash flows for proprietary fund types. Total fund equity increased by \$300,693, which includes operating income of \$281,449 and net income from non-operating activities of \$19,244.

Major Proprietary Funds

The City of Edmonton reports the activities of the water fund, sewer fund, and natural gas fund.

The water fund reported an increase in retained earnings of \$228,215. The water fund had income of \$203,413 from operations and \$24,802 of revenues from non-operating activities. The water fund reports a retained earnings amount of \$5,391,195, of which \$931,859 is restricted for debt service.

The sewer fund reported a decrease in retained earnings of \$28,464. The sewer fund had a loss of \$47,110 from operations and \$18,646 net income from non-operating activities. The sewer fund reports a retained earnings amount of \$1,039,914, of which \$4,470 is restricted for debt service.

The natural gas fund reported an increase in retained earnings of \$100,942. The natural gas fund had income of \$125,146 from operations and \$24,204 net expenses from non-operating activities. The natural gas fund reports a retained earnings amount of \$1,931,072, all of which is unrestricted.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary comparison schedules include information about both the original budget and the amended budget. Generally, budgets are amended to add projects that were not anticipated when the budget was first adopted. Over the course of the year, the City's budget may be revised by the City Council. Revenue budgets are usually estimated lower to allow budgetary flexibility for additional projects.

The change in the general fund balance was less than budget estimates by \$242,852: revenues were less than budget by \$15,941, expenditures were less than budget by \$127,494, and other financing sources were less by \$354,405.

Budgetary comparison schedules for major individual funds are found in the required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City invests substantial resources in capital assets that support the services provided to the public. Following are tables summarizing the City's capital assets and long-term debt.

CAPITAL ASSETS	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
Land	1,723,689	15,863	1,739,552
Land Improvements	7,700	0	7,700
Buildings and Improvements	1,330,047	15,580,153	16,910,200
Equipment and Furnishings	299,686	514,556	814,242
Vehicles	668,196	231,369	899,565
Streets and Sidewalks	287,979	0	287,979
Municipal Park	925,271	0	925,271
	<u>5,242,568</u>	<u>16,341,941</u>	<u>21,584,509</u>
Accumulated Depreciation	(1,624,214)	(6,171,671)	(7,795,885)
TOTAL	<u>3,618,354</u>	<u>10,170,270</u>	<u>13,788,624</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

CAPITAL ASSET AND DEBT ADMINISTRATION - CONCLUDED

LONG-TERM DEBT	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
Capital Leases			
KADD Financing Trust	315,000	0	315,000
Musco Sports Lighting, LLC	235,010	0	235,010
Kentucky League of Cities General Obligation	1,065,939	0	1,065,939
Special Obligation	<u>120,262</u>	<u>0</u>	<u>120,262</u>
Total Capital Leases	<u>1,736,211</u>	<u>0</u>	<u>1,736,211</u>
Loans			
Kentucky Infrastructure Authority	0	30,000	30,000
Kentucky League of Cities	<u>0</u>	<u>540,000</u>	<u>540,000</u>
Total Loans	<u>0</u>	<u>570,000</u>	<u>570,000</u>
Bonds			
General Obligation Bond	162,500	0	162,500
Revenue Bonds			
1980 Issue	0	40,500	40,500
1982 Issue Ser A	0	83,000	83,000
1982 Issue Ser B	0	45,000	45,000
1982 Issue Ser C	0	30,500	30,500
1984 Issue	0	393,943	393,943
1990 Issue	0	282,000	282,000
1993 Issue	0	264,000	264,000
1995 Issue	0	371,000	371,000
1996 Issue	0	181,600	181,600
2000 Issue	0	101,300	101,300
2002 Issue	<u>0</u>	<u>757,000</u>	<u>757,000</u>
Total Bonds	<u>162,500</u>	<u>2,549,843</u>	<u>2,712,343</u>

All of the City's capital leases have been used to acquire or construct capital assets.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONCLUDED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

THE OUTLOOK FOR NEXT YEAR

Given the continued state of these difficult economic times, the City of Edmonton will continue to closely watch the budget for the next fiscal year to make sure the projected revenues are sufficient to cover the expenses that the City anticipates.

The City of Edmonton still has concerns such as the rising cost of employee health insurance, the City's contribution rate for employee retirement benefits, property and general liability insurance, and the cost of materials and supplies in all departments. Each of these areas will have to be closely monitored to ensure that the costs are as anticipated.

The City of Edmonton will continue with projects that will improve and enhance the water system infrastructure and waste water infrastructure. The funding for these projects will be from state grant carryover funds. The City will pursue funding for water and waste water projects, road projects such as the Edmonton by-pass and interchange, parks and recreation department funding, and fire department funding. The City of Edmonton has continued to work on the development of the comprehensive plan and expects it to be completed and adopted in the coming year.

The City's commitment to various boards and organizations that depend on the City's funding will still be there but will be monitored on the basis of what is provided to the City.

The City will take a serious look at the employees' compensation and classification plan in order to make sure that it has the best interest of the City and its employees in mind. There will be a two percent increase in salaries and one additional paid holiday included for the year ending in June 2011.

During the coming fiscal year, the City will celebrate the 150th anniversary of being the county seat of Metcalfe County.

ADDITIONAL INFORMATION

If you have any questions, or need additional information about these financial statements, please contact Elizabeth Gibson, City Clerk.

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	Total	
CURRENT ASSETS				
Cash on Hand and in Banks	876,674	1,396,245	2,272,919	49,579
Investments	0	364,494	364,494	32,994
Receivables, Net of Allowance for Uncollectible Accounts				
Property Taxes	4,337	0	4,337	0
Trade Accounts	0	188,310	188,310	0
Internal Receivable	1,103,898	363,916	1,467,814	0
Due from Other Governments				
State of Kentucky	1,827	0	1,827	0
Metcalfe County Board of Education	12,000	0	12,000	0
Current Refunding, Net of Accumulated Amortization	0	644	644	0
Total Current Assets	<u>1,998,736</u>	<u>2,313,609</u>	<u>4,312,345</u>	<u>82,573</u>
RESTRICTED ASSETS				
Cash and Savings				
Sinking Funds	24,504	337,829	362,333	0
Funded Depreciation	40,494	276,348	316,842	0
Other Cash	0	322,152	322,152	0
Total Restricted Assets	<u>64,998</u>	<u>936,329</u>	<u>1,001,327</u>	<u>0</u>
NON-CURRENT ASSETS				
Loan and Bond Issuance Costs, Net of Accumulated Amortization	0	52,733	52,733	0
Capital Assets				
Land	1,723,689	15,863	1,739,552	187,097
Other Capital Assets, Net of Accumulated Depreciation	1,894,665	10,154,407	12,049,072	1,936,969
Deposits	0	85	85	0
Total Non-Current Assets	<u>3,618,354</u>	<u>10,223,088</u>	<u>13,841,442</u>	<u>2,124,066</u>
TOTAL ASSETS	<u>5,682,088</u>	<u>13,473,026</u>	<u>19,155,114</u>	<u>2,206,639</u>

CITY OF EDMONTON, KENTUCKY
STATEMENT OF NET ASSETS - CONTINUED
JUNE 30, 2010

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	Total	
CURRENT LIABILITIES				
Accounts Payable	7,904	71,775	79,679	0
Payroll Withholdings	20,725	0	20,725	0
Accrued Expenses				
School Tax	0	5,235	5,235	0
Sales Tax	0	2,953	2,953	0
Vacation Accrual	27,938	36,284	64,222	0
Meter Deposits	0	345,998	345,998	0
Current Portion of				
Loans Payable	0	80,000	80,000	5,000
Leases Payable	146,474	0	146,474	0
Internal Payable	0	1,467,814	1,467,814	0
	<u>203,041</u>	<u>2,010,059</u>	<u>2,213,100</u>	<u>5,000</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Accrued Interest	0	60,943	60,943	0
Current Portion of				
General Obligation Bonds	29,500	0	29,500	0
Revenue Bonds	0	81,300	81,300	0
	<u>29,500</u>	<u>142,243</u>	<u>171,743</u>	<u>0</u>
NON-CURRENT LIABILITIES				
Long-Term Portion of Financing				
General Obligation Bonds	133,000	0	133,000	0
Revenue Bonds	0	2,468,543	2,468,543	0
Loans Payable				
Kentucky League of Cities	0	490,000	490,000	0
Edmonton State Bank	0	0	0	9,970
Leases Payable				
General Obligation				
Park	987,951	0	987,951	0
Police Cars	0	0	0	0
Musco Lighting	192,934	0	192,934	0
Special Purpose Obligation	113,852	0	113,852	0
KADD	295,000	0	295,000	0
	<u>1,722,737</u>	<u>2,958,543</u>	<u>4,681,280</u>	<u>9,970</u>
Total Non-Current Liabilities	<u>1,722,737</u>	<u>2,958,543</u>	<u>4,681,280</u>	<u>9,970</u>
TOTAL LIABILITIES	<u>1,955,278</u>	<u>5,110,845</u>	<u>7,066,123</u>	<u>14,970</u>

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF NET ASSETS - CONCLUDED
JUNE 30, 2010**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,719,643	7,050,427	8,770,070	2,109,096
Restricted for				
Debt Service	64,998	936,329	1,001,327	0
Special Revenue Funds	45,923	0	45,923	0
Public Services	5,380	0	5,380	0
Public Safety	7,576	0	7,576	0
Parks and Recreation	219,458	0	219,458	0
Unrestricted	<u>1,663,832</u>	<u>375,425</u>	<u>2,039,257</u>	<u>82,573</u>
TOTAL NET ASSETS	<u>3,726,810</u>	<u>8,362,181</u>	<u>12,088,991</u>	<u>2,191,669</u>

See accompanying notes to financial statements.

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	241,986	15,532	18,044
Public Safety			
Police	474,712	454	28,524
Fire	35,489	0	0
E911	69,354	0	0
Street Department	4,610	0	29,531
Parks and Recreation	308,604	43,541	0
Interest on Long-Term Debt	88,382	0	0
Total Governmental Activities	<u>1,223,137</u>	<u>59,527</u>	<u>76,099</u>
Business-type Activities			
Water	1,403,074	1,486,641	0
Sewer	188,895	137,188	0
Natural Gas	1,299,990	1,386,678	0
Total Business-type Activities	<u>2,891,959</u>	<u>3,010,507</u>	<u>0</u>
Total Primary Government	<u>4,115,096</u>	<u>3,070,034</u>	<u>76,099</u>
COMPONENT UNIT			
Industrial Program	84,018	0	24,000
Total Component Unit	<u>84,018</u>	<u>0</u>	<u>24,000</u>

Program Revenues
Capital Grants
and
Contributions

Net (Expense) Revenue

1,975	(206,435)
3,000	(442,734)
0	(35,489)
0	(69,354)
0	24,921
26,709	(238,354)
<u>0</u>	<u>(88,382)</u>
<u>31,684</u>	<u>(1,055,827)</u>
127,092	210,659
22,484	(29,223)
<u>0</u>	<u>86,688</u>
<u>149,576</u>	<u>268,124</u>
<u>181,260</u>	<u>(787,703)</u>
<u>230,469</u>	<u>170,451</u>
<u>230,469</u>	<u>170,451</u>

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF ACTIVITIES - CONCLUDED
FOR THE YEAR ENDED JUNE 30, 2010**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET ASSETS				
Net (Expense) Revenue	(1,055,827)	268,124	(787,703)	170,451
General Revenues				
Taxes				
Property Taxes	80,292	0	80,292	0
Occupational Licenses and Tax	664,594	0	664,594	0
Insurance Premiums Tax	167,733	0	167,733	0
Franchise Fees	9,216	0	9,216	0
Investment Income	8,863	32,569	41,432	1,949
Miscellaneous	4,764	0	4,764	2,860
Gain on Sale of Assets	0		0	16,000
Transfers	(6,734)	0	(6,734)	6,734
Total General Revenues and Transfers	928,728	32,569	961,297	27,543
CHANGES IN NET ASSETS	(127,099)	300,693	173,594	197,994
NET ASSETS - BEGINNING	3,853,909	8,061,488	11,915,397	1,993,675
NET ASSETS - ENDING	3,726,810	8,362,181	12,088,991	2,191,669

See accompanying notes to financial statements.

**CITY OF EDMONTON, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash on Hand and in Banks	832,578	44,096	876,674
Investments	0	0	0
Receivables, Net of Allowance for Uncollectible Accounts			
Property Taxes	4,337	0	4,337
Due from Other Funds	1,103,898	0	1,103,898
Due from Other Governments	12,000	1,827	13,827
Restricted Assets - Cash and Savings			
Sinking Funds	24,504	0	24,504
Funded Depreciation	40,494	0	40,494
TOTAL ASSETS	<u>2,017,811</u>	<u>45,923</u>	<u>2,063,734</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	7,904	0	7,904
Payroll Withholdings	20,725	0	20,725
Accrued Expenses - Vacation	27,938	0	27,938
Total Liabilities	<u>56,567</u>	<u>0</u>	<u>56,567</u>
FUND BALANCES			
Reserved	64,998	45,923	110,921
Unreserved	1,896,246	0	1,896,246
Total Fund Balances	<u>1,961,244</u>	<u>45,923</u>	<u>2,007,167</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>2,017,811</u>	<u>45,923</u>	<u>2,063,734</u>

See accompanying notes to financial statements.

**CITY OF EDMONTON, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total Fund Balances – Total Governmental Funds **2,007,167**

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

Capital assets of \$5,242,589, net of accumulated depreciation of (\$1,624,235), are not current financial resources and, therefore, are not reported in the funds. See Note 3 for additional details. 3,618,354

Long-term liabilities of (\$1,898,711) are not due and payable in the current period and are not reported in the funds. See Note 3 for additional details. (1,898,711)

Net Assets of Governmental Activities **3,726,810**

See accompanying notes to financial statements.

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	80,292	0	80,292
Occupational Licenses and Taxes	664,594	0	664,594
Insurance Premiums Tax	167,733	0	167,733
Franchise Fees	9,216	0	9,216
Intergovernmental Revenue	59,819	31,942	91,761
Penalties and Fines	454	0	454
Parks and Recreation Income	43,541	0	43,541
Other	4,764	0	4,764
Total Revenues	<u>1,030,413</u>	<u>31,942</u>	<u>1,062,355</u>
EXPENDITURES			
Current			
General Government	191,623	0	191,623
Public Safety			
Police	444,677	0	444,677
Fire	35,489	0	35,489
E911	69,354	0	69,354
Street Department	0	4,610	4,610
Parks and Recreation	232,739	0	232,739
Capital Outlay	52,353	0	52,353
Debt Service			
Principal	175,778	0	175,778
Interest	88,382	0	88,382
Agent Fees	9,916	0	9,916
Total Expenditures	<u>1,300,311</u>	<u>4,610</u>	<u>1,304,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(269,898)</u>	<u>27,332</u>	<u>(242,566)</u>
OTHER FINANCING SOURCES (USES)			
Interest Income	8,863	0	8,863
Grant Proceeds	33,965	0	33,965
Transfer Out	(6,734)	0	(6,734)
Total Other Financing Sources	<u>36,094</u>	<u>0</u>	<u>36,094</u>
NET CHANGES IN FUND BALANCES	<u>(233,804)</u>	<u>27,332</u>	<u>(206,472)</u>
FUND BALANCES - BEGINNING	<u>2,195,048</u>	<u>18,591</u>	<u>2,213,639</u>
FUND BALANCES - ENDING	<u>1,961,244</u>	<u>45,923</u>	<u>2,007,167</u>

See accompanying notes to financial statements.

CITY OF EDMONTON, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010

Net Changes in Fund Balances – Total Governmental Funds

Amounts reported for *governmental activities* in the statement of activities are different because: **(206,472)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of (\$148,758) exceeded capital outlays of \$52,353 in the current period. See Note 3 for additional details. (96,405)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount of debt payments was \$175,778. See Note 3 for additional details. 175,778

Change in Net Assets of Governmental Activities **(127,099)**

See accompanying notes to financial statements.

**CITY OF EDMONTON, KENTUCKY
BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2010**

ASSETS	Enterprise Funds			
	Water	Sewer	Natural Gas	Total
CURRENT ASSETS				
Cash on Hand and in Banks	767,736	60,898	567,611	1,396,245
Investments	0	0	364,494	364,494
Receivables, Net of Allowance for Uncollectible Accounts				
Trade Accounts	134,588	12,253	41,469	188,310
Internal Receivable	239,679	0	124,237	363,916
Current Refunding, Net of Accumulated Amortization	0	0	644	644
Total Current Assets	<u>1,142,003</u>	<u>73,151</u>	<u>1,098,455</u>	<u>2,313,609</u>
RESTRICTED ASSETS				
Cash and Savings				
Sinking Funds	333,359	4,470	0	337,829
Funded Depreciation	276,348	0	0	276,348
Other Cash	322,152	0	0	322,152
Total Restricted Assets	<u>931,859</u>	<u>4,470</u>	<u>0</u>	<u>936,329</u>
NON-CURRENT ASSETS				
Loan and Bond Issuance Costs, Net of Accumulated Amortization	44,241	0	8,492	52,733
Capital Assets				
Land	14,363	1,500	0	15,863
Other Capital Assets, Net of Accumulated Depreciation	7,106,899	1,306,566	1,740,942	10,154,407
Deposits	85	0	0	85
Total Non-Current Assets	<u>7,165,588</u>	<u>1,308,066</u>	<u>1,749,434</u>	<u>10,223,088</u>
 TOTAL ASSETS	 <u>9,239,450</u>	 <u>1,385,687</u>	 <u>2,847,889</u>	 <u>13,473,026</u>

LIABILITIES AND FUND EQUITY	Enterprise Funds			
	Water	Sewer	Natural Gas	Total
CURRENT LIABILITIES				
Accounts Payable	56,143	508	15,124	71,775
Accrued Expenses				
School Tax	3,612	0	1,623	5,235
Sales Tax	2,038	177	738	2,953
Vacation Accrual	13,043	1,829	21,412	36,284
Meter Deposits	217,427	0	128,571	345,998
Current Portion of Loans Payable	3,000	0	77,000	80,000
Internal Payable	1,046,969	239,679	181,166	1,467,814
Total Current Liabilities	<u>1,342,232</u>	<u>242,193</u>	<u>425,634</u>	<u>2,010,059</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Accrued Interest	57,480	2,280	1,183	60,943
Current Portion of Revenue Bonds	79,600	1,700	0	81,300
Total Liabilities Payable From Restricted Assets	<u>137,080</u>	<u>3,980</u>	<u>1,183</u>	<u>142,243</u>
NON-CURRENT LIABILITIES				
Long-Term Portion of Financing Revenue Bonds Payable	2,368,943	99,600	0	2,468,543
Loans Payable - Kentucky League of Cities	0	0	490,000	490,000
Total Non-Current Liabilities	<u>2,368,943</u>	<u>99,600</u>	<u>490,000</u>	<u>2,958,543</u>
TOTAL LIABILITIES	<u>3,848,255</u>	<u>345,773</u>	<u>916,817</u>	<u>5,110,845</u>
FUND EQUITY				
Retained Earnings				
Restricted for Debt Service	931,859	4,470	0	936,329
Unrestricted	4,459,336	1,035,444	1,931,072	7,425,852
Total Fund Equity	<u>5,391,195</u>	<u>1,039,914</u>	<u>1,931,072</u>	<u>8,362,181</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>9,239,450</u>	<u>1,385,687</u>	<u>2,847,889</u>	<u>13,473,026</u>

See accompanying notes to financial statements.

CITY OF EDMONTON, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds			
	Water	Sewer	Natural Gas	Total
OPERATING REVENUES				
Charges for Services	1,425,462	133,811	1,360,239	2,919,512
Miscellaneous	61,179	3,377	26,439	90,995
Total Operating Revenues	<u>1,486,641</u>	<u>137,188</u>	<u>1,386,678</u>	<u>3,010,507</u>
OPERATING EXPENSES				
Salaries and Wages	224,035	34,271	224,327	482,633
Gas Purchased	0	0	774,245	774,245
Water Purchased	487,795	0	0	487,795
Chemicals	2,950	13,677	0	16,627
Utilities and Telephone	38,311	33,263	7,284	78,858
Materials and Supplies	70,651	8,480	7,514	86,645
Auto Expense	20,465	6,296	13,337	40,098
Insurance	86,505	11,114	73,915	171,534
Postage and Freight	7,000	1,287	5,731	14,018
Depreciation	237,932	47,212	75,831	360,975
Legal and Accounting	6,395	2,125	7,518	16,038
Payroll Taxes and Retirement	52,463	7,887	52,288	112,638
Miscellaneous Expenses	24,972	11,369	12,585	48,926
Bad Debt Expense	23,754	7,317	6,957	38,028
Total Operating Expenses	<u>1,283,228</u>	<u>184,298</u>	<u>1,261,532</u>	<u>2,729,058</u>
OPERATING INCOME (LOSS)	<u>203,413</u>	<u>(47,110)</u>	<u>125,146</u>	<u>281,449</u>
NON-OPERATING REVENUES (EXPENSES)				
Grant Income	127,092	22,484	0	149,576
Interest Income	17,556	759	14,254	32,569
Bond Interest	(117,795)	(4,597)	0	(122,392)
Discount and Issuance Cost Amortization	(1,755)	0	(3,975)	(5,730)
Infrastructure Loan Interest	(284)	0	(27,873)	(28,157)
Loan Fees	(12)	0	(6,610)	(6,622)
Total Non-Operating Revenues (Expenses)	<u>24,802</u>	<u>18,646</u>	<u>(24,204)</u>	<u>19,244</u>
NET INCOME (LOSS)	<u>228,215</u>	<u>(28,464)</u>	<u>100,942</u>	<u>300,693</u>
RETAINED EARNINGS - BEGINNING	<u>5,162,980</u>	<u>1,068,378</u>	<u>1,830,130</u>	<u>8,061,488</u>
RETAINED EARNINGS - ENDING	<u>5,391,195</u>	<u>1,039,914</u>	<u>1,931,072</u>	<u>8,362,181</u>

See accompanying notes to financial statements.

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Enterprise Funds			
	Water	Sewer	Natural Gas	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	1,408,776	138,999	1,376,057	2,923,832
Cash Payments to Suppliers for Goods and Services	(811,105)	(94,823)	(986,217)	(1,892,145)
Cash Payments to Employees for Services	(276,392)	(41,548)	(275,471)	(593,411)
Other Operating Revenues	<u>61,179</u>	<u>3,377</u>	<u>26,439</u>	<u>90,995</u>
Net Cash Provided by Operating Activities	<u>382,458</u>	<u>6,005</u>	<u>140,808</u>	<u>529,271</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant Proceeds Received	127,092	22,484	0	149,576
Acquisition of Capital Assets	(150,258)	(24,296)	(11,853)	(186,407)
Payments on				
Revenue Bonds	(78,900)	(1,700)	0	(80,600)
Kentucky Infrastructure Authority	(3,000)	0	(27,000)	(30,000)
Kentucky League of Cities	0	0	(50,000)	(50,000)
Interest Paid on Revenue Bonds and Notes Payable	(120,007)	(4,636)	(27,369)	(152,012)
Net Cash Used by Capital and Related Financing Activities	<u>(225,073)</u>	<u>(8,148)</u>	<u>(116,222)</u>	<u>(349,443)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	<u>17,556</u>	<u>759</u>	<u>5,887</u>	<u>24,202</u>
Net Cash Provided by Investing Activities	<u>17,556</u>	<u>759</u>	<u>5,887</u>	<u>24,202</u>
NET INCREASE (DECREASE) IN CASH	174,941	(1,384)	30,473	204,030
CASH - BEGINNING OF YEAR	<u>592,795</u>	<u>62,282</u>	<u>537,138</u>	<u>1,192,215</u>
CASH - END OF YEAR	<u>767,736</u>	<u>60,898</u>	<u>567,611</u>	<u>1,396,245</u>

	Enterprise Funds			
	Water	Sewer	Natural Gas	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	203,413	(47,110)	125,146	281,449
Adjustments for Items not Providing or Using Cash				
Depreciation	237,932	47,212	75,831	360,975
(Increase) Decrease in				
Receivables, Net of Allowance				
Trade Accounts	(16,686)	5,188	15,818	4,320
Due from Other Funds	0	0	(3,296)	(3,296)
Restricted Assets - Cash and Savings				
Sinking Funds	18,832	(56)	0	18,776
Funded Depreciation Funds	(17,355)	0	0	(17,355)
Other Cash	(21,861)	0	(7,912)	(29,773)
Increase (Decrease) in				
Accounts Payable	17,766	229	(16,771)	1,224
Accrued Expenses				
School Tax	264	0	(228)	36
Sales Tax	485	(68)	(471)	(54)
Vacation Accrual	106	610	1,144	1,860
Meter Deposits	6,266	0	1,547	7,813
Due to Other Funds	(46,704)	0	(50,000)	(96,704)
Net Cash Provided by Operating Activities	<u>382,458</u>	<u>6,005</u>	<u>140,808</u>	<u>529,271</u>

See accompanying notes to financial statements.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The City of Edmonton was chartered in 1860. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police fire, and E911 dispatching); highways and streets; water, sewer, and natural gas utilities and public improvements; planning and zoning, parks and recreation, and general administrative services.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statements No. 14 and No. 39 of the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The entity that has been included as a discretely presented component unit in the City's financial statements is as follows:

Edmonton-Metcalf Industrial Development Authority - accounts for revenues and expenditures of industrial development activities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONCLUDED

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States as applicable to government units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements, in which case GASB prevails.

Beginning July 1, 2003, the City changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*. As part of the implementation of GASB Statement No. 34, the City is encouraged, but not required, to report major general infrastructure assets retroactively. Thus, the historical cost of infrastructure assets prior to July 1, 2003, is not included as part of the governmental capital assets reported in the government-wide financial statements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of the City's component unit also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include property taxes, franchise taxes (fees), and intergovernmental revenues. In general, other revenues are recognized when cash is received. See Note 3 for related information.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - CONCLUDED

of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed. See Note 3 for information describing restricted assets.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The City reports the following major governmental funds:

General Fund – reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

The City reports the following non-major governmental funds:

Municipal Road Aid Fund – accounts for the revenues and expenditures of Kentucky gas tax refunds.

LGEA Fund – accounts for the revenues and expenditures for mineral severance tax.

Proprietary Funds

The City reports the following major enterprise funds:

Water Fund – accounts for the operating activities of the City's water utilities services.

Sewer Fund – accounts for the operating activities of the City's sewer utilities services.

Natural Gas Fund – accounts for the operating activities of the City's natural gas utilities services.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

The City's cash consists of cash on hand and demand deposits. It is the policy of the City of Edmonton to invest public funds in a manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the City of Edmonton and conforming to all state statutes and the City of Edmonton regulations governing the investment of public funds. Additional cash and investment information is presented in Note 3.

Capital Assets and Depreciation

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlays occur. The

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY - CONCLUDED

Capital Assets and Depreciation - Concluded

costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized, but are expensed as incurred.

Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is reported in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Infrastructure	25-50
Improvements, other than Buildings	20-25
Equipment and Furnishings	5-10
Vehicles	3-10

For information describing capital assets, see Note 3.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts, or premiums, and the difference between the requisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Additional information regarding long-term debt is shown in Note 3.

Fund Equity

The governmental fund financial statements report a reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

REVENUES, EXPENDITURES, AND EXPENSES

Property Taxes

Property taxes are recognized as revenue to the extent they are both measurable and available.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Generally, after one year of service, employees are entitled to all accrued vacation leave upon termination. The estimated liability for vested vacation benefits attributable to the City's governmental funds is recorded as an expenditure and a liability in the respective funds.

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

REVENUES, EXPENDITURES, AND EXPENSES - CONCLUDED

Compensated Absences - Concluded

Unpaid accumulated sick leave is not recorded due to the contingent nature of the liability. The amount is earned, but only to be taken subject to the employee's illness. No amount is due upon termination. The accumulated potential amount is \$119,919 at June 30, 2010.

ECONOMIC DEPENDENCY

The City of Edmonton, Kentucky, purchases its natural gas from Atmos Energy and purchases its water from the City of Glasgow, Kentucky. Due to the nature of the infrastructure system, the City of Edmonton, Kentucky, is economically dependent on these two suppliers. The infrastructure system of the City's enterprise funds serves residents of Edmonton and Metcalfe County.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budget Policy and Practice

The Mayor submits an annual budget to the City Council in accordance with the City Charter and Kentucky Revised Statutes. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the City Council adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council. Total expenditures for a fund may not legally exceed the total appropriations. There were seven revisions to the budget during the year ended June 30, 2010. Annual budgets for all governmental fund types were adopted on a basis consistent with accounting principles generally accepted in the United States.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT

ASSETS

CASH DEPOSITS AND INVESTMENTS

In March 2003, the GASB issued Statement No. 40, *Deposits and Investment Risk Disclosures*, which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB Statement No. 3) focused only on custodial credit risk. GASB Statement No. 40 addresses not only custodial credit risk, but other common areas of investment risk as well, including interest rate risk, credit risk, and concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the City may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. The City's investment policy dictates that all cash maintained in any financial institution named as a depository be collateralized, the collateral held in the name of the City, and that investments be registered in the name of the City. Collateral must be held by an independent third-party custodian.

At June 30, 2010, City of Edmonton, Kentucky's (book) deposits were \$3,638,634, and the bank balance was \$3,720,509 at Edmonton State Bank. The FDIC insures demand deposits under one custodian up to \$250,000 at one institution, and time deposits are insured for another \$250,000. Bond interest and sinking fund accounts are insured up to \$250,000 per beneficial interest. At June 30, 2010, the City had funds of \$2,970,509 in excess of FDIC limits, which were collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City.

The Edmonton-Metcalf Industrial Development Authority has a bank account balance of \$49,579 and certificates of deposits totaling \$32,994. These amounts do not exceed FDIC insurance limits and are held for an entity separate from the City of Edmonton.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The City's formal investment policy does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than two years from the date of purchase. However, the City may collateralize its repurchase agreements using longer dated investments in securities exceeding five years to maturity. Reserve funds may be invested in securities exceeding five years, if maturities of the investments are made to coincide as nearly as practicable with the expected use of the funds.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard outlined in the City's investment policy to ensure that (a) due diligence is exercised in accordance with State law,

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

ASSETS - CONTINUED

CASH DEPOSITS AND INVESTMENTS - CONTINUED

Credit Risk - Concluded

(b) any negative deviations are reported timely, and (c) reasonable action is taken to control any adverse developments.

Concentration of Credit Risk

The City recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to issuer default, market price changes, or closing investments prior to maturity due to unanticipated cash flow needs. Diversification of the City's investment portfolio by institution, type of investment instrument, and term to maturity is the primary method to minimize investment risk.

The funds of the City of Edmonton available for investment shall be invested in accordance with the City's investment policy and all applicable state statutes only in the following types of investment instruments:

1. Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine Bonds.
3. Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.
4. Certificates of deposit issued by, or other interest-bearing accounts of, any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by section 41.240(4) of the Kentucky Revised Statutes.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

ASSETS - CONTINUED

CASH DEPOSITS AND INVESTMENTS – CONTINUED

5. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency.
6. Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
7. Commercial paper rated in the highest category by a nationally recognized rating agency.
8. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
9. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.
10. Shares of mutual funds, each of which shall have the following characteristics:
 - a. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years.
 - c. All of the securities in the mutual fund shall be eligible investments under this section.

For purposes of the cash flow statement, cash consists of all enterprise fund bank accounts excluding restricted assets.

CITY OF EDMONTON, KENTUCKY
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

ASSETS - CONTINUED

CASH DEPOSITS AND INVESTMENTS - CONTINUED

	Purchase Date
General Fund	
Operating Fund	----
Park	----
Municipal Insurance	----
Bond Fund 2000 - General Obligation	----
Debt Reserve/Deposit - General Obligation	----
Municipal Road Aid	----
LGEA Fund - Savings	----
Water Fund	
Water Operations	----
Clearing Account	----
Tobacco Development Fund - KIA	----
Investment in Certificates of Deposit	11-25-09
Edmonton Water & Sewer Bond Fund - Series 1980	----
Edmonton Water & Sewer Bond Fund - 1980	----
Depreciation Fund - Savings	----
Bond Savings - 1990	----
1995 Southwest Water Project	----
1996 Series Downtown Project	----
Natural Gas Fund	
Gas Revenue Fund	----
Maintenance and Operations	----
Certificate of Deposit - Gas Revenue Fund	2-07-10
Clearing Account	----
Bank One	----
Sewer Fund	
Sewer Operations	----
Clearing Account	----
Bond Series of 2000	----
Industrial Fund - Component Unit	
Industrial Fund	----
Certificates of Deposit - Industrial Fund	3-01-10

Maturity Date	Interest Rate	Cost	Fair Value 6-30-10
----	Variable	47,856	47,856
----	Variable	219,458	219,458
----	Variable	565,264	565,264
----	Variable	24,504	24,504
----	Variable	40,494	40,494
		<u>897,576</u>	<u>897,576</u>
----	----	<u>34,912</u>	<u>34,912</u>
----	Variable	<u>9,184</u>	<u>9,184</u>
----	Variable	725,896	725,896
----	Variable	41,740	41,740
11-25-10	Variable	26,276	26,276
----	2.60%	295,877	295,877
----	----	1,247	1,247
----	Variable	236,952	236,952
----	Variable	276,348	276,348
----	Variable	31,450	31,450
----	Variable	22,581	22,581
----	Variable	41,129	41,129
		<u>1,699,496</u>	<u>1,699,496</u>
----	Variable	492,315	492,315
----	Variable	32,570	32,570
2-07-11	2.75%	364,494	364,494
----	----	42,718	42,718
----	----	8	8
		<u>932,105</u>	<u>932,105</u>
----	Variable	56,782	56,782
----	Variable	4,117	4,117
----	Variable	4,470	4,470
		<u>65,369</u>	<u>65,369</u>
----	Variable	49,578	49,578
3-01-11	2.60%	32,994	32,994
		<u>82,572</u>	<u>82,572</u>
		<u>3,721,214</u>	<u>3,721,214</u>

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

ASSETS - CONTINUED

RECEIVABLES

General Fund

Property Taxes – The City bills and collects its own property taxes. The City elects to use the annual property assessment prepared by the Metcalfe County Property Valuation Administrator as its base to apply the property tax rate. According to Kentucky Revised Statutes, the assessment date for the City must conform to the assessment date of Metcalfe County, and the annual increase in the property tax levy cannot exceed 4%. For the year ended June 30, 2010, taxes were levied on November 1, 2009, and due and payable on February 28, 2010. A 2% discount is given if paid by January 31. A penalty of 10% is charged for the month of March and 10% each month thereafter until they are paid. The tax rates are set by ordinance each year and were .77 per \$100 of assessed valuation of real property and .77 per \$100 of assessed valuation of personal property. Liens are placed on property for delinquent taxes. All property taxes receivable at June 30 are considered delinquent. As of June 30, 2010, the receivable for property taxes was \$4,337.

Enterprise Fund Receivables and Uncollectible Accounts

Significant receivables include amounts due from customers, primarily for utility services. Certain enterprise funds reports accounts receivable, net of allowance for uncollectible accounts. The allowance is estimated using an amount equal to all inactive accounts.

Following is a summary of the accounts receivable and allowances for uncollectible accounts as of June 30, 2010:

	Water	Natural Gas	Sewer	Total Enterprise Funds
Accounts Receivable	222,648	101,798	30,414	354,860
Allowance for Uncollectibles	<u>88,060</u>	<u>60,329</u>	<u>18,161</u>	<u>166,550</u>
Accounts Receivable, Net	<u>134,588</u>	<u>41,469</u>	<u>12,253</u>	<u>188,310</u>

RESTRICTED ASSETS

Certain fund assets are restricted for construction funded through long-term debt. Net assets restricted for debt service include the excess of assets over certain liabilities restricted for the debt service or revenue bonds. Restricted assets are also reported in various funds for cash deposited in bank accounts legally restricted for specified uses, such as the payment of debt service and fiscal fees on long-term debt or mortgage loans. See Note 1 describing priority for use of restricted and unrestricted assets.

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

ASSETS - CONTINUED

CAPITAL ASSETS

Depreciation is recorded on all of the capital assets except for land, which is not a depreciable asset. Governmental activities include construction funded with general obligation bonds and debts. Business-type activities include construction funded with revenue bonds payable and other charges. Following is a summary of changes in capital assets.

	Balance 6-30-09	Additions	Deletions	Balance 6-30-10
PRIMARY GOVERNMENT				
Governmental Activities				
Land	1,718,129	5,560	---	1,723,689
Land Improvements	7,700	---	---	7,700
Buildings and Improvements	1,330,047	---	---	1,330,047
Equipment and Furnishings	276,510	23,176	---	299,686
Vehicles	668,196	---	---	668,196
Streets and Sidewalks	287,979	---	---	287,979
Municipal Park	901,654	23,617	---	925,271
	<u>5,190,215</u>	<u>52,353</u>	<u>0</u>	<u>5,242,568</u>
Less Accumulated Depreciation	<u>1,475,457</u>	<u>148,757</u>	<u>---</u>	<u>1,624,214</u>
Governmental Activities Capital Assets, Net	<u>3,714,758</u>	<u>(96,404)</u>	<u>0</u>	<u>3,618,354</u>
Business-type Activities				
Land	15,863	---	---	15,863
Buildings and Improvements	15,421,633	158,520	---	15,580,153
Equipment	514,556	---	---	514,556
Vehicles	203,484	27,885	---	231,369
	<u>16,155,536</u>	<u>186,405</u>	<u>0</u>	<u>16,341,941</u>
Less Accumulated Depreciation	<u>5,810,696</u>	<u>360,975</u>	<u>---</u>	<u>6,171,671</u>
Business-type Activities Capital Assets, Net	<u>10,344,840</u>	<u>(174,570)</u>	<u>0</u>	<u>10,170,270</u>
COMPONENT UNIT				
Industrial Development				
Land	219,097	---	32,000	187,097
Buildings	253,243	248,602	---	501,845
Electrical Transmission Line	1,647,755	---	---	1,647,755
	<u>2,120,095</u>	<u>248,602</u>	<u>32,000</u>	<u>2,336,697</u>
Less Accumulated Depreciation	<u>162,711</u>	<u>49,920</u>	<u>---</u>	<u>212,631</u>
Industrial Development Capital Assets, Net	<u>1,957,384</u>	<u>198,682</u>	<u>32,000</u>	<u>2,124,066</u>

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

ASSETS - CONCLUDED

DEPRECIATION EXPENSE

Depreciation expense was charged to governmental functions as follows:

PRIMARY GOVERNMENT	
Governmental Activities	
General Government	52,774
Public Safety	
Police	29,359
Fire	0
E911	0
Streets	0
Parks and Recreation	<u>66,624</u>
Total Depreciation Expense – Governmental Activities	<u>148,757</u>
 Business-type Activities	
Water	237,932
Sewer	47,212
Natural Gas	<u>75,831</u>
Total Depreciation Expense – Business-type Activities	<u>360,975</u>
TOTAL DEPRECIATION EXPENSE – PRIMARY GOVERNMENT	<u>509,732</u>
 COMPONENT UNIT	
Industrial Development	<u>49,920</u>

LIABILITIES

CAPITAL LEASES - GOVERNMENTAL ACTIVITIES

Lease Obligation

On October 10, 2002, the City entered into an annually renewable lease agreement with the Kentucky Area Development District Financing Trust. The total amount of the lease was \$430,000 payable in annual principal installments beginning November 20, 2003, and semi-annual interest payments due May 20 and November 20. The lease bears interest at a variable rate ranging from 2.9% to 4.8% and matures November 20, 2022. The proceeds were used to construct a new City Hall building. At the end of the lease, the building will be transferred to the City of Edmonton. The balance of the lease at June 30, 2010, was \$315,000.

On May 15, 2005, the City entered into an annually renewable lease agreement with Musco Sports Lighting, LLC. The total amount of the lease was \$414,500 payable in annual principal and interest installments beginning May 15, 2006. The lease bears interest at 5.538%. The proceeds were used to construct lighting at the municipal park. At the end of the lease, the lights will transfer to the City of Edmonton. The lease term is for ten years. The balance of the lease at June 30, 2010, was \$235,010.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

CAPITAL LEASES - GOVERNMENTAL ACTIVITIES - CONCLUDED

General Obligation Lease

On November 23, 2003, the City entered into an annually renewable lease agreement with the Kentucky League of Cities Funding Trust. The total amount of the lease was \$1,345,000 payable in monthly principal and interest installments beginning January 15, 2004, and ending December 15, 2023. The lease bears interest at 4.07%. The proceeds were used to construct a municipal park. At the end of the lease agreement, the park will be transferred to the City of Edmonton. The balance of the lease at June 30, 2010, was \$1,043,566.

On January 26, 2006, the City entered into an annually renewable lease agreement with the Kentucky League of Cities Funding Trust. The total amount of the lease was \$140,000 payable in monthly principal and interest installments beginning March 1, 2006. The lease bears interest at 3.96%. The term of the lease is for five years. The proceeds were used to purchase seven new police cruisers. At the end of the lease agreement, the vehicles will be transferred to the City of Edmonton. The balance of the lease at June 30, 2010, was \$22,373.

Special Obligation Lease

On November 23, 2003, the City entered into an annually renewable lease agreement with the Kentucky League of Cities Funding Trust. The total amount of the lease was \$155,000 payable in monthly principal and interest installments beginning January 15, 2004, and ending December 15, 2023. The lease bears interest at 4.07%. The proceeds were used to construct a municipal park. At the end of the lease agreement, the park will be transferred to the City of Edmonton. The balance of the lease at June 30, 2010, was \$120,262.

GENERAL OBLIGATION BOND – GOVERNMENTAL ACTIVITIES

2000 Issue

The general obligation bond of 2000 was issued to Rural Development on November 15, 2000, in the amount of \$370,000. The proceeds from this bond issue were used to purchase a fire truck. This bond matures each January 1 beginning in 2002 and ending in 2015. The bond bears interest at the rate of 5-1/8%. As of June 30, 2010, \$162,500 was outstanding.

Bond Sinking Fund Requirements

The 2000 bond issue requires monthly transfers to a separate account in order to meet annual and semi-annual bond payments. The required monthly transfers from the general fund account shall continue in amounts equal to one-twelfth (1/12th) of the annual interest requirement plus one-twelfth (1/12th) of the annual principal requirement. The required transfers were sufficient for the year ended June 30, 2010. Listed on the following page is a five-year schedule of sinking fund requirements for the general fund.

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

GENERAL OBLIGATION BOND - GOVERNMENTAL ACTIVITIES - CONCLUDED

Bond Sinking Fund Requirements - Concluded

	Interest	Principal	Annual Requirement
June 30, 2011	8,328	29,500	37,828
June 30, 2012	6,816	31,000	37,816
June 30, 2013	5,228	32,500	37,728
June 30, 2014	3,562	34,000	37,562
June 30, 2015	<u>1,819</u>	<u>35,500</u>	<u>37,319</u>
	<u>25,753</u>	<u>162,500</u>	<u>188,253</u>

Depreciation Fund

There shall be maintained so long as the 2000 bonds remain outstanding, a separate depreciation fund. The required monthly transfer from the general fund to the depreciation fund is in the amount of \$316.66, until there is established and maintained in said depreciation fund the sum of \$38,000. As of June 30, 2010, the depreciation fund balance was \$40,494. Monthly transfers were completed as required.

LOANS PAYABLE - BUSINESS-TYPE ACTIVITIES

Kentucky Infrastructure Authority

The City obtained financing from the Kentucky Infrastructure Authority (KIA), the proceeds of which were used to finance improvements and extensions to the Water and Gas Systems of the City. The loan was restructured twice: Once in January 2003, resulting in a current refunding of \$10,957, being amortized over 102 months; and again in August 2004, resulting in a current refunding of \$4,492, being amortized over eighty-one months. Total amortization for the year ended June 30, 2010, was \$1,954. The loan bears interest at rates varying from 2.25% to 4.84%. Monthly installments of principal, interest, and service fees are due the first of each month through June 1, 2011. The balance of the loan at June 30, 2010, was \$30,000.

Kentucky League of Cities

There is a loan payable to Kentucky League of Cities. Proceeds from the loans are being used to finance extensions to the gas system of the City. The loan balance was \$540,000 as of June 30, 2010. The interest is 4.18% per annum and is payable in semi-annual installments of principal and interest through December 15, 2018.

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES

Revenue bonds outstanding consist of debt issued by the various utility funds. In general, the respective facilities and revenues derived from them are pledged for the payment of revenue bond debt service.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

1980, 1982, and 1984 Issues

The following issues have been assigned to Berkadia Commercial Mortgage Corporation by Farmers Home Administration in prior years. These bonds mature each January 1 through 2031 and bear interest at the rate of 5%, with the following amounts due as of June 30, 2010:

1980 Issue	40,500
1982 Issue - Series A	83,000
1982 Issue - Series B	45,000
1982 Issue - Series C	30,500
1984 Issue	393,943

1990 Issue

The water and sewer revenue bond of 1990 was issued to FmHA -- now Rural Development (RD) -- on September 17, 1992, in the amount of \$373,000. This bond matures each January 1 through 2031 and bears interest at the rate of 5%, with \$282,000 due as of June 30, 2010.

1993 Issue

The water and sewer revenue bond of 1993 was issued to RD on August 12, 1993, in the amount of \$331,000. The proceeds from this bond issue were used to retire interim financing provided by the Kentucky Infrastructure Authority. This bond matures each January 1 beginning in 1996 and ending in 2033. The bond bears interest at the rate of 5%, with \$264,000 due as of June 30, 2010.

1995 Issue

The water and sewer revenue bond of 1995 was issued to RD on April 25, 1996, in the amount of \$444,000. The proceeds from this bond issue were used to retire interim financing provided for water line extension projects. This bond matures each January 1 beginning in 1998 and ending in 2035. The bond bears interest at the rate of 4.5%, with \$371,000 due as of June 30, 2010.

1996 Issue

The water and sewer revenue bond of 1996 was issued to RD on June 23, 1997, in the amount of \$221,000. The proceeds from this bond issue were used to retire interim financing provided for water line extension projects. This bond matures each January 1 beginning in 1998 and ending in 2035. The bond bears interest at the rate of 4.5%, with \$181,600 due as of June 30, 2010.

2000 Issue

The water and sewer revenue bond series of 2000 was issued to RD on August 9, 2000, in the amount of \$114,000. The proceeds from this bond issue were used for sewer infrastructure expansion. This bond matures each January 1 beginning in 2002 and ending in 2039. The bond bears interest at the rate of 4.5%, with \$101,300 due as of June 30, 2010.

2002 Issue

The water revenue bond series of 2002 was issued to RD on March 20, 2003, in the amount of \$814,000. The proceeds were used to retire interim financing provided for water line extension

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

2002 Issue - Concluded

projects. The bond matures each January 1 beginning in 2005 and ending in 2042. The bond bears interest at the rate of 4.5%, with \$757,000 due as of June 30, 2010.

There were heretofore created in the prior bond ordinance the following funds and accounts for the City of Edmonton:

- a) Water and Sewer Revenue Fund
- b) 1980 Sinking Fund
- c) 1990 Sinking Fund
- d) Water and Sewer Depreciation Fund
- e) Water and Sewer Operation and Maintenance Fund

All of the funds shall be maintained with the depository bank so long as any bonds remain outstanding.

All proceedings preliminary to and in connection with the issuance of the outstanding bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the outstanding bonds; (ii) the operation of the system on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the system; (iv) the enforcement and payment of the outstanding bonds and (v) the depreciation of the system; and all other covenants for the benefit of bond owners set out in the prior bond ordinance, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the outstanding bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the current bonds, the income and revenues of the system shall be collected, segregated, accounted for and distributed are listed as follows:

Revenue Fund

The City covenants and agrees that it will continue to deposit in the revenue fund, promptly as received from time to time, all revenues of the system, as same may be extended and improved from time to time. The moneys in the revenue fund shall continue to be used, disbursed and applied by the City only for the purpose and in the manner and order of priorities specified in the prior bond ordinance, as hereinafter modified by this ordinance, all as permitted by the act, and in accordance with previous contractual commitments.

First Lien Sinking Fund (1980 Sinking Fund)

There shall be transferred from the revenue fund and deposited into the first lien sinking fund on or before the 1st day of each month, for payment of interest on and principal of the series 1980 bonds, a monthly amount equal to the total of the following:

1. A sum equal to one-sixth (1/6) of the interest requirements becoming due on the First Lien Bonds on the next succeeding interest due date, plus
2. A sum equal to one-twelfth (1/12) of the principal becoming due on the First Lien Bonds on the next succeeding January 1.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

First Lien Sinking Fund (1980 Sinking Fund) - Concluded

Said first lien sinking fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the series bonds.

Second Lien Sinking Fund (1990 Sinking Fund)

After the monthly transfers required in the preceding paragraphs have been paid from the revenue fund, there shall next be transferred monthly from said revenue fund and deposited into the second lien sinking fund on or before the 1st day of each month, for payment of interest on and principal of the Second Lien Bonds and the Series 2002 Bonds, a sum equal to the total of the following:

1. An amount equal to one-twelfth (1/12) of the requirements becoming due on the Second Lien Bonds and the Series 2002 Bonds on the next succeeding January 1, plus
2. An amount equal to one-twelfth (1/12) of the principal requirements becoming due on the Second Lien Bonds and the Series 2002 Bonds maturing on the next succeeding January 1.

Notwithstanding any provision of any other ordinances to the contrary, upon the adoption of the 2002 ordinance, any monies on deposit in any other accounts earmarked for the payment of the principal and interest requirements of the Second Lien Bonds shall be forthwith transferred to the Second Lien Bond Fund (1990 Sinking Fund).

The second lien sinking fund is hereby pledged for the payment of the interest and the principal of the current bonds and the series 1986 bonds, but subject to the vested rights and priorities of the series 1971 bonds.

Annual Debt Service Requirement	203,656
Actual Transfers	<u>221,016</u>
Excess Transfers	17,360
Beginning Balance – Sinking Funds	<u>338,265</u>
Ending Balance – Sinking Funds	<u>355,625</u>

The current year required no transfers since excess transfers in previous years had aggregated a sufficient balance in the sinking fund.

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

Second Lien Sinking Fund (1990 Sinking Fund) - Concluded

The 1986 and 1998 sinking fund requirements for the next five years are as follows:

	Interest	Principal	Annual Requirement
June 30, 2011	120,437	81,300	201,737
June 30, 2012	116,497	86,600	203,097
June 30, 2013	112,296	92,400	204,696
June 30, 2014	107,815	79,600	187,415
June 30, 2015	<u>103,979</u>	<u>84,500</u>	<u>188,479</u>
	<u>561,024</u>	<u>424,400</u>	<u>985,424</u>

So long as any balance remains outstanding and unpaid on the long-term loans to the City from the Kentucky Infrastructure Authority in accordance with the Grant/Assistance Agreements between KIA and the City, the City shall maintain a separate account to provide for the amortization of said loans in accordance with said Grant/Assistance Agreements (the "KIA Loan Account").

Following the required deposits of this Ordinance, monthly transfers shall be made from the Revenue Fund to the KIA Loan Account in the required amounts prior to the transfers for Depreciation Fund and Operations and Maintenance Fund.

If in any year the City shall, for any reason, fail to pay into said First Lien Bond Fund, Second Lien Bond Fund or the KIA Loan Account the full amounts stipulated, then an amount equivalent to one hundred ten percent (110%) of such deficiency shall be set apart and paid into said Funds from the first available income and revenues of the System in the following year or years, and said payments shall be in addition to the amount otherwise herein provided for said succeeding year or years.

Monies on deposit in said Funds may be invested in direct obligations or guaranteed bonds or securities of the United States of America having a maturity date or being subject to redemption at the option of the holder not more than five (5) years from the date of the investment therein, and all such investments, as well as income therefrom, shall be carried to the credit of the respective Fund from which the investment was made; provided, however, that all investments shall be made on such a basis so that monies will be available for the purposes for which the respective Fund was established at the times required.

Depreciation Fund

The separate and special "Depreciation Fund" previously established shall be maintained so long as any of the First Lien Bonds, Second Lien Bonds and Series 2002 Bonds remain outstanding. There shall continue to be transferred to the Depreciation Fund (i) eight percent (8%) of the balance of the income and revenues of the System remaining after the required transfers or the sum of \$200 whichever is greater, plus (ii) the sum of \$1,145 until there is established and

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

Depreciation Fund - Concluded

maintained in said Depreciation Fund the sum of \$242,800, which shall be utilized in making good any depreciation in the properties of said System and in financing extensions, additions or improvements to the System. Notwithstanding any other provisions of this Section to the contrary, the sum of not less than \$380 shall be deposited monthly so long as the Series 2002 Bonds remain outstanding. As of June 30, 2010, the depreciation fund had a balance of \$276,348, and the City was continuing to make the required transfers.

There shall also be deposited in the Depreciation Fund proceeds from the sale of any equipment no longer usable or needed, fees or charges, if any, collected from potential customers, and the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property. Monies in the Depreciation Fund shall be used for making extraordinary maintenance, repairs, renewals or replacements to the System and for paying the cost of constructing improvements or extensions to the System which will either enhance the revenue producing capacity of the System or provide a higher degree of service, and no withdrawals shall be made for any other purposes; provided, however, that monies on deposit in the Depreciation Fund shall be available for the principal and interest requirements on the First Lien Bonds, the Second Lien Bonds and the Series 2002 Bonds, if, for any reason, and whenever sufficient funds are not available in the First Lien Bond Fund or Second Lien Bond Fund.

Operation and Maintenance Fund

The separate and special account designated as the "Operation and Maintenance Fund" previously established shall be maintained so long as the First Lien Bonds, the Second Lien Bonds and the Series 2002 Bonds remain outstanding. There shall be continued to be transferred to the Operation and Maintenance Fund the balance of the Revenue Fund remaining after the required transfers hereof for the purpose of providing for the proper operation and maintenance expenses of the System, including the expense of carrying sufficient insurance on the System of a character and in amounts that will properly insure the properties and, in addition, carrying liability insurance in character and amounts deemed necessary (all of which insurance shall be carried and maintained in effect) but not limited to such expenses and establishing and maintaining a reserve equal to three (3) months' operation and maintenance expenses of such System. Transfers shall be made monthly from the Revenue Fund to the Operation and Maintenance Fund so that the various operation and maintenance expenses of such System are met and said reserve established. Any funds remaining in such Operation and Maintenance Fund after meeting the expenses of operating such System shall be transferred to the Revenue Fund and disbursed in accordance with the provisions.

All required transfers above shall be made on the 1st day of each month unless such day be Sunday or a legal holiday, in which event such transfers shall be made on the next succeeding secular day.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

Investment and Miscellaneous Provisions

All funds referred to above are to be deposited with a bank or banks which is a member or are members of the Federal Deposit Insurance Corporation and, to the extent the aggregate deposits of the City in such bank or banks exceed FDIC coverage, shall be secured by a pledge of obligations of or obligations which are fully guaranteed by the United States Government having a market value equal to the amount of such excess.

All funds referred to above may be invested in direct obligations of, or obligations which are fully guaranteed by, the United States Government with such maturities so that monies shall be available in the respective Funds for the purposes for which same are established.

The City covenants to the purchasers of the Series 2002 Bonds herein authorized that it will make no use of the proceeds of such issue of Series 2002 Bonds at any time during the term thereof which, if such use had been reasonably expected on the date of issue of such Series 2002 Bonds, would have caused such Series 2002 Bonds to be arbitrage bonds. Such covenant shall impose an obligation upon the City to comply with the requirements of the Code and throughout the term of the issue herein authorized. The word "proceeds," as used in such covenant, shall have the meaning which it has under such section of the law and under such Code and shall include all monies on deposit in all funds provided for under the Ordinance. The City hereby designates the Series 2002 Bonds as "qualified tax exempt obligations" and certifies that it does not reasonably anticipate the issuance of in excess of \$10,000,000 of its debt obligations in the calendar year in which the Series 2002 Bonds are delivered.

The City Treasurer shall be responsible for all of the various special funds established by this Ordinance and shall at all times be covered by a Fidelity Bond in accordance with the provisions of this Ordinance.

Monthly Principal and Interest Payments if Requested by the RD

In the event that USDARD is the Registered Owner of the Series 2002 Bonds, then in the event USDARD so desires, payments to USDARD from the Second Lien Bond Fund for interest and principal installments on the Second Lien Bonds and Series 2002 Bonds shall be made directly to USDARD on a monthly basis. The City shall submit the Electronic Funds Transfer Payment Enrollment Form (Form SF-3881) in order to affect Electronic Funds Transfer/Automated Clearing House ("EFT/ACH") and provide electronic transfer payments due on the Series 2002 Bond. It is provided further that so long as USDARD is the Registered Owner of the Series 2002 Bonds, monies on deposit in all of the various accounts established or affirmed by this Ordinance shall be secured as required by USDARD Regulations.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

LOAN PAYABLE – COMPONENT UNIT

Bond Subordination and Parity

The provisions of the Ordinance authorizing the First Lien Series A, B, and C 1982 Bonds made it a condition precedent to the issuance and delivery of said Series 1982 Bonds that the right of the City to issue subsequent bonds ranking on a parity with said Series 1982 Bonds be terminated. Therefore, in accordance with provisions of Section 17 of the Ordinance authorizing the Series 1982 Bonds, no bonds may be issued on the basis of parity with the Second Lien Bonds without the written consent of the Registered Owners of one hundred percent (100%) of the principal amount of said Second Lien Bonds.

Industrial Program

This loan is payable to Edmonton State Bank. Proceeds were used for land purchased for industrial sites. The loan bears interest at 4% per annum and is payable semi-annually, with final maturity on August 16, 2011. The balance of the loan at June 30, 2010, was \$14,970.

CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	Balance 6-30-09	Issued	Retired	Balance 6-30-10	Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
General Obligation Leases					
City Hall	335,000	---	20,000	315,000	20,000
Park Lighting	274,878	---	39,868	235,010	42,076
Municipal Park	1,096,501	---	52,936	1,043,565	55,614
Police Cruisers	51,246	---	28,873	22,373	22,373
Special Obligation Lease - Park	126,363	---	6,100	120,263	6,411
	<u>1,883,988</u>	<u>0</u>	<u>147,777</u>	<u>1,736,211</u>	<u>146,474</u>
General Obligation Bond	<u>190,500</u>	<u>---</u>	<u>28,000</u>	<u>162,500</u>	<u>29,500</u>
Total Governmental Activities	<u>2,074,488</u>	<u>0</u>	<u>175,777</u>	<u>1,898,711</u>	<u>175,974</u>
Business-type Activities					
Loans Payable					
KIA	60,000	---	30,000	30,000	30,000
KLC	590,000	---	50,000	540,000	50,000
	<u>650,000</u>	<u>0</u>	<u>80,000</u>	<u>570,000</u>	<u>80,000</u>
Revenue Bonds Payable					
1980 Issue	43,500	---	3,000	40,500	3,000
1982 Issue - Series A	88,500	---	5,500	83,000	6,000
1982 Issue - Series B	58,000	---	13,000	45,000	14,000
1982 Issue - Series C	34,000	---	3,500	30,500	3,500
1984 Issue	411,943	---	18,000	393,943	16,000
1990 Issue	290,000	---	8,000	282,000	8,000
1993 Issue	270,000	---	6,000	264,000	6,000
1995 Issue	378,000	---	7,000	371,000	8,000
1996 Issue	185,500	---	3,900	181,600	4,100
2000 Issue	103,000	---	1,700	101,300	1,700
2002 Issue	768,000	---	11,000	757,000	11,000
	<u>2,630,443</u>	<u>0</u>	<u>80,600</u>	<u>2,549,843</u>	<u>81,300</u>
Total Business-type Activities	<u>3,280,443</u>	<u>0</u>	<u>160,600</u>	<u>3,119,843</u>	<u>161,300</u>
COMPONENT UNIT					
Industrial Program					
Edmonton State Bank	<u>20,000</u>	<u>0</u>	<u>5,030</u>	<u>14,970</u>	<u>5,000</u>

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONTINUED

DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2010, were as follows:

PRIMARY GOVERNMENT	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities			
Capital Leases			
June 30, 2011	146,474	73,119	219,593
June 30, 2012	129,608	67,271	196,879
June 30, 2013	135,388	61,358	196,746
June 30, 2014	141,472	54,985	196,457
June 30, 2015	147,878	48,508	196,386
June 30, 2016 - 2020	565,272	161,818	727,090
June 30, 2021 - 2024	470,119	35,417	505,536
	<u>1,736,211</u>	<u>502,476</u>	<u>2,238,687</u>
General Obligation Bond			
June 30, 2011	29,500	8,328	37,828
June 30, 2012	31,000	6,816	37,816
June 30, 2013	32,500	5,228	37,728
June 30, 2014	34,000	3,562	37,562
June 30, 2015	35,500	1,819	37,319
	<u>162,500</u>	<u>25,753</u>	<u>188,253</u>
Total Governmental Activities	<u>1,898,711</u>	<u>528,229</u>	<u>2,426,940</u>
Business-type Activities			
Loans Payable			
June 30, 2011	80,000	23,475	103,475
June 30, 2012	55,000	19,960	74,960
June 30, 2013	60,000	17,557	77,557
June 30, 2014	60,000	15,049	75,049
June 30, 2015	60,000	12,541	72,541
June 30, 2016 - 2019	255,000	22,841	277,841
	<u>570,000</u>	<u>111,423</u>	<u>681,423</u>
Revenue Bonds Payable			
June 30, 2011	81,300	120,437	201,737
June 30, 2012	86,600	116,497	203,097
June 30, 2013	92,400	112,296	204,696
June 30, 2014	79,600	107,815	187,415
June 30, 2015	84,500	103,979	188,479
June 30, 2016 - 2020	476,700	455,997	932,697
June 30, 2021 - 2025	518,943	334,438	853,381
June 30, 2026 - 2030	431,800	221,487	653,287
June 30, 2031 - 2035	411,200	117,919	529,119
June 30, 2036 - 2040	204,800	47,147	251,947
June 30, 2041 - 2042	82,000	5,535	87,535
	<u>2,549,843</u>	<u>1,743,547</u>	<u>4,293,390</u>
Total Business-type Activities	<u>3,119,843</u>	<u>1,854,970</u>	<u>4,974,813</u>

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

LIABILITIES - CONCLUDED

DEBT SERVICE REQUIREMENTS - CONCLUDED

COMPONENT UNIT	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Industrial Program			
June 30, 2011	5,000	200	5,200
June 30, 2012	<u>9,970</u>	<u>400</u>	<u>10,370</u>
Total Component Unit	<u>14,970</u>	<u>600</u>	<u>15,570</u>

RISK MANAGEMENT

The City is exposed to various forms of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees, and natural disasters. Each of these risk areas is covered through the purchase of commercial insurance. There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City purchases unemployment insurance through the Kentucky League of Cities; however, risk has not been transferred to that fund. Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the City at risk for a loss contingency. Claims expenditures and liabilities would be reported in the affected fund if and when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

RECEIVABLES AND PAYABLES

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds".

Activities in which the component unit is a party are captioned as "receivables/payables" between the component unit and the primary government.

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010**

3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONCLUDED

BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY - CONCLUDED

INTERNAL RECEIVABLES AND PAYABLES

Internal receivable and payable balances at June 30, 2010, are as follows:

	Internal Receivables	Internal Payables
PRIMARY GOVERNMENT		
Governmental-type Activities		
General Fund	1,103,898	0
Business-type Activities		
Water	239,679	1,046,969
Natural Gas	124,237	181,166
Sewer	0	239,679
	<u>1,467,814</u>	<u>1,467,814</u>

TRANSFERS AND PAYMENTS

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions and funding capital asset acquisitions. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. The government-wide statement of activities eliminates transfers as reported within the governmental activities column.

There were no transfers within the reporting entity. The following schedule reports payments within the reporting entity:

Payments From PRIMARY GOVERNMENT	Payments To Component Unit – Industrial Program
Governmental Activities	
Major Governmental Fund	
General Fund	<u>6,734</u>

4. RETIREMENT PLAN COMMITMENTS

**Defined Benefit Pension Plan
County Employees' Retirement System**

The City of Edmonton is a participant in the Commonwealth of Kentucky's County Employees' Retirement System (CERS), a multiple-employer public employee retirement system. CERS is administered by Kentucky Retirement Systems Board of Trustees pursuant to KRS 78.510-78.852. All full-time employees are required to participate in the Plan as well as any part-time employees who average one hundred or more hours per month.

**CITY OF EDMONTON, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - CONCLUDED
JUNE 30, 2010**

4. RETIREMENT PLAN COMMITMENTS - CONCLUDED

**Defined Benefit Pension Plan
County Employees' Retirement System - Concluded**

Funding for the Plan is provided through payroll withholdings and participating employer contributions. Non-hazardous employees hired before September 1, 2008, are required to contribute 5%; those hired after September 1, 2008, are required to contribute 6%. Hazardous employees hired before September 1, 2008, are required to contribute 8%; those hired after September 1, 2008, are required to contribute 9%. The City is required to contribute 16.16% for non-hazardous employees and 32.97% for hazardous employees' regular compensation for the year ended June 30, 2010. Benefits under the Plan will vary based on final compensation, years of service, and other factors as fully described in the Plan documents.

The payroll for employees covered by CERS for the year ended June 30, 2010, was \$889,800; the City's total payroll was \$911,285. The contribution requirement for the year ended June 30, 2010, was \$235,486, which consisted of \$183,851 from the City and \$51,635 from employees; the contribution represented 26% of covered payroll. Employer contribution rates are intended to fund the CERS normal cost on a current basis plus 1% of unfunded past service costs per annum plus interest at the current actuarial assumed rate. Contributions required by state statute for the three most recent years are listed as follows:

	Required Contribution	Percentage Contributed
6-30-10	235,486	100%
6-30-09	213,934	100%
6-30-08	195,623	100%

Since the City is only one of many participants in the CERS, disclosure of dollar amounts of retirement system data would not be meaningful. At June 30, 2010, (the date of the most recent obtained actuarial valuation of the retirement system) the Plan's net assets available for benefits were less than the actuarial present value (based on an assumed rate of return of 7.75% per annum) of accumulated Plan benefits. For additional information and ten-year historical trend information, see the Kentucky Retirement Systems Annual Report. That report is available at www.kyret.com, or by writing to Kentucky Retirement Systems, Premier Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

5. COMPONENT UNIT - GRANT ADMINISTRATION

The City of Edmonton received and disbursed grant monies in the amount of \$230,469 on behalf of the Industrial Development Authority. The proceeds of the grants were used to construct an electrical transmission line and a spec building at the Edmonton Industrial Park. At June 30, 2010, all grant receipts for this project were disbursed. The transactions are included in the component unit column of the government-wide financial statements and in the component unit statements in the supplemental information.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts GAAP Basis	With Final Budget
REVENUES				
Property Taxes	77,500	77,500	80,292	2,792
Occupational Licenses and Taxes	665,000	665,000	664,594	(406)
Insurance Premiums Tax	200,000	200,000	167,733	(32,267)
Franchise Fees	9,000	9,000	9,216	216
Intergovernmental Revenue	55,854	55,854	59,819	3,965
Penalties and Fines	500	500	454	(46)
Parks and Recreation Income	45,000	37,000	43,541	6,541
Other	1,500	1,500	4,764	3,264
Total Revenues	<u>1,054,354</u>	<u>1,046,354</u>	<u>1,030,413</u>	<u>(15,941)</u>
EXPENDITURES				
Current				
General Government	233,408	237,585	191,623	45,962
Public Safety				
Police	394,987	394,987	444,677	(49,690)
Fire	30,000	30,000	35,489	(5,489)
E911	69,000	69,000	69,354	(354)
Street Department	33,863	33,863	0	33,863
Parks and Recreation	215,029	215,029	232,739	(17,710)
Capital Outlay	130,589	173,265	52,353	120,912
Debt Service				
Principal	175,778	175,778	175,778	0
Interest	88,382	88,382	88,382	0
Agent Fees	9,916	9,916	9,916	0
Total Expenditures	<u>1,380,952</u>	<u>1,427,805</u>	<u>1,300,311</u>	<u>127,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(326,598)</u>	<u>(381,451)</u>	<u>(269,898)</u>	<u>111,553</u>
OTHER FINANCING SOURCES (USES)				
Interest Income	10,000	10,000	8,863	(1,137)
Grant Proceeds	407,389	434,098	33,965	(400,133)
Transfers In	200,000	200,000	0	(200,000)
Transfers Out	(253,599)	(253,599)	(6,734)	246,865
Total Other Financing Sources (Uses)	<u>363,790</u>	<u>390,499</u>	<u>36,094</u>	<u>(354,405)</u>
NET CHANGE IN FUND BALANCE	37,192	9,048	(233,804)	(242,852)
FUND BALANCE - BEGINNING	<u>2,195,048</u>	<u>2,195,048</u>	<u>2,195,048</u>	<u>0</u>
FUND BALANCE - ENDING	<u>2,232,240</u>	<u>2,204,096</u>	<u>1,961,244</u>	<u>(242,852)</u>

See independent auditor's report.

**CITY OF EDMONTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>With Final</u> <u>Budget</u>
REVENUES				
Intergovernmental Revenue	<u>33,863</u>	<u>33,863</u>	<u>31,942</u>	<u>(1,921)</u>
Total Revenues	<u>33,863</u>	<u>33,863</u>	<u>31,942</u>	<u>(1,921)</u>
EXPENDITURES				
Current				
Street Department	33,596	33,596	4,610	28,986
LGEA	<u>10,573</u>	<u>10,573</u>	<u>0</u>	<u>10,573</u>
Total Expenditures	<u>44,169</u>	<u>44,169</u>	<u>4,610</u>	<u>39,559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,306)</u>	<u>(10,306)</u>	<u>27,332</u>	<u>37,638</u>
NET CHANGE IN FUND BALANCE	<u>(10,306)</u>	<u>(10,306)</u>	<u>27,332</u>	<u>37,638</u>
FUND BALANCE - BEGINNING	<u>18,591</u>	<u>18,591</u>	<u>18,591</u>	<u>0</u>
FUND BALANCE - ENDING	<u>8,285</u>	<u>8,285</u>	<u>45,923</u>	<u>37,638</u>

See independent auditor's report.

SUPPLEMENTARY INFORMATION

**CITY OF EDMONTON, KENTUCKY
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	<u>Municipal Road Aid</u>	<u>LGEA</u>	<u>Total</u>
ASSETS			
Cash in Banks	34,912	9,184	44,096
Due from Other Governments	<u>1,827</u>	<u>0</u>	<u>1,827</u>
TOTAL ASSETS	<u>36,739</u>	<u>9,184</u>	<u>45,923</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	0	0	0
FUND BALANCES - RESERVED	<u>36,739</u>	<u>9,184</u>	<u>45,923</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>36,739</u>	<u>9,184</u>	<u>45,923</u>

**CITY OF EDMONTON, KENTUCKY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Municipal Road Aid</u>	<u>LGEA</u>	<u>Total</u>
REVENUES			
Intergovernmental Revenue	<u>29,531</u>	<u>2,411</u>	<u>31,942</u>
Total Revenues	<u>29,531</u>	<u>2,411</u>	<u>31,942</u>
EXPENDITURES			
Streets	<u>4,610</u>	<u>0</u>	<u>4,610</u>
Total Expenditures	<u>4,610</u>	<u>0</u>	<u>4,610</u>
EXCESS OF REVENUES OVER EXPENDITURES	24,921	2,411	27,332
OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	24,921	2,411	27,332
FUND BALANCES - BEGINNING	<u>11,818</u>	<u>6,773</u>	<u>18,591</u>
FUND BALANCES - ENDING	<u>36,739</u>	<u>9,184</u>	<u>45,923</u>

**CITY OF EDMONTON, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNIT
EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2010**

ASSETS

Cash on Hand and in Banks	49,579
Investments in Certificates of Deposit	<u>32,994</u>

TOTAL ASSETS **82,573**

LIABILITIES AND FUND BALANCE

LIABILITIES	0
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FUND BALANCE	<u>82,573</u>
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TOTAL LIABILITIES AND FUND BALANCE **82,573**

**CITY OF EDMONTON, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET OF THE DISCRETELY PRESENTED
COMPONENT UNIT – EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total Fund Balance – Component Unit **82,573**

Amounts reported for *component unit* in the statement of net assets are different because:

Capital assets of \$2,336,697, net of accumulated depreciation of (\$212,631), are not current financial resources and, therefore, are not reported in the fund. 2,124,066

Long-term liabilities of (\$14,970) are not due and payable in the current period and are not reported in the fund. (14,970)

Net Assets of Component Unit **2,191,669**

CITY OF EDMONTON, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNIT
EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	
Intergovernmental	24,000
Total Revenues	<u>24,000</u>
EXPENDITURES	
Industrial Program	32,703
Capital Outlay	248,602
Debt Service	
Principal	5,030
Interest	<u>1,395</u>
Total Expenditures	<u>287,730</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(263,730)</u>
OTHER FINANCING SOURCES	
Interest Income	1,949
Grant Income	230,469
Sale of Land	48,000
Miscellaneous Income	2,860
Transfer from Primary Government	<u>6,734</u>
Total Other Financing Sources	<u>290,012</u>
NET CHANGE IN FUND BALANCE	<u>26,282</u>
FUND BALANCE - BEGINNING	<u>56,291</u>
FUND BALANCE - ENDING	<u><u>82,573</u></u>

**CITY OF EDMONTON, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE OF THE DISCRETELY PRESENTED
COMPONENT UNIT – EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010**

Net Change in Fund Balance – Component Unit **26,282**

Amounts reported for *component unit* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these outlays are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$248,602 exceeded depreciation of (\$49,920) in the current period. See Note 3 for additional details. 198,682

Governmental funds do not report the cost of assets when they are sold since they are expensed when purchased; however, in the statement of activities the cost is reported and a gain or loss on the sale of assets is reported. The cost of land that was sold during the year was \$32,000. See Note 3 for additional details. (32,000)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount of debt payment was \$5,030. See Note 3 for additional details. 5,030

Change in Net Assets of Component Unit **197,994**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Edmonton, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Edmonton, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the City of Edmonton, Kentucky's basic financial statements and have issued our report thereon dated February 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**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 - CONCLUDED**

Internal Control Over Financial Reporting

financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. 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.

- During the audit of the year ended June 30, 2010, there were still several significant audit adjustments. This is due partly to the lack of an accounting professional on staff; another reason for difficulty is the need for two different bases of accounting--the fund basis according to the budget and the GASB 34 full accrual basis. In view of the progress made since the prior year, we believe the City can overcome this significant deficiency with additional assistance.

The City of Edmonton, Kentucky's response to the finding identified in our audit is as follows:

The City Clerk and Mayor agree that the City's staff, with continuing effort, will be able to make the necessary adjustments and overcome this significant deficiency.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Mayor, members of the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

February 1, 2011